NEW ISSUE—BOOK-ENTRY-ONLY

Expected S&P Rating
Senior Bonds: "AA(sf)"
Subordinate Bonds: "BBB(sf)"
See "RATINGS" herein

In the opinion of Kutak Rock LLP, Special Tax Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2026-1 Bonds (including any original issue discount properly allocable to the owner of a Series 2026-1 Bond) is excludable from gross income for federal income tax purposes. However, in the opinion of Special Tax Counsel, interest on the Series 2026-1 Bonds is a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Series 2026-1 Bonds may affect the federal alternative minimum tax imposed on certain corporations. For a more detailed description of such opinions of Special Tax Counsel, see the caption "TAX MATTERS" herein.

studentloans.com by Brazos Higher Education

$140,335,000
BRAZOS HIGHER EDUCATION AUTHORITY, INC.
Tax-Exempt Student Loan Program Revenue Bonds, Senior Series 2026-1A (AMT) and Tax-Exempt Student Loan Program Revenue Bonds, Subordinate Series 2026-1B (AMT)

Dated: August 1, 2026 (Interest accrues from the date of delivery) **Due: April 1, as shown on the inside front cover**

Brazos Higher Education Authority, Inc.'s $125,335,000 Tax-Exempt Student Loan Program Revenue Bonds, Senior Series 2026-1A (AMT) (the "Series 2026-1A Senior Tax-Exempt Bonds") and $15,000,000 Tax-Exempt Student Loan Program Revenue Bonds, Subordinate Series 2026-1B (AMT) (the "Series 2026-1B Subordinate Tax-Exempt Bonds" and, together with the Series 2026-1A Senior Tax-Exempt Bonds, the "Series 2026-1 Bonds"), when issued, will be issued as registered bonds and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2026-1 Bonds. Individual purchases may be made in book-entry-only form, in the principal amount of $5,000 or integral multiples thereof. Purchasers will not receive certificates representing their interest in the Series 2026-1 Bonds purchased. So long as DTC is the registered owner of the Series 2026-1 Bonds, payments of the principal of, redemption premium, if any, and interest on the Series 2026-1 Bonds will be made directly to DTC. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants and indirect participants. See the caption "THE SERIES 2026-1 BONDS—Book-Entry-Only System" herein.

The Series 2026-1 Bonds will bear interest from their date of delivery and mature on April 1 in the years and in the principal amounts set forth on the inside front cover hereof. The Series 2026-1 Bonds will bear interest at the rates per annum set forth on the inside front cover, payable semiannually on each April 1 and October 1, commencing April 1, 2027.

The Series 2026-1 Bonds are the seventh issuance of bonds pursuant to the Indenture of Trust, dated as of October 1, 2019 (as previously supplemented and amended, the "Master Indenture"), as further amended and supplemented by a Series 2026-1 Supplemental Indenture of Trust, dated as of August 1, 2026 (the "Series 2026-1 Supplemental Indenture" and, together with Master Indenture, the "Indenture"), each by and between Brazos Higher Education Authority, Inc. (the "Authority") and U.S. Bank Trust Company, National Association (as successor-in-interest to U.S. Bank National Association), as trustee (the "Trustee"). The Authority has previously issued its Senior Taxable Bonds, its Senior Tax-Exempt Bonds and its Subordinate Tax-Exempt Bonds pursuant to the Indenture. The Series 2026-1A Senior Tax-Exempt Bonds are secured under the Indenture on a parity basis with any present or future senior series bonds issued under the Indenture (collectively, the "Senior Bonds") and on a senior basis to present or future Senior-Subordinate Bonds and Subordinate Bonds issued under the Indenture, including the Series 2026-1B Subordinate Tax-Exempt Bonds. The Series 2026-1B Subordinate Tax-Exempt Bonds are secured under the Indenture on a parity basis with any present or future Subordinate Bonds issued under the Indenture (collectively, the "Subordinate Bonds" and, together with the Senior Bonds and the Senior-Subordinate Bonds, the "Bonds") and on a subordinate basis to present or future Senior Bonds and Senior-Subordinate Bonds. The proceeds of the Series 2026-1 Bonds, together with other available funds of the Authority, are being used by the Authority to (a) finance additional student loans made pursuant to the Authority's student loan programs, (b) make an additional deposit to the debt service reserve fund and (c) pay the costs related to the issuance of the Series 2026-1 Bonds.

Pursuant to the Indenture, the Bonds, including the Series 2026-1 Bonds, are secured by a pledge of and security interest in the student loans financed under the Indenture, all revenues derived from such student loans, the moneys and securities held in certain pledged funds established under the Indenture and certain other assets constituting the trust estate under the Indenture, in each case subject to the provisions of the Indenture. See the caption "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS" herein. Upon the satisfaction of certain conditions, additional Bonds may be issued under the Indenture from time to time on a parity basis with, or subordinate to, the Senior Bonds, or on a parity basis with, or senior to, the Subordinate Bonds. See the caption "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS—Additional Bonds; Priority" herein.

The Series 2026-1 Bonds are subject to redemption prior to maturity. See the caption "THE SERIES 2026-1 BONDS—Redemption Provisions" herein.

Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision with respect to the Series 2026-1 Bonds. Attention should be given to certain investment considerations described in this Official Statement which could affect the ability of the Authority to pay the principal of and interest on the Series 2026-1 Bonds, and which could have an effect on the market price of the Series 2026-1 Bonds to an extent that cannot be determined. See the caption "CERTAIN RISK FACTORS" herein.

THE BONDS, INCLUDING THE SERIES 2026-1 BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE AUTHORITY, SECURED SOLELY BY AND PAYABLE SOLELY FROM THE TRUST ESTATE. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OF WACO, TEXAS OR THE STATE OF TEXAS OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF IS PLEDGED FOR THE PAYMENT OF THE BONDS, INCLUDING THE SERIES 2026-1 BONDS. THE AUTHORITY'S OBLIGATIONS, INCLUDING ANY BONDS, ARE NOT GENERAL, SPECIAL OR MORAL OBLIGATIONS OF THE CITY OF WACO, TEXAS OR THE STATE OF TEXAS. THE AUTHORITY IS NOT AUTHORIZED UNDER THE INDENTURE OR LAWS OF THE STATE OF TEXAS TO CREATE, AND THE BONDS, INCLUDING THE SERIES 2026-1 BONDS, DO NOT CONSTITUTE, PUBLIC DEBT OF THE STATE OF TEXAS OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF THE TEXAS CONSTITUTION OR LAWS OF THE STATE OF TEXAS OR DEBT OF THE CITY OF WACO, TEXAS OR THE STATE OF TEXAS OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF FOR ANY OTHER PURPOSE WHATSOEVER. HOLDERS OF THE BONDS, INCLUDING THE SERIES 2026-1 BONDS, SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION.

The Series 2026-1 Bonds will be offered, subject to prior sale, when, as and if issued by the Authority and accepted by the Underwriter and are subject to the approving opinions of the Attorney General of the State of Texas and the legal opinion of McCall, Parkhurst & Horton LLP, Bond Counsel, and certain other conditions described herein. Certain additional legal matters will be passed upon for the Authority by its general counsel and by Kutak Rock LLP, as Special Tax Counsel to the Authority, and for the Underwriter by Kutak Rock LLP, counsel to the Underwriter. S L Capital Strategies LLC has acted as financial advisor to the Authority. It is expected that the Series 2026-1 Bonds will be available for delivery through the facilities of DTC in New York, New York on or about August 26, 2026.

RBC Capital Markets

August 7, 2026

MATURITY SCHEDULE

$125,335,000
BRAZOS HIGHER EDUCATION AUTHORITY, INC.
TAX-EXEMPT STUDENT LOAN PROGRAM REVENUE BONDS
SENIOR SERIES 2026-1A (AMT)

$84,920,000 Serial Bonds

Maturity Date (April 1)	Principal Amount	Interest Rate	Price	Yield	CUSIP^
2028	$1,450,000	5.000%	102.699%	3.250%	10623ADC4
2029	1,300,000	5.000	104.068	3.350	10623ADD2
2030	1,290,000	5.000	105.198	3.450	10623ADE0
2031	5,470,000	5.000	106.184	3.530	10623ADF7
2032	11,590,000	5.000	106.984	3.610	10623ADG5
2033	15,990,000	5.000	107.181	3.760	10623ADH3
2034	12,125,000	5.000	107.236	3.890	10623ADJ9
2035	27,950,000	5.000	107.135	4.010	10623ADK6
2036	7,755,000	5.000	106.750	4.140	10623ADL4

$40,415,000 4.250% Series 2026-1A Senior Term Bonds maturing April 1, 2047
Price: 98.913%; Yield: 4.330%; CUSIP^: 10623ADM2

$15,000,000
BRAZOS HIGHER EDUCATION AUTHORITY, INC.
TAX-EXEMPT STUDENT LOAN PROGRAM REVENUE BONDS
SUBORDINATE SERIES 2026-1B (AMT)

$15,000,000 5.250% Series 2026-1B Subordinate Tax-Exempt Bonds maturing April 1, 2056
Price: 98.663%; Yield: 5.340%; CUSIP^: 10623ADN0

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

No dealer, broker, salesperson or other person has been authorized by the Authority to give any information or to make any representations with respect to the Series 2026-1 Bonds, other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2026-1 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The Underwriter listed on the front cover of this Official Statement (the "Underwriter") has provided the following statement for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applicable to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The information in this Official Statement concerning DTC, and DTC's book-entry-only system has been obtained from DTC. None of the Authority, any of its advisors or the Underwriter have independently verified, make any representation regarding or accepts any responsibility for the accuracy, completeness or adequacy of such information.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES ATTACHED HERETO, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES ATTACHED HERETO, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE SERIES 2026-1 BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

Upon issuance, the Series 2026-1 Bonds will not be registered under the Securities Act of 1933, as amended, and will not be listed on any stock or other securities exchange, nor has the Indenture been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon certain exemptions contained in such federal laws. In making an investment decision, investors must rely upon their own examination of the Series 2026-1 Bonds and the security therefor, including an analysis of the risks involved. The Series 2026-1 Bonds have not been recommended by any federal or state securities commission or regulatory authority. The registration, qualification or exemption of the Series 2026-1 Bonds in accordance with applicable provisions of securities laws of the various jurisdictions in which the Series 2026-1 Bonds have been registered, qualified or exempted cannot be regarded as a recommendation thereof. Neither such jurisdictions nor any of their agencies have passed upon the merits of the Series 2026-1 Bonds or the adequacy, accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity has passed upon the accuracy or adequacy of this Official Statement or approved the Series 2026-1 Bonds for sale.

There follows in this Official Statement certain information concerning the Authority, together with descriptions of the terms of the Indenture, the Series 2026-1 Bonds, the Administration Agreement, the

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Student Loan Purchase Agreements, the Servicing Agreement, the CampusDoor Origination Services Agreement, the BLM Loan Origination and Sale Agreement, certain other documents related to the security for the Bonds, including the Series 2026-1 Bonds, and certain applicable laws. All references herein to laws and documents are qualified in their entirety by reference to such laws, as in effect, and to each such document as such document has been or will be executed and delivered on or prior to the Closing Date of the Series 2026-1 Bonds, and all references to the Series 2026-1 Bonds are qualified in their entirety by reference to the definitive form thereof and the information with respect thereto contained in the Indenture. This Official Statement is submitted in connection with the sale of the Series 2026-1 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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

FORWARD-LOOKING STATEMENTS

This Official Statement, including the Appendices attached hereto, contains statements which should be considered "forward-looking statements," meaning they refer to possible future events or conditions. Such statements are generally identifiable by the words such as "plan," "expect," "estimate," "budget" or similar words.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Authority does not expect or intend to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur, or fail to occur.

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SUMMARY STATEMENT

This Summary Statement is subject in all respects to more complete information contained in this Official Statement and no conclusion should be drawn from the order of material or information presented in this Official Statement. The offering of Brazos Higher Education Authority, Inc.'s Tax-Exempt Student Loan Program Revenue Bonds, Senior Series 2026-1A (AMT) (the "Series 2026-1A Senior Tax-Exempt Bonds") and its Tax-Exempt Student Loan Program Revenue Bonds, Subordinate Series 2026-1B (AMT) (the "Series 2026-1B Subordinate Tax-Exempt Bonds" and, together with the Series 2026-1A Senior Tax-Exempt Bonds, the "Series 2026-1 Bonds") to potential investors is made only by means of this entire Official Statement. The Series 2026-1 Bonds are the seventh issuance of Bonds under the Indenture (as hereinafter defined). Such previously issued Bonds (collectively, the "Prior Bonds") are described below.

Series of Bonds	Original Principal Amount
Series 2019-1A Senior Taxable Bonds	$ 18,850,000
Series 2019-1A Senior Tax-Exempt Bonds	15,050,000
Series 2019-1B Subordinate Tax-Exempt Bonds	3,800,000
Series 2020-1A Senior Taxable Bonds	37,025,000
Series 2020-1A Senior Tax-Exempt Bonds	22,765,000
Series 2020-1B Subordinate Tax-Exempt Bonds	7,800,000
Series 2021-1A Senior Taxable Bonds	44,600,000
Series 2023-1A Senior Tax-Exempt Bonds	43,375,000
Series 2024-1A Senior Tax-Exempt Bonds	96,725,000
Series 2025-1A Senior Tax-Exempt Bonds	97,975,000
Total	$387,965,000

The Series 2019-1A Senior Taxable Bonds, the Series 2019-1A Senior Tax-Exempt Bonds, the Series 2020-1A Senior Taxable Bonds, the Series 2020-1A Senior Tax-Exempt Bonds, the Series 2021-1A Senior Taxable Bonds, the Series 2023-1A Senior Tax-Exempt Bonds, the Series 2024-1A Senior Tax-Exempt Bonds, the Series 2025-1A Senior Tax-Exempt Bonds and the Series 2026-1A Senior Tax-Exempt Bonds and any other senior bonds that may hereafter be issued by the Authority under the Indenture (collectively, the "Senior Bonds"), together with any senior-subordinate bonds that may hereafter be issued by the Authority under the Indenture (the "Senior-Subordinate Bonds") and the Series 2019-1B Subordinate Tax-Exempt Bonds, the Series 2020-1B Subordinate Tax-Exempt Bonds, the Series 2026-1B Subordinate Tax-Exempt Bonds and any other subordinate bonds that may hereafter be issued by the Authority under the Indenture (collectively, the "Subordinate Bonds"), are herein referred to as the "Bonds." The Subordinate Bonds and any Senior-Subordinate Bonds that may be issued in the future are secured under the Indenture on a subordinated basis to the Senior Bonds as described herein. No person is authorized to detach this Summary Statement from this Official Statement or to otherwise use it without this entire Official Statement. All terms capitalized, but not defined, in this Summary Statement shall have the meaning set forth elsewhere in this Official Statement. See "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Definitions" attached hereto.

The Authority..... Brazos Higher Education Authority, Inc. (the "Authority") is a nonprofit corporation organized in 1975 under the Texas Nonprofit Corporation Law and is exempt from payment of federal income taxation as a "501(c)(3)" non-profit corporation. The Authority also operates pursuant

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to the Higher Education Loan Authority Act (Chapter 53B of the Education Code) (the "Act") on behalf of the City of Waco, Texas (the "City"). See the caption "THE AUTHORITY" herein. Under the Act, the City has no liabilities, costs or expenses relating to the Authority's student loan program or bonds. The Authority has no power to tax and does not have the power of eminent domain.

Administrator..... The Brazos Higher Education Service Corporation, Inc. will act as administrator (the "Administrator") under the Indenture pursuant to an Administration Agreement, dated as of October 1, 2019 (as amended, the "Administration Agreement"), among the Authority, the Trustee and the Administrator. See the captions "THE AUTHORITY—The Administrator" and "—The Administration Agreement" herein. Pursuant to the Administration Agreement, the Administrator is obligated (a) to cause the Financed Eligible Loans held under the Indenture to be serviced by a Servicer pursuant to a Servicing Agreement and (b) to perform certain administrative duties under the Indenture.

Servicer ..... All of the existing Financed Eligible Loans and all new originations of Eligible Loans are currently serviced by the Pennsylvania Higher Education Assistance Agency, a public corporation and governmental instrumentality organized under the laws of the Commonwealth of Pennsylvania ("PHEAA" and a "Servicer" pursuant to the Indenture), pursuant to a Private Loan Program Servicing Agreement, dated as of December 7, 2021, by and between PHEAA and the Administrator (the "PHEAA Servicing Agreement" and a "Servicing Agreement" pursuant to the Indenture). See the caption "THE BRAZOS PRIVATE LOAN PROGRAMS—Servicing of the Financed Eligible Loans—*PHEAA Servicing*" herein. Prior to April 30, 2025, certain of the existing Financed Eligible Loans were previously serviced by Nelnet Servicing, LLC (d/b/a Firstmark Services), a wholly-owned subsidiary of Nelnet, Inc. ("Nelnet Servicing"). See the caption "THE BRAZOS PRIVATE LOAN PROGRAMS—Loan Servicing" herein.

Trustee ..... U.S. Bank Trust Company, National Association (as successor-in-interest to U.S. Bank National Association), a national banking association, will act as trustee (the "Trustee"), paying agent (the "Paying Agent") and registrar (the "Registrar") pursuant to the Indenture. Moneys and Investment Securities are held by U.S. Bank National Association. See the caption "THE TRUSTEE" herein.

The Series 2026-1 Bonds..... The Series 2026-1 Bonds are the seventh issuance of Bonds under the Indenture of Trust, dated as of October 1, 2019 (as previously amended and supplemented, the "Master Indenture"), as further amended and supplemented by a Series 2026-1 Supplemental Indenture, dated as of August 1, 2026 (the "Series 2026-1 Supplemental Indenture" and, together with the Master Indenture, the "Indenture"), between the Authority and the Trustee. The Series 2026-1A Senior Tax-Exempt Bonds will constitute Senior Bonds under the Indenture and will be on a parity with any other Senior Bonds issued under the Indenture, and the Series 2026-1B Subordinate Tax-Exempt Bonds will constitute Subordinate

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Bonds under the Indenture and will be on a parity with any other Subordinate Bonds issued under the Indenture. The Series 2026-1 Bonds will mature on the dates and in the principal amounts and bear interest at the rates set forth on the inside front cover hereof.

The proceeds of the Series 2026-1 Bonds, together with other available funds of the Authority, will be used by the Authority to (a) finance additional Eligible Loans, (b) make an additional deposit to the Debt Service Reserve Fund and (c) pay the costs related to the issuance of the Series 2026-1 Bonds.

The Authority may hereafter issue additional Senior Bonds and additional Subordinate Bonds under the Indenture. The Indenture also permits the issuance of Senior-Subordinate Bonds, which are secured on a basis subordinate to the Senior Bonds, but senior to the Subordinate Bonds. See the caption "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS—Additional Bonds; Priority" herein and "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" attached hereto.

Financing of Eligible Loans..... The Indenture permits the financing of Eligible Loans from moneys in the Student Loan Fund established pursuant to the Indenture. "Eligible Loans" are defined in the Indenture to mean any loan made to finance or refinance post-secondary education that is (a) authorized to be made under the Act and made, acquired and pledged by the Authority pursuant to the Program Guidelines, a Student Loan Purchase Agreement and any Supplemental Indenture or (b) if the Authority shall have satisfied the Rating Agency Notification, otherwise permitted to be acquired by the Authority pursuant to its Program as authorized under the Act. Proceeds of the Prior Bonds and the Series 2026-1 Bonds, together with other available funds of the Authority, have been used to finance student loans originated pursuant to the Brazos Refinance Loan Program, the Brazos Parent Loan Program and the Brazos Student Loan Program (collectively, the "Brazos Private Loan Programs"). The Authority expects to use the majority of the proceeds of the Series 2026-1 Bonds, together with other available funds of the Authority, to finance additional Eligible Loans originated pursuant to the Brazos Private Loan Programs during the acquisition period (the "Acquisition Period") relating to the Series 2026-1 Bonds beginning on the delivery date of the Series 2026-1 Bonds (the "Closing Date") and currently ending on March 1, 2028, which date may be extended upon the satisfaction of the Rating Agency Notification. On the Closing Date, approximately $16.7 million of proceeds from the Series 2025-1A Senior Tax-Exempt Bonds will remain in the Student Loan Fund, which amount the Authority expects to use to finance additional Eligible Loans prior to March 1, 2027. In addition, the Authority will be permitted to use repayments on Financed Eligible Loans to finance additional Eligible Loans during any recycling period permitted pursuant to a Supplemental Indenture (each, a "Recycling Period"), and any Recycling Period may be established or extended upon the satisfaction of the Rating Agency Notification. No Recycling Period has been established for the Series 2026-1 Bonds. See the caption "THE BRAZOS PRIVATE LOAN

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PROGRAMS" herein for a further description of the Brazos Private Loan Programs. See also, the captions "ESTIMATED SOURCES AND USES OF PROCEEDS" and "THE FINANCED ELIGIBLE LOANS" herein and "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" attached hereto.

The loans originated pursuant to the Brazos Private Loan Programs so acquired and financed, together with any other Eligible Loans acquired or financed with proceeds of other Bonds issued under the Indenture or certain other available moneys under the Indenture, are referred to herein, collectively, as the "Financed Eligible Loans."

Existing Eligible Loans..... This Official Statement includes statistical information relating to Financed Eligible Loans already held under the Indenture and certain additional Eligible Loans expected to be pledged under the Indenture prior to the Closing Date that had an aggregate outstanding balance as of May 31, 2026 (the "Statistical Cut-Off Date") of approximately $286 million (the "Existing Eligible Loans"). See the caption "THE FINANCED ELIGIBLE LOANS—The Existing Eligible Loans" herein. As of the Statistical Cut-Off Date, the Existing Eligible Loans had a weighted average annual borrower interest rate of approximately 5.57% (before adjusting for any borrower benefits), a weighted average remaining term to scheduled maturity of approximately 129 months and a weighted average FICO Credit Score at origination of 779. In addition, as of the Statistical Cut-Off Date, approximately 0.3% of the Existing Eligible Loans by principal balance were delinquent by more than 60 days and approximately 0.8% by principal balance were in forbearance. From the inception of the Brazos Refinance Loan Program in 2018, as of the Statistical Cut-Off Date, approximately $239.3 million Brazos Refinance Loans have entered into repayment. As of the Statistical Cut-Off Date, 0.41% by principal balance of Brazos Refinance Loans that have entered into repayment have defaulted. From the inception of the Brazos Parent Loan Program in 2018, as of the Statistical Cut-Off Date, approximately $19.6 million Brazos Parent Loans have entered into repayment. As of the Statistical Cut-Off Date, 0.02% by principal balance of Brazos Parent Loans that have entered into repayment have defaulted. From the inception of the Brazos Student Loan Program in the 2022-23 academic year, as of the Statistical Cut-Off Date, approximately $48.0 million Brazos Student Loans have entered into repayment. As of the Statistical Cut-Off Date, 0.23% by principal balance of Brazos Student Loans that have entered into repayment have defaulted. See the caption "THE FINANCED ELIGIBLE LOANS—Performance of Brazos Private Loan Programs" herein for a discussion of the historic default information for the Brazos Private Loan Programs.

After the Closing Date, the Authority also intends to pledge under the Indenture additional Eligible Loans financed with (a) remaining proceeds of the Series 2025-1A Senior Tax-Exempt Bonds, (b) proceeds of the Series 2026-1 Bonds during the Acquisition Period relating to the Series 2026-1 Bonds, (c) proceeds from any issue of additional Bonds under the Indenture and (d) moneys available in the Revenue Fund for such purpose

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during any Recycling Period that may be established or extended. Following any of these actions, the aggregate characteristics of the entire pool of Financed Eligible Loans will vary from those of the Existing Eligible Loans described in this Official Statement. The financing of certain Eligible Loans with remaining proceeds of the Series 2025-1A Senior Tax-Exempt Bonds and during the Acquisition Period relating to the Series 2026-1 Bonds (other than the Existing Eligible Loans and any additional Eligible Loans that were (a) included in the cash flow modeling presented to the Rating Agency or (b) are part of the Anticipated Acquisition Period Eligible Loans (defined below) the Authority has covenanted to finance) is subject to certain limitations described under the caption "PROVISIONS APPLICABLE TO THE BONDS; DUTIES OF THE AUTHORITY—Restrictions on the Financing of Eligible Loans during the Series 2026-1 Acquisition Period" in "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" attached hereto.

Anticipated Acquisition Period Eligible Loans.....A pool of the Eligible Loans that the Authority has covenanted to originate under the Program with certain remaining proceeds of the Series 2025-1A Senior Tax-Exempt Bonds and certain proceeds from the Series 2026-1 Bonds and finance and pledge under the Indenture, include approximately $113.0 million of Brazos Parent Loans, Brazos Refinance Loans and Brazos Student Loans which are expected to be financed under the Indenture prior to March 1, 2027 (the "Anticipated Acquisition Period Eligible Loans"). Information about the Anticipated Acquisition Period Eligible Loans is not included in the Existing Eligible Loans described under the caption "THE FINANCED ELIGIBLE LOANS—The Existing Eligible Loans" herein. The Anticipated Acquisition Period Eligible Loans are expected to have a weighted average annual borrower interest rate of approximately 5.36% (before adjusting for any borrower benefits), a weighted average remaining term to scheduled maturity of approximately 151 months (including in-school, grace and repayment) and with approximately 63% of the principal balance of such Anticipated Acquisition Period Eligible Loans having a FICO Credit Score at origination of 740 or higher. In addition, the Authority expects that approximately 87% of the Anticipated Acquisition Period Eligible Loans consisting of Brazos Student Loans by principal balance will be co-signed, approximately 57% by principal balance of such Brazos Student Loans will be in-school deferred repayment option, approximately 19% by principal balance of such Brazos Student Loans will be immediate repayment option, and approximately 24% by principal balance of such Brazos Student Loans will be interest only repayment option. The Anticipated Acquisition Period Eligible Loans are not subject to the limitations described under the caption "PROVISIONS APPLICABLE TO THE BONDS; DUTIES OF THE AUTHORITY—Restrictions on the Financing of Eligible Loans during the Series 2026-1 Acquisition Period" in "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" attached hereto.

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Sources of Payment and Security for the Bonds ..... The Bonds, including the Series 2026-1 Bonds, are special and limited obligations of the Authority, secured by and payable solely from: (a) the Revenues (other than Revenues deposited in the Rebate Fund or the Operating Fund or otherwise released from the lien of the Trust Estate as provided in the Indenture); (b) all moneys and investments held in the Funds (other than the Rebate Fund and the Operating Fund); (c) the Financed Eligible Loans and any notes and documents evidencing the same and all extensions and renewals thereof; (d) the rights of the Authority in and to the Administration Agreement, the Student Loan Purchase Agreements and any and all Servicing Agreements, as the same relate to the Financed Eligible Loans; and (e) any and all other property, rights and interests of every kind or description from time to time granted, conveyed, pledged, transferred, assigned or delivered to the Trustee as additional security under the Indenture (collectively, the "Trust Estate"). See "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—PARITY AND PRIORITY OF LIEN; OTHER OBLIGATIONS—Trust Estate" attached hereto and the caption "ESTIMATED SOURCES AND USES OF PROCEEDS" herein.

THE BONDS, INCLUDING THE SERIES 2026-1 BONDS, ARE SPECIAL AND LIMITED OBLIGATIONS OF THE AUTHORITY, SECURED SOLELY BY AND PAYABLE SOLELY FROM THE TRUST ESTATE. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OF WACO, TEXAS OR THE STATE OF TEXAS OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF IS PLEDGED FOR THE PAYMENT OF THE BONDS. THE AUTHORITY'S OBLIGATIONS, INCLUDING ANY BONDS, ARE NOT GENERAL, SPECIAL OR MORAL OBLIGATIONS OF THE CITY OF WACO, TEXAS OR THE STATE OF TEXAS. THE AUTHORITY IS NOT AUTHORIZED UNDER THE INDENTURE OR LAWS OF THE STATE OF TEXAS TO CREATE, AND THE BONDS DO NOT CONSTITUTE, PUBLIC DEBT OF THE STATE OF TEXAS OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF THE TEXAS CONSTITUTION OR LAWS OF THE STATE OF TEXAS OR DEBT OF THE CITY OF WACO, TEXAS OR THE STATE OF TEXAS OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF FOR ANY OTHER PURPOSE WHATSOEVER. HOLDERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION.

Upon the satisfaction of certain conditions, additional Bonds may be issued under the Indenture from time to time on a parity basis with, or subordinate to, the Senior Bonds, including the Series 2026-1A Senior Tax-Exempt Bonds, or on a parity basis with, or senior to, the Subordinate Bonds, including the Series 2026-1B Subordinate Tax-Exempt Bonds, which are subordinate to the Senior Bonds and any Senior-Subordinate Bonds. See the caption "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS—Additional Bonds; Priority" herein.

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Redemption..... The Series 2026-1A Senior Tax-Exempt Bonds maturing on April 1, 2047 (the "Series 2026-1A Senior Term Bonds") and the Series 2026-1B Subordinate Tax-Exempt Bonds are subject to optional redemption prior to maturity, in whole or in part, on any date on or after April 1, 2034, at the option of the Authority, at a redemption price equal to the principal amount being redeemed, without premium, plus accrued interest to but not including the redemption date. The Series 2026-1 Bonds are subject to special mandatory redemption from unexpended proceeds of the Series 2026-1 Bonds in the Student Loan Fund prior to or at the expiration of the Acquisition Period relating to the Series 2026-1 Bonds (currently March 1, 2028) at a redemption price equal to the principal amount being redeemed, plus any unamortized premium, plus accrued interest to but not including the redemption date. The Series 2026-1A Senior Term Bonds and the Series 2026-1B Subordinate Tax-Exempt Bonds are subject to optional redemption and, until certain conditions are satisfied, mandatory redemption prior to maturity, in whole or in part, on any Interest Payment Date from Excess Taxable Revenues, as defined under the caption "THE SERIES 2026-1 BONDS—Redemption Provisions—*Optional Redemption from Excess Taxable Revenue*" herein, and from Excess Tax-Exempt Revenue, as defined under the caption "THE SERIES 2026-1 BONDS—Redemption Provisions—*Optional Redemption from Excess Tax-Exempt Revenue*" herein. The Series 2026-1 Bonds are subject to extraordinary redemption by the Authority, in whole or in part, on any Interest Payment Date, in an aggregate amount deemed by the Authority to be necessary to avoid an Event of Default under the Indenture. With the exception of any Series 2026-1 Bonds sold at a price in excess of par and redeemed with unexpended proceeds or upon an extraordinary redemption, all redemptions of the Series 2026-1 Bonds will result in the payment to the Registered Owner of a redemption price equal to the principal amount of the Series 2026-1 Bonds being redeemed, without premium, plus accrued interest, if any, to but not including the redemption date. See the caption "THE SERIES 2026-1 BONDS—Redemption Provisions" herein.

Debt Service Reserve Fund ..... On the Closing Date, $2,806,700 will be deposited to the Debt Service Reserve Fund under the Indenture, which is equal to 2.0% of the aggregate principal amount of the Series 2026-1 Bonds. The Debt Service Reserve Fund is to be maintained at the Debt Service Reserve Fund Requirement. "Debt Service Reserve Fund Requirement" means an amount equal to 2.0% of the aggregate principal amount of Bonds then Outstanding (calculated semi-annually on each April 1 and October 1), but in no event less than $1,388,713, unless a Rating Agency Notification has been given.

Overcollateralization and Initial Parity Percentages..... Upon the issuance of the Series 2026-1 Bonds, the initial Senior Parity Percentage will be at least 129.3%, and the initial Overall Parity Percentage will be at least 120.6%.

The Indenture does not permit the release of moneys in the Revenue Fund, as described in level 13th under the caption "Flow of Funds" below, free

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and clear of the lien of the Indenture unless: (i) the Overall Parity Percentage after such transfer is at least equal to 122.75% (the "Required Overall Parity Percentage") and (ii) the Value of assets constituting the Trust Estate exceeds the amount of Bonds Outstanding and other accrued but unpaid liabilities incurred under the Indenture that are Senior Transaction Fees by at least $15,000,000 (the "Net Asset Requirement"). In addition, if the Overall Parity Percentage is less than 126.5% on April 1, 2031, no moneys shall be released from the lien of the Indenture. The Required Overall Parity Percentage, the Net Asset Requirement and any other restrictions on the release of moneys from the lien of the Indenture may each be reduced, removed or modified upon satisfaction of the Rating Agency Notification. In addition, if the aggregate principal amount of all Bonds Outstanding under the Indenture is equal to or less than 10% of the aggregate principal amount of all Bonds Outstanding under the Indenture as of the last date of issuance of a Series of Bonds issued under the Indenture, then, notwithstanding the foregoing, the Authority is required to use all Excess Taxable Revenues and Excess Tax-Exempt Revenues to mandatorily redeem Bonds subject to such redemption. See the captions "ESTIMATED SOURCES AND USES OF PROCEEDS" and "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS—Overcollateralization and Initial Parity Percentages" herein and "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—FUNDS—Revenue Fund" attached hereto.

Flow of Funds ..... Prior to an Event of Default, the Paying Agent on behalf of the Trustee will pay out of the Revenue Fund moneys deposited therein in the following order of priority as set forth in the chart below; however, Revenues related to Financed Eligible Loans allocable to the Taxable Bonds will generally be used to pay principal and interest on the Taxable Bonds, as well as fees and expenses related thereto, and Revenues related to Financed Eligible Loans allocable to the Tax-Exempt Bonds will generally be used to pay principal and interest on the Tax-Exempt Bonds, as well as fees and expenses related thereto (see "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—FUNDS—Revenue Fund" attached hereto).

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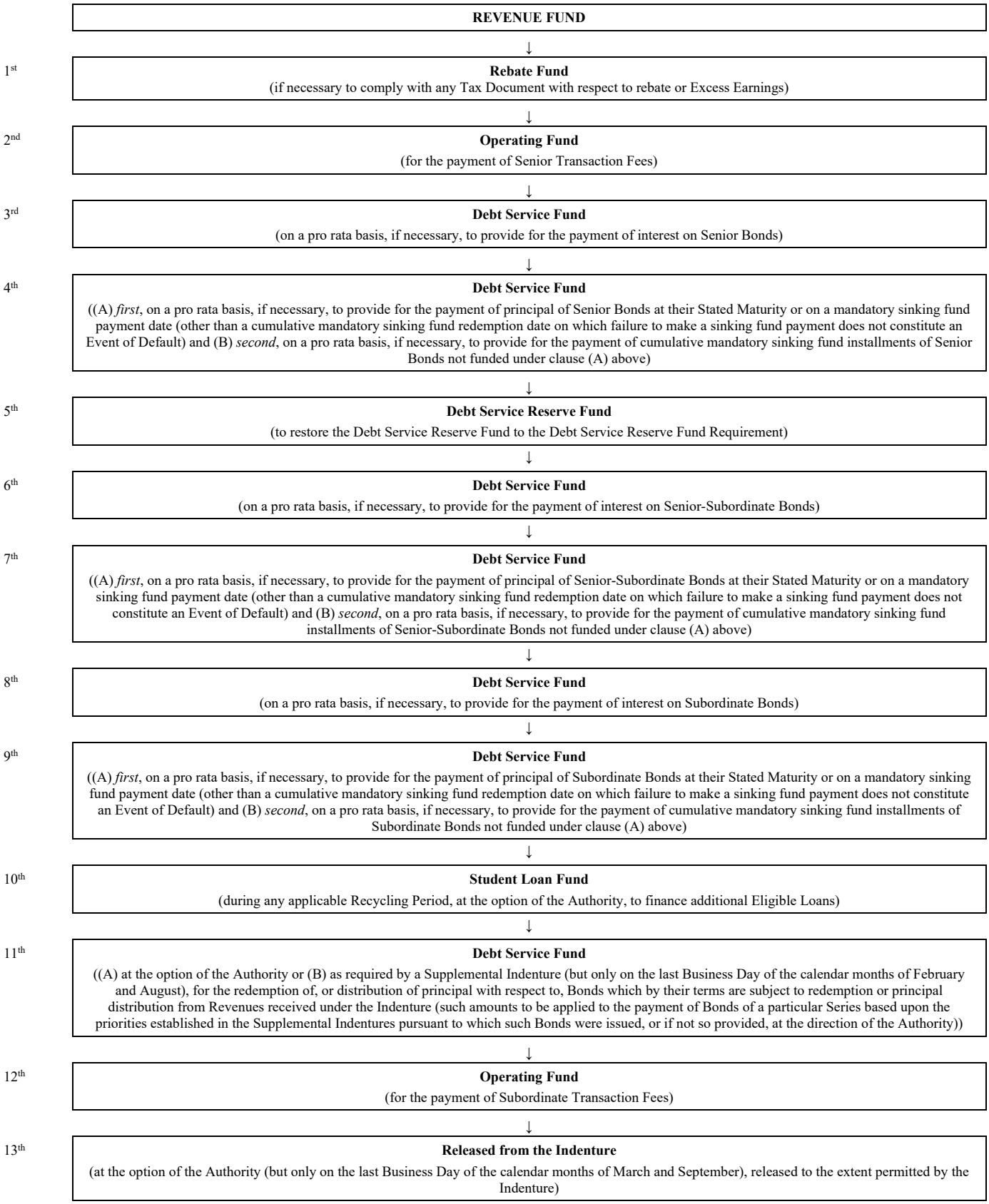
REVENUE FUND
1st
Rebate Fund
(if necessary to comply with any Tax Document with respect to rebate or Excess Earnings)
2nd
Operating Fund
(for the payment of Senior Transaction Fees)
3rd
Debt Service Fund
(on a pro rata basis, if necessary, to provide for the payment of interest on Senior Bonds)
4th
Debt Service Fund
((A) first, on a pro rata basis, if necessary, to provide for the payment of principal of Senior Bonds at their Stated Maturity or on a mandatory sinking fund payment date (other than a cumulative mandatory sinking fund redemption date on which failure to make a sinking fund payment does not constitute an Event of Default) and (B) second, on a pro rata basis, if necessary, to provide for the payment of cumulative mandatory sinking fund installments of Senior Bonds not funded under clause (A) above)
5th
Debt Service Reserve Fund
(to restore the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement)
6th
Debt Service Fund
(on a pro rata basis, if necessary, to provide for the payment of interest on Senior-Subordinate Bonds)
7th
Debt Service Fund
((A) first, on a pro rata basis, if necessary, to provide for the payment of principal of Senior-Subordinate Bonds at their Stated Maturity or on a mandatory sinking fund payment date (other than a cumulative mandatory sinking fund redemption date on which failure to make a sinking fund payment does not constitute an Event of Default) and (B) second, on a pro rata basis, if necessary, to provide for the payment of cumulative mandatory sinking fund installments of Senior-Subordinate Bonds not funded under clause (A) above)
8th
Debt Service Fund
(on a pro rata basis, if necessary, to provide for the payment of interest on Subordinate Bonds)
9th
Debt Service Fund
((A) first, on a pro rata basis, if necessary, to provide for the payment of principal of Subordinate Bonds at their Stated Maturity or on a mandatory sinking fund payment date (other than a cumulative mandatory sinking fund redemption date on which failure to make a sinking fund payment does not constitute an Event of Default) and (B) second, on a pro rata basis, if necessary, to provide for the payment of cumulative mandatory sinking fund installments of Subordinate Bonds not funded under clause (A) above)
10th
Student Loan Fund
(during any applicable Recycling Period, at the option of the Authority, to finance additional Eligible Loans)
11th
Debt Service Fund
((A) at the option of the Authority or (B) as required by a Supplemental Indenture (but only on the last Business Day of the calendar months of February and August), for the redemption of, or distribution of principal with respect to, Bonds which by their terms are subject to redemption or principal distribution from Revenues received under the Indenture (such amounts to be applied to the payment of Bonds of a particular Series based upon the priorities established in the Supplemental Indentures pursuant to which such Bonds were issued, or if not so provided, at the direction of the Authority))
12th
Operating Fund
(for the payment of Subordinate Transaction Fees)
13th
Released from the Indenture
(at the option of the Authority (but only on the last Business Day of the calendar months of March and September), released to the extent permitted by the Indenture)

Ratings ..... Prior to the issuance and delivery of the Series 2026-1 Bonds, S&P Global Ratings ("S&P") is expected to assign its bond rating of not lower than "AA(sf)" to the Series 2026-1A Senior Tax-Exempt Bonds and its bond rating of not lower than "BBB(sf)" to the Series 2026-1B Subordinate Tax-Exempt Bonds. See the caption "RATINGS" herein.

Rating Agency Confirmation and Rating Agency Notification ..... The Indenture provides that the Rating Agency has various rights and further requires as a condition of certain actions, inactions or other events that the Authority obtain or satisfy either a Rating Agency Confirmation or Rating Agency Notification. The Indenture requires that the Authority satisfy the Rating Agency Notification requirement for determinations of the types of private loans to be included as Eligible Loans in the future and changes to the certain parameters for Eligible Loans; the appointment of a new Administrator; the appointment of a new Servicer; changes in the amount and timing of Senior Transaction Fees; a reduction in the Debt Service Reserve Fund Requirement; types of Investment Securities; certain material amendments or supplements to the Indenture, the Administration Agreement or a Servicing Agreement; certain sales of Financed Eligible Loans; establishment of, and changes in, the Required Senior Parity Percentage, Required Overall Parity Percentage and/or Net Asset Requirement amounts with respect to the redemption of Bonds and the release of moneys from the Trust Estate; initiation or extension of any Recycling Period; and extension of any Acquisition Period. The Indenture requires that the Authority satisfy the Rating Agency Confirmation requirement for the issuance of additional Bonds. The Indenture also requires that the Authority make any Rating Agency Confirmation and Rating Agency Notification publicly available in the manner applicable to post-issuance disclosures under Rule 15c2-12 promulgated by the Securities and Exchange Commission. See the captions "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS—Rating Agency Confirmation and Rating Agency Notification" and "CERTAIN RISK FACTORS—Certain Actions May Be Permitted Without Registered Owner Approval" herein.

Weighted Average Life Analysis ..... The estimated weighted average life, first bond retirement date, last bond retirement date and average maturity date of the Series 2026-1A Senior Term Bonds under various assumed prepayment scenarios may be found in "APPENDIX F—WEIGHTED AVERAGE LIFE ANALYSIS OF THE SERIES 2026-1A SENIOR TERM BONDS" attached hereto.

Certain Risk Factors..... Attention should be given to certain investment considerations described in this Official Statement which could affect the ability of the Authority to pay debt service on the Series 2026-1 Bonds and which could have an effect on the market price of the Series 2026-1 Bonds to an extent that cannot be determined. See the caption "CERTAIN RISK FACTORS" herein. An investment in the Series 2026-1 Bonds involves an element of risk. Each prospective purchaser of Series 2026-1 Bonds should read this entire Official Statement, including the front cover page and Appendices attached hereto, in order to make a judgment as to whether the Series 2026-1 Bonds are an appropriate investment.

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OFFICIAL STATEMENT

RELATING TO

$140,335,000
BRAZOS HIGHER EDUCATION AUTHORITY, INC.
TAX-EXEMPT STUDENT LOAN PROGRAM REVENUE BONDS, SENIOR SERIES 2026-1A (AMT) AND TAX-EXEMPT STUDENT LOAN PROGRAM REVENUE BONDS, SUBORDINATE SERIES 2026-1B (AMT)

INTRODUCTION

This Official Statement, including the front cover page and inside front cover page hereof, the Summary Statement and the Appendices attached hereto, sets forth information regarding the issuance by Brazos Higher Education Authority, Inc. (the "Authority") of its Tax-Exempt Student Loan Program Revenue Bonds, Senior Series 2026-1A (AMT) (the "Series 2026-1A Senior Tax-Exempt Bonds") and its Tax-Exempt Student Loan Program Revenue Bonds, Subordinate Series 2026-1B (AMT) (the "Series 2026-1B Subordinate Tax-Exempt Bonds" and, together with the Series 2026-1A Senior Tax-Exempt Bonds, the "Series 2026-1 Bonds"). The Series 2026-1 Bonds are the seventh issuance of bonds under the Indenture (as hereinafter defined). Such previously issued Bonds (collectively, the "Prior Bonds") are described below.

Series of Bonds	Original Principal Amount
Series 2019-1A Senior Taxable Bonds	$ 18,850,000
Series 2019-1A Senior Tax-Exempt Bonds	15,050,000
Series 2019-1B Subordinate Tax-Exempt Bonds	3,800,000
Series 2020-1A Senior Taxable Bonds	37,025,000
Series 2020-1A Senior Tax-Exempt Bonds	22,765,000
Series 2020-1B Subordinate Tax-Exempt Bonds	7,800,000
Series 2021-1A Senior Taxable Bonds	44,600,000
Series 2023-1A Senior Tax-Exempt Bonds	43,375,000
Series 2024-1A Senior Tax-Exempt Bonds	96,725,000
Series 2025-1A Senior Tax-Exempt Bonds	97,975,000
Total	$387,965,000

The Series 2019-1A Senior Taxable Bonds, the Series 2019-1A Senior Tax-Exempt Bonds, the Series 2020-1A Senior Taxable Bonds, the Series 2020-1A Senior Tax-Exempt Bonds, the Series 2021-1A Senior Taxable Bonds, the Series 2023-1A Senior Tax-Exempt Bonds, the Series 2024-1A Senior Tax-Exempt Bonds, the Series 2025-1A Senior Tax-Exempt Bonds, the Series 2026-1A Senior Tax-Exempt Bonds and any other senior bonds that may hereafter be issued by the Authority under the Indenture (collectively, the "Senior Bonds"), together with any senior-subordinate bonds that may hereafter be issued by the Authority under the Indenture (the "Senior-Subordinate Bonds") and the Series 2019-1B Subordinate Tax-Exempt Bonds, the Series 2020-1B Subordinate Tax-Exempt Bonds, the Series 2026-1B Subordinate Tax-Exempt Bonds and any other subordinate bonds that may hereafter be issued by the Authority under the Indenture (collectively, the "Subordinate Bonds"), are herein referred to as the "Bonds." Terms capitalized in the body of this Official Statement and not otherwise defined therein shall have the meaning

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set forth in "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Definitions" attached hereto.

The Authority is a nonprofit corporation organized in 1975 under the Texas Nonprofit Corporation Law and is exempt from payment of federal income taxation as a "501(c)(3)" non-profit corporation. The Authority also operates pursuant to the Higher Education Loan Authority Act (Chapter 53B of the Education Code) (the "Act") on behalf of the City of Waco, Texas (the "City") as a qualified nonprofit corporation. The Authority has established its Brazos Refinance Loan Program, its Brazos Parent Loan Program and its Brazos Student Loan Program in accordance with the Act (collectively, the "Brazos Private Loan Programs"). See the caption "THE BRAZOS PRIVATE LOAN PROGRAMS" herein.

In order to finance educational loans made under the Brazos Private Loan Programs, the Authority is authorized to borrow money and to issue bonds payable from specified sources, including the revenues derived from such loans.

The Series 2026-1 Bonds are being issued under an Indenture of Trust, dated as of October 1, 2019 (as previously amended and supplemented, the "Master Indenture"), as further amended and supplemented by a Series 2026-1 Supplemental Indenture, dated as of August 1, 2026 (the "Series 2026-1 Supplemental Indenture" and, together with the Master Indenture, the "Indenture"), each by and between the Authority and U.S. Bank Trust Company, National Association (as successor-in-interest to U.S. Bank National Association), as trustee (the "Trustee"). The Series 2026-1 Bonds constitute the seventh issuance of Bonds under the Indenture. The Series 2026-1A Senior Tax-Exempt Bonds will constitute Senior Bonds under the Indenture and will be on a parity with any other Senior Bonds issued under the Indenture and the Series 2026-1B Subordinate Tax-Exempt Bonds will constitute Subordinate Bonds under the Indenture and will be on a parity with any other Subordinate Bonds issued under the Indenture. The Series 2026-1 Bonds are being issued as fixed rate bonds and will bear interest at the rates shown on the inside front cover page hereof.

The proceeds of the Series 2026-1 Bonds, together with other available funds of the Authority, will be used by the Authority to (a) provide moneys to finance additional Eligible Loans, (b) make an additional deposit to the Debt Service Reserve Fund and (c) pay costs related to the issuance of the Series 2026-1 Bonds. See the caption "ESTIMATED SOURCES AND USES OF PROCEEDS" herein.

The Indenture permits the financing only of Eligible Loans from moneys in the Student Loan Fund established under the Indenture. The majority of the proceeds of the Prior Bonds deposited to the Student Loan Fund, together with other available funds of the Authority, were used to finance Eligible Loans; however, on the Closing Date, approximately $16.7 million of proceeds from the Series 2025-1A Senior Tax-Exempt Bonds will remain in the Student Loan Fund, which amount the Authority expects to use to finance additional Eligible Loans prior to March 1, 2027. The Eligible Loans have been and will be: (a) acquired from Brazos Education Lending Corporation, a nonprofit corporation organized under the laws of the State of Texas (the "Seller"), pursuant to the terms and provisions of the Transfer and Sale Agreement, dated as of October 1, 2019, between the Seller, as seller and the Authority, as purchaser (as amended, the "Seller Student Loan Purchase Agreement"); or (b) pledged by the Authority pursuant to the terms of the Assignment and Pledge Agreement dated as of May 17, 2024 (as amended, the "Authority Student Loan Purchase Agreement," and together with the Seller Student Loan Purchase Agreement, the "Student Loan Purchase Agreements"), between the Authority and the Trustee (however, certain of the Eligible Loans may have future disbursements which may be made by the Authority from amounts deposited in the Student Loan Fund). See the caption "THE BRAZOS PRIVATE LOAN PROGRAMS—Student Loan Purchase Agreements" herein.

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For a description of the composition of the Financed Eligible Loans presently held within the Trust Estate and certain Eligible Loans expected to be pledged on or about the Closing Date (the "Existing Eligible Loans") as of the Statistical Cut-Off Date, see the caption "THE FINANCED ELIGIBLE LOANS—The Existing Eligible Loans" herein. The Authority expects to use the amounts deposited into the Student Loan Fund from the proceeds of the Series 2026-1 Bonds and from other available funds of the Authority to finance additional Eligible Loans during the Acquisition Period relating to the Series 2026-1 Bonds (period beginning on the Closing Date and currently ending on March 1, 2028). A portion of the Eligible Loans that the Authority has covenanted to originate under the Program and finance and pledge under the Indenture from certain of the remaining proceeds of the Series 2025-1A Senior Tax-Exempt Bonds and certain of the proceeds of the Series 2026-1 Bonds, include approximately $113.0 million of Eligible Loans (the "Anticipated Acquisition Period Eligible Loans"). The Anticipated Acquisition Period Eligible Loans include Brazos Parent Loans, Brazos Refinance Loans and Brazos Student Loans which are expected to be financed under the Indenture by March 1, 2027. See the caption "THE FINANCED ELIGIBLE LOANS—Anticipated Acquisition Period Eligible Loans" herein. The Authority also has or expects to originate under the Program and finance and pledge under the Indenture on or about the Closing Date, approximately $16.4 million of Eligible Loans with proceeds remaining from the issuance of the Series 2025-1A Senior Tax-Exempt Bonds and with moneys deposited in the Student Loan Fund in connection with the issuance of the Series 2026-1 Bonds. Approximately $5.8 million of these Eligible Loans were included in the cash flow modeling presented to the Rating Agency in connection with the issuance of the Series 2026-1 Bonds. Approximately $10.5 million of these Financed Eligible Loans are included in the description of the composition of the Financed Eligible Loans as of the Statistical Cut-Off Date, see the caption "THE FINANCED ELIGIBLE LOANS—The Existing Eligible Loans" herein.

The acquisition and financing of the Eligible Loans during the Acquisition Period (other than the Existing Eligible Loans and any additional Eligible Loans that were (a) included in the cash flow modeling presented to the Rating Agency or (b) are part of the Anticipated Acquisition Period Eligible Loans (defined herein) the Authority has covenanted to finance) is subject to certain limitations described under the caption "PROVISIONS APPLICABLE TO THE BONDS; DUTIES OF THE AUTHORITY—Restrictions on the Financing of Eligible Loans during the Series 2026-1 Acquisition Period" in "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" attached hereto. See the caption "THE BRAZOS PRIVATE LOAN PROGRAMS" herein for a further description of the Brazos Private Loan Programs.

All Eligible Loans acquired with proceeds of Bonds, including the Prior Bonds and the Series 2026-1 Bonds, all Eligible Loans acquired during any Recycling Periods and any Eligible Loans otherwise deposited in or accounted for in the Student Loan Fund, are referred to herein, collectively, as the "Financed Eligible Loans."

The Bonds, including the Series 2026-1 Bonds, issued pursuant to the Indenture are secured by and payable solely from: (a) the Revenues (other than Revenues deposited in the Rebate Fund or the Operating Fund or otherwise released from the lien of the Trust Estate as provided in the Indenture); (b) all moneys and investments held in the Funds (other than the Rebate Fund and the Operating Fund); (c) the Financed Eligible Loans and any notes and documents evidencing the same and all extensions and renewals thereof; (d) the rights of the Authority in and to the Administration Agreement, any Student Loan Purchase Agreement and any and all Servicing Agreements, as the same relate to the Financed Eligible Loans; and (e) any and all other property, rights and interests of every kind or description from time to time granted, conveyed, pledged, transferred, assigned or delivered to the Trustee as additional security under the Indenture (collectively, the "Trust Estate"). See "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—PARITY AND PRIORITY OF LIEN; OTHER OBLIGATIONS—Trust Estate" attached hereto. Such Revenues include, without limitation, payments of interest on such Financed Eligible Loans (whether regularly scheduled, delinquent or paid in advance) and

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income on investments and principal payments on such Financed Eligible Loans (whether regularly scheduled, delinquent or advance). Bonds other than the Prior Bonds and the Series 2026-1 Bonds ("Additional Bonds") may be issued under the Indenture upon satisfaction of certain conditions specified in the Indenture. Such Additional Bonds may be payable and secured on a parity with the Senior Bonds, or on a parity with, or senior to, the Subordinate Bonds, which are subordinate to the Senior Bonds and any Senior-Subordinate Bonds. See the caption "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS—Additional Bonds; Priority" herein and "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—PARITY AND PRIORITY OF LIEN; OTHER OBLIGATIONS—Trust Estate" and "—FUNDS" attached hereto.

THE BONDS, INCLUDING THE SERIES 2026-1 BONDS, ARE SPECIAL AND LIMITED OBLIGATIONS OF THE AUTHORITY, SECURED SOLELY BY AND PAYABLE SOLELY FROM THE TRUST ESTATE. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OF WACO, TEXAS OR THE STATE OF TEXAS OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF IS PLEDGED FOR THE PAYMENT OF THE BONDS. THE AUTHORITY'S OBLIGATIONS, INCLUDING ANY BONDS, ARE NOT GENERAL, SPECIAL OR MORAL OBLIGATIONS OF THE CITY OF WACO, TEXAS OR THE STATE OF TEXAS. THE AUTHORITY IS NOT AUTHORIZED UNDER THE INDENTURE OR LAWS OF THE STATE OF TEXAS TO CREATE, AND THE BONDS DO NOT CONSTITUTE, PUBLIC DEBT OF THE STATE OF TEXAS OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF THE TEXAS CONSTITUTION OR LAWS OF THE STATE OF TEXAS OR DEBT OF THE CITY OF WACO, TEXAS OR THE STATE OF TEXAS OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF FOR ANY OTHER PURPOSE WHATSOEVER.

THE BONDS, INCLUDING THE SERIES 2026-1 BONDS, ARE NOT GENERAL OBLIGATIONS OF THE AUTHORITY. THE BONDS DO NOT REPRESENT AN OBLIGATION OF OR INTEREST IN THE AUTHORITY, THE ADMINISTRATOR, THE TRUSTEE, ANY SERVICER OR THE UNDERWRITER OR ANY OF THEIR RESPECTIVE AFFILIATES.

There can be no assurances that any future law will not prospectively or retroactively affect the terms and conditions under which Eligible Loans are made in a manner that might adversely affect the ability of the Authority to pay the principal of and interest on the Series 2026-1 Bonds when due. See the caption "CERTAIN RISK FACTORS" herein.

The descriptions of the Series 2026-1 Bonds, the documents authorizing and securing the Series 2026-1 Bonds, and the pertinent State legislation contained herein do not purport to be comprehensive or definitive. All references herein to such documents or legislation and rules are qualified in their entirety by reference to such documents or legislation. Copies of certain of such documents may be inspected at an office of the Trustee at a predetermined and agreed upon time as the Trustee can accommodate.

SOURCES OF PAYMENT AND SECURITY FOR THE BONDS

General

The Bonds, including the Series 2026-1 Bonds, are limited obligations of the Authority, secured by and payable solely from the Trust Estate pledged pursuant to the Indenture as described herein. The Bonds are not general obligations of the Authority. None of the Authority's other assets or funds, including assets or funds pledged and held under its other financings are pledged as security for the Bonds under the Indenture.

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The Bonds, including the Series 2026-1 Bonds, will be secured by and payable, subject to the terms of the Indenture, solely from the Trust Estate. See "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—PARITY AND PRIORITY OF LIEN; OTHER OBLIGATIONS—Trust Estate" attached hereto and the caption "ESTIMATED SOURCES AND USES OF PROCEEDS" herein. The Authority will finance only Eligible Loans through application of the proceeds of the Bonds. For a discussion of certain of the terms applicable to the Eligible Loans, see the caption "THE BRAZOS PRIVATE LOAN PROGRAMS" herein. For a more detailed description of the Funds established under the Indenture, certain Accounts established therein under the Indenture, and the purposes to which moneys in such Funds and Accounts may be applied, see "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—FUNDS" attached hereto.

Debt Service Reserve Fund

On the Closing Date, $2,806,700 will be deposited to the Debt Service Reserve Fund under the Indenture, which is equal to 2.0% of the aggregate principal amount of the Series 2026-1 Bonds. The Debt Service Reserve Fund was previously funded with proceeds of the Prior Bonds, which was equal to 2.0% of the aggregate principal amount of each of the Prior Bonds, respectively. The Debt Service Reserve Fund is to be maintained at the Debt Service Reserve Fund Requirement. "Debt Service Reserve Fund Requirement" means an amount equal to 2.0% of the aggregate principal amount of Bonds then Outstanding (calculated semi-annually on each April 1 and October 1), but in no event less than $1,388,713, unless a Rating Agency Notification has been given. Amounts on deposit in the Debt Service Reserve Fund shall be transferred to the Revenue Fund to the extent the funds on deposit in the Revenue Fund, after taking into account any transfers from the Capitalized Interest Fund, if any, and the Student Loan Fund, are insufficient to make the required transfers to the Debt Service Fund. The Indenture provides that upon the issuance of any Additional Bonds, there will be deposited into the Debt Service Reserve Fund, if necessary, an amount sufficient to increase the amount therein to be equal to the Debt Service Reserve Fund Requirement, calculated after such issuance. See "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—FUNDS—Debt Service Reserve Fund" attached hereto.

Additional Bonds; Priority

Pursuant to the provisions of the Indenture, Additional Bonds may be issued on a parity basis with the Series 2019-1A Senior Taxable Bonds, the Series 2019-1A Senior Tax-Exempt Bonds, the Series 2020-1A Senior Taxable Bonds, the Series 2020-1A Senior Tax-Exempt Bonds, the Series 2021-1A Senior Taxable Bonds, the Series 2023-1A Senior Tax-Exempt Bonds, the Series 2024-1A Senior Tax-Exempt Bonds, the Series 2025-1A Senior Tax-Exempt Bonds and the Series 2026-1A Senior Tax-Exempt Bonds, or on a parity basis with the Series 2019-1B Subordinate Tax-Exempt Bonds, the Series 2020-1B Subordinate Tax-Exempt Bonds and the Series 2026-1B Subordinate Tax-Exempt Bonds, which are subordinate to the Senior Bonds. The Indenture also permits the issuance of Senior-Subordinate Bonds, which are secured on a basis which is subordinated to the Senior Bonds, but senior to the Subordinate Bonds.

The Senior Bonds are entitled to payment and certain other priorities over any Senior-Subordinate Bonds and Subordinate Bonds. Current payments of interest and principal due on Senior-Subordinate Bonds or Subordinate Bonds on any Bond Payment Date will be made only to the extent there are sufficient moneys available for such payment after making all payments due on such date with respect to Senior Bonds. So long as any Senior Bonds remain Outstanding under the Indenture, the failure to make interest or principal payments with respect to Senior-Subordinate Bonds or Subordinate Bonds will not constitute an Event of Default under the Indenture. In the event of an acceleration of the Bonds following the occurrence and continuation of an Event of Default, the principal of and accrued interest on the Senior-Subordinate Bonds and the Subordinate Bonds will be paid only to the extent there are moneys

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available under the Indenture after payment of the principal of, and accrued interest on, all Senior Bonds. In addition, Registered Owners of Senior Bonds are entitled to direct certain actions to be taken by the Trustee prior to and upon the occurrence of an Event of Default, including election of remedies. Only after there are no Senior Bonds Outstanding, will Registered Owners of Senior-Subordinate Bonds or Subordinate Bonds have such rights. See the definition of "Highest Priority Bonds" in "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Definitions" and the provisions described in "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—DEFAULTS AND REMEDIES" attached hereto.

It is a condition to the issuance of any Additional Bonds that the Authority receive a Rating Agency Confirmation with respect to the issuance of such Additional Bonds. See "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—BOND DETAILS—Issuance of Bonds" attached hereto.

Overcollateralization and Initial Parity Percentages

Upon the issuance of the Series 2026-1 Bonds, the initial Senior Parity Percentage will be at least 129.3% and the initial Overall Parity Percentage will be at least 120.6%.

The Indenture does not permit the release of moneys in the Revenue Fund, as described in paragraph (m) in "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—FUNDS—Revenue Fund—*Taxable Account*" and "—*Tax-Exempt Account*" attached hereto, free and clear of the lien of the Indenture unless: (i) the Overall Parity Percentage after such transfer is at least equal to 122.75% (the "Required Overall Parity Percentage"), and (ii) the Value of assets constituting the Trust Estate exceeds the amount of Bonds Outstanding and other accrued but unpaid liabilities incurred under the Indenture that are Senior Transaction Fees by at least $15,000,000 (the "Net Asset Requirement"). In addition, if the Overall Parity Percentage is less than 126.5% on April 1, 2031, no moneys shall be released from the lien of the Indenture. The Required Overall Parity Percentage, the Net Asset Requirement and any other restrictions on the release of moneys from the lien of the Indenture may each be reduced, removed or modified upon satisfaction of the Rating Agency Notification. In addition, if the aggregate principal amount of all Bonds Outstanding under the Indenture is equal to or less than 10% of the aggregate principal amount of all Bonds Outstanding under the Indenture as of the last date of issuance of a Series of Bonds issued under the Indenture, then, notwithstanding the foregoing, the Authority is required to use all Excess Taxable Revenues and Excess Tax-Exempt Revenues to mandatorily redeem Bonds subject to such redemption. See the caption "ESTIMATED SOURCES AND USES OF PROCEEDS" and "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—FUNDS—Revenue Fund" attached hereto.

Senior Transaction Fees

The Senior Transaction Fees (including Administration Fees, Standard Servicing Fees, Trustee Fees, Rating Agency Fees and certain Extraordinary Expenses) will be transferred to the Operating Fund out of the Revenue Fund on the last Business Day of each calendar month or on other dates if directed by the Authority prior to providing for the payment of principal and interest on the Bonds, including the Series 2026-1 Bonds. As provided in the Series 2026-1 Supplemental Indenture, (a) monthly Administration Fees shall equal one-twelfth (1/12th) of 0.25% of the average monthly outstanding principal balance of the Financed Eligible Loans for the prior calendar month, (b) the Standard Servicing Fees shall be any fees and expenses payable to a Servicer with respect to the servicing and collection of the Financed Eligible Loans consisting of periodic unit fees, default related fees, delinquency fees, and annual privacy mailing fees (including any currently contemplated increases to those amounts pursuant to existing inflationary escalator

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clauses relating to such Standard Servicing Fees as set forth in each Servicing Agreement on the Closing Date), but shall not include fees due as a result of the termination of a Servicing Agreement (including any deconversion fees related to Financed Eligible Loans resulting from such termination), indemnification or other extraordinary expense items, (c) the Trustee Fees and Rating Agency Fees payable as Senior Transaction Fees in each Fiscal Year, together, shall not exceed an amount equal to $99,050, and (d) the Extraordinary Expenses payable as Senior Transaction Fees in each Fiscal Year are not permitted to exceed the amounts set forth for each Fiscal Year in the table below.

Fiscal Year Ending June 30	Extraordinary Expenses	Fiscal Year Ending June 30	Extraordinary Expenses
2027	$ 6,500	2042	$10,500
2028	8,000	2043	10,000
2029	10,000	2044	2,500
2030	25,000	2045	10,000
2031	10,000	2046	10,000
2032	10,500	2047	10,500
2033	2,500	2048	2,500
2034	10,000	2049	2,500
2035	25,000	2050	2,500
2036	10,000	2051	2,500
2037	10,500	2052	10,500
2038	2,500	2053	2,500
2039	10,000	2054	2,500
2040	25,000	2055	2,500
2041	10,000	2056	10,500

The dollar limits set forth in the table above shall not apply with respect to Extraordinary Expenses incurred by the Trustee (i) after the occurrence and during the continuation of an Event of Default, other than an Event of Default described in paragraph (d) under the caption "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—DEFAULTS AND REMEDIES—Events of Default Defined" attached hereto), or (ii) after an acceleration of the maturity of the Bonds as described under the caption "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—DEFAULTS AND REMEDIES—Accelerated Maturity" attached hereto. The Indenture permits the Authority to change the amount of such fees after providing a Rating Agency Notification. See the caption "Rating Agency Confirmation and Rating Agency Notification" below and the caption "CERTAIN RISK FACTORS—Certain Actions May Be Permitted Without Registered Owner Approval" herein.

Rating Agency Confirmation and Rating Agency Notification

The Indenture provides that the Rating Agency has various notice rights and further requires as a condition of certain actions, inactions or other events that there be (a) a Rating Agency Confirmation for the issuance of Additional Bonds or (b) a Rating Agency Notification for the following (among others): the additional types of private loans to be included as Eligible Loans; changes to certain parameters for Eligible Loans; the appointment of a new Administrator; the appointment of a new Servicer; changes in the amount and timing of Senior Transaction Fees; a reduction in the Debt Service Reserve Fund Requirement; types of Investment Securities; certain material amendments or supplements to the Indenture, the Administration Agreement or a Servicing Agreement; certain sales of Financed Eligible Loans; establishment of, and changes in, the Required Senior Parity Percentage, Required Overall Parity Percentage and/or the Net Asset Requirement with respect to the redemption of Bonds and the release of moneys from the Trust Estate;

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initiation or extension of any Recycling Period; and extension of any Acquisition Period. The Indenture also requires that the Authority make each Rating Agency Confirmation and Rating Agency Notification publicly available in the manner applicable to post-issuance disclosures under Rule 15c2-12 promulgated by the Securities and Exchange Commission. "Rating Agency Confirmation" means a letter or press release or other written release from each Rating Agency rating any of the Bonds confirming that its Ratings on the Bonds will not be reduced, withdrawn, conditioned or placed under review with negative implications as a result of a Proposed Action to be taken by the Authority. "Rating Agency Notification" means, with respect to a Proposed Action, that the Authority shall have given written notice of such Proposed Action to each Rating Agency then rating the Bonds at least twenty (20) Business Days prior to the proposed effective date thereof. "Proposed Action" means any proposed action, failure to act or other event which, under the terms of the Indenture, is conditioned upon a Rating Agency Notification or a Rating Agency Confirmation. See "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" attached hereto and the caption "CERTAIN RISK FACTORS—Certain Actions May Be Permitted Without Registered Owner Approval" herein.

Certain Risk Factors

Attention should be given to certain investment considerations described in this Official Statement which could affect the ability of the Authority to pay the principal of and interest on the Series 2026-1 Bonds, and which could have an effect on the market price of the Series 2026-1 Bonds in the future to an extent that cannot be determined at the present time. See the caption "CERTAIN RISK FACTORS" herein. Each prospective purchaser of Series 2026-1 Bonds should read this entire Official Statement, including the Appendices attached hereto.

THE SERIES 2026-1 BONDS

General Terms of the Series 2026-1 Bonds

The Series 2026-1 Bonds will bear interest from the Closing Date. Interest will be payable on April 1 and October 1 of each year, commencing April 1, 2027 (each, an "Interest Payment Date"), to the Registered Owners of the Series 2026-1 Bonds as of the record date, which is the Business Day immediately preceding an Interest Payment Date. The Series 2026-1 Bonds will bear interest at the interest rates per annum, and will mature on April 1 in each of the years and in the principal amounts, shown on the inside front cover of this Official Statement. Interest on the Series 2026-1 Bonds will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

The Series 2026-1 Bonds will be issued in fully registered form, without coupons, in the denomination of $5,000 or any integral multiple thereof. Individual purchases of the Series 2026-1 Bonds will be made in book-entry form only. Purchasers of the Series 2026-1 Bonds will not receive certificates representing their interest in the Series 2026-1 Bonds purchased. See the caption "Book-Entry-Only System" below.

Redemption Provisions

The Indenture sets forth the provisions for the redemption of the Series 2026-1 Bonds prior to maturity, as described below. The Trustee shall provide notice of the redemption of Series 2026-1 Bonds in accordance with the provisions described under the caption "Notice and Effect of Redemption" below.

Optional Redemption. The Series 2026-1A Senior Tax-Exempt Bonds maturing on April 1, 2047 (the "Series 2026-1A Senior Term Bonds") and the Series 2026-1B Subordinate Tax-Exempt Bonds are subject to redemption prior to maturity at the option of the Authority from moneys in the Revenue Fund

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and any other source available therefor in accordance with the Indenture, in whole or in part, at any time, commencing April 1, 2034, at a redemption price equal to 100% of the principal amount being redeemed, without premium, plus accrued interest to but not including the redemption date with respect to such Series 2026-1 Bonds; provided, however, that Series 2026-1B Subordinate Tax-Exempt Bonds may only be optionally redeemed if (i) the Senior Parity Percentage after giving effect to such redemption is at least equal to 127.0% (the "Required Senior Parity Percentage"); and (ii) the Overall Parity Percentage after giving effect to such redemption is at least equal to the Required Overall Parity Percentage. The Required Senior Parity Percentage may be reduced upon satisfaction of the Rating Agency Notification.

Optional Redemption from Excess Taxable Revenue. The Series 2026-1A Senior Term Bonds and the Series 2026-1B Subordinate Tax-Exempt Bonds, along with any other Bonds which are subject to optional redemption pursuant to an Excess Taxable Revenue redemption provision, are subject to redemption prior to maturity, in whole or in part, in any Authorized Denominations, at the option of the Authority, on any Interest Payment Date, from Excess Taxable Revenue, at a redemption price equal to 100% of the principal amount being redeemed, without premium, plus accrued interest to but not including the redemption date with respect to such Bonds; provided, however, Subordinate Bonds, including the Series 2026-1B Subordinate Tax-Exempt Bonds may not be redeemed unless (i) the Senior Parity Percentage after giving effect to such redemption is at least equal to the Required Senior Parity Percentage and (ii) the Overall Parity Percentage after giving effect to such redemption is at least equal to the Required Overall Parity Percentage.

Bonds of each class that are subject to such redemption will be selected for redemption (A) on a pro rata basis among the Stated Maturities of such Bonds of such class based upon the respective Outstanding principal amounts of such Bonds of such class and Stated Maturity that are subject to such redemption from Excess Taxable Revenues at the time of determination without regard to Series (and by lot within a maturity) or (B) from the Stated Maturities of such Bonds of such class as directed by the Authority, provided such direction includes a representation that the Authority, after consideration of the expected availability of Revenues, the expected expenses and the anticipated debt service on the Bonds through the final Stated Maturity thereof, shall remain able to pay debt service on the Bonds when due and all associated expenses from the Revenues of the Trust Estate on a timely basis after giving effect to such redemption.

"*Excess Taxable Revenue*" means any funds remaining in the Taxable Account of the Revenue Fund after all prior transfers required or permitted by paragraphs (a) through (j) and all prior transfers, if any, required or permitted by paragraph (k) as described in "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—FUNDS—Revenue Fund—*Taxable Account*" attached hereto have been made.

Optional Redemption from Excess Tax-Exempt Revenue. The Series 2026-1A Senior Term Bonds and the Series 2026-1B Subordinate Tax-Exempt Bonds, along with any other Bonds which are subject to optional redemption pursuant to an Excess Tax-Exempt Revenue redemption provision, are subject to redemption prior to maturity, in whole or in part, in any Authorized Denominations, at the option of the Authority, on any Interest Payment Date, from Excess Tax-Exempt Revenue, at a redemption price equal to 100% of the principal amount being redeemed, without premium, plus accrued interest to but not including the redemption date with respect to such Bonds; provided, however, Subordinate Bonds, including the Series 2026-1B Subordinate Tax-Exempt Bonds may not be redeemed unless (i) the Senior Parity Percentage after giving effect to such redemption is at least equal to the Required Senior Parity Percentage and (ii) the Overall Parity Percentage after giving effect to such redemption is at least equal to the Required Overall Parity Percentage.

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Bonds of each class that are subject to such redemption will be selected for redemption (A) on a pro rata basis among the Stated Maturities of such Bonds of such class based upon the respective Outstanding principal amounts of such Bonds of such class and Stated Maturity that are subject to such redemption from Excess Tax-Exempt Revenues at the time of determination without regard to Series (and by lot within a maturity) or (B) from the Stated Maturities of such Bonds of such class as directed by the Authority, provided such direction includes a representation that the Authority, after consideration of the expected availability of Revenues, the expected expenses and the anticipated debt service on the Bonds through the final Stated Maturity thereof, shall remain able to pay debt service on the Bonds when due and all associated expenses from the Revenues of the Trust Estate on a timely basis after giving effect to such redemption.

"*Excess Tax-Exempt Revenue*" means any funds remaining in the Tax-Exempt Account of the Revenue Fund after all prior transfers required or permitted by paragraphs (a) through (j) and all prior transfers, if any, required or permitted by paragraph (k) as described in "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—FUNDS—Revenue Fund—*Tax-Exempt Account*" attached hereto have been made.

Mandatory Redemption from Excess Taxable Revenue. Except during any Recycling Period, the Series 2026-1A Senior Term Bonds and the Series 2026-1B Subordinate Tax-Exempt Bonds, along with any other Bonds which are subject to mandatory redemption pursuant to an Excess Taxable Revenue redemption provision, are subject to mandatory redemption in whole or in part, on any Interest Payment Date, from Excess Taxable Revenue in an amount equal to the greater of (a) the least amount required to increase the Overall Parity Percentage to at least the Required Overall Parity Percentage, and (b) the least amount required to satisfy the Net Asset Requirement, at a redemption price equal to 100% of the principal amount being redeemed, without premium, plus accrued interest to but not including the redemption date with respect to such Bonds; provided, however, Subordinate Bonds, including the Series 2026-1B Subordinate Tax-Exempt Bonds, may not be redeemed unless (i) the Senior Parity Percentage after giving effect to such redemption is at least equal to the Required Senior Parity Percentage, (ii) the Overall Parity Percentage after giving effect to such redemption is at least equal to the Required Overall Parity Percentage and (iii) the Authority provides an Authority Order directing the redemption of Subordinate Bonds prior to the redemption of Senior Bonds. In addition, if the aggregate principal amount of all Bonds Outstanding under the Indenture is equal to or less than 10% of the aggregate principal amount of all Bonds Outstanding under the Indenture as of the last date of issuance of a Series of Bonds issued under the Indenture, then, notwithstanding the foregoing, the Authority is required to use all Excess Taxable Revenues to mandatorily redeem Bonds subject to such redemption as described above. See "APPENDIX F—WEIGHTED AVERAGE LIFE ANALYSIS OF THE SERIES 2026-1A SENIOR TERM BONDS" attached hereto.

Bonds of each class that are subject to such redemption shall be selected for redemption (A) on a pro rata basis among the Stated Maturities of such Bonds of such class based upon the respective Outstanding principal amounts of such Bonds of such class and Stated Maturity that are subject to such redemption from Excess Taxable Revenues at the time of determination without regard to Series (and by lot within a maturity) or (B) from the Stated Maturities of such Bonds of such class as directed by the Authority, provided such direction includes a representation that the Authority, after consideration of the expected availability of Revenues, the expected expenses and the anticipated debt service on the Bonds through the final Stated Maturity thereof, shall remain able to pay debt service on the Bonds when due and all associated expenses from the Revenues of the Trust Estate on a timely basis after giving effect to such redemption.

Mandatory Redemption from Excess Tax-Exempt Revenue. Except during any Recycling Period, the Series 2026-1A Senior Term Bonds and the Series 2026-1B Subordinate Tax-Exempt Bonds, along with any other Bonds which are subject to mandatory redemption pursuant to an Excess Tax-Exempt

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Revenue redemption provision, are subject to mandatory redemption in whole or in part, on any Interest Payment Date, from Excess Tax-Exempt Revenue in an amount equal to the greater of (a) the least amount required to increase the Overall Parity Percentage to at least the Required Overall Parity Percentage, and (b) the least amount required to satisfy the Net Asset Requirement, at a redemption price equal to 100% of the principal amount being redeemed, without premium, plus accrued interest to but not including the redemption date with respect to such Bonds; provided, however, Subordinate Bonds, including the Series 2026-1B Subordinate Tax-Exempt Bonds, may not be redeemed unless (i) the Senior Parity Percentage after giving effect to such redemption is at least equal to the Required Senior Parity Percentage, (ii) the Overall Parity Percentage after giving effect to such redemption is at least equal to the Required Overall Parity Percentage and (iii) the Authority provides an Authority Order directing the redemption of Subordinate Bonds prior to the redemption of Senior Bonds. In addition, if the aggregate principal amount of all Bonds Outstanding under the Indenture is equal to or less than 10% of the aggregate principal amount of all Bonds Outstanding under the Indenture as of the last date of issuance of a Series of Bonds issued under the Indenture, then, notwithstanding the foregoing, the Authority is required to use all Excess Tax-Exempt Revenues to mandatorily redeem Bonds subject to such redemption as described above. See "APPENDIX F—WEIGHTED AVERAGE LIFE ANALYSIS OF THE SERIES 2026-1A SENIOR TERM BONDS" attached hereto.

Bonds of each class that are subject to such redemption shall be selected for redemption (A) on a pro rata basis among the Stated Maturities of such Bonds of such class based upon the respective Outstanding principal amounts of such Bonds of such class and Stated Maturity that are subject to such redemption from Excess Tax-Exempt Revenues at the time of determination without regard to Series (and by lot within a maturity) or (B) from the Stated Maturities of such Bonds of such class as directed by the Authority, provided such direction includes a representation that the Authority, after consideration of the expected availability of Revenues, the expected expenses and the anticipated debt service on the Bonds through the final Stated Maturity thereof, shall remain able to pay debt service on the Bonds when due and all associated expenses from the Revenues of the Trust Estate on a timely basis after giving effect to such redemption.

Extraordinary Redemption to Avoid an Event of Default. The Series 2026-1 Bonds are subject to extraordinary redemption by the Authority, upon the written direction of an Authorized Representative, in whole or in part, on any Interest Payment Date, in such maturities and amounts as may be directed by the Authority and by lot within each maturity (with such adjustments as the Authority may determine to enable the Series 2026-1 Bonds to be redeemed in Authorized Denominations), at a Redemption Price equal to (a) in the case of Series 2026-1 Premium Bonds, the principal amount thereof, together with accrued interest thereon, if any, to but not including the redemption date, plus the Series 2026-1 Unamortized Premium and (b) in the case of all other Series 2026-1 Bonds, the principal amount thereof, together with accrued interest thereon, if any, to but not including the redemption date, from moneys identified to the Trustee by an Authorized Representative of the Authority, in an aggregate amount deemed by the Authority to be necessary to avoid an Event of Default under the Indenture. Notwithstanding the foregoing, Series 2026-1B Subordinate Tax-Exempt Bonds may only be redeemed pursuant to this extraordinary redemption if the then current Senior Parity Percentage will not be reduced after giving effect to such redemption.

Mandatory Redemption from Unexpended Proceeds. The Series 2026-1 Bonds are subject to mandatory redemption on any date not later than 60 days after each respective date set forth in the following acquisition schedule (the "Acquisition Schedule") to the extent that the amounts deposited to the Tax-Exempt Account of the Student Loan Fund and the Taxable Account of the Student Loan Fund (and not used to pay costs of issuing the Series 2026-1 Bonds) have not been used to acquire or fund Eligible Loans in accordance with the Acquisition Schedule in the amounts specified below:

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Acquisition Schedule

Acquisition Period Dates**	Amount to be Acquired**
March 1, 2027	$98,223,384
End of Acquisition Period	$144,383,360

"Unexpended Amounts" shall be equal to the difference between the amounts deposited to the Tax-Exempt Account of the Student Loan Fund and the Taxable Account of the Student Loan Fund on the Closing Date and used to acquire or fund Eligible Loans and the amount required to be used to acquire or fund Eligible Loans in the Acquisition Schedule; provided, however, with respect to the amount required to be used to acquire or fund Eligible Loans by the end of each of the Acquisition Period Dates with amounts on deposit in the Tax-Exempt Account of the Student Loan Fund and the Taxable Account of the Student Loan Fund, that amount set aside to acquire or fund any Approved Undisbursed Loans shall be deemed to have been used to acquire or fund such Approved Undisbursed Loans by the end of such Acquisition Period Date. With respect to each Acquisition Period Date, the "Series 2026-1 Tax-Exempt Unexpended Amounts" shall mean the difference between the Unexpended Amounts and the amount deposited to the Taxable Account of the Student Loan Fund that has been used to acquire or fund Eligible Loans by the end of such Acquisition Period Date (including an amount set aside to acquire or fund any Approved Undisbursed Loans). To the extent there are any Unexpended Amounts as the end of an Acquisition Period Date: (i) amounts held in the Tax-Exempt Account of the Student Loan Fund equal to the Series 2026-1 Tax-Exempt Unexpended Amounts shall be used to effect a mandatory redemption of Series 2026-1 Bonds and (ii) amounts held in the Taxable Account of the Student Loan Fund equal to the Unexpended Amount less the Series 2026-1 Tax-Exempt Unexpended Amounts (the "Contributed Unexpended Amounts") shall be transferred to the Taxable Account of the Revenue Fund. Each amount set forth under the caption "Amount to be Acquired" in the Acquisition Schedule shall be reduced by the principal amount of any Series 2026-1 Bonds previously redeemed pursuant to this excess proceeds redemption and further reduced by any Contributed Unexpended Amounts that are transferred to the Taxable Account of the Revenue Fund. In the case of any such mandatory redemption from such Series 2026-1 Tax-Exempt Unexpended Amounts, the Series 2026-1 Bonds shall be redeemed (A) *first*, from the Series 2026-1A Senior Term Bonds and, to the extent permitted, the Series 2026-1B Subordinate Tax-Exempt Bonds and, *second*, from the remaining Series 2026-1A Senior Tax-Exempt Bonds, on a pro rata basis, and, to the extent permitted, the Series 2026-1B Subordinate Tax-Exempt Bonds, or (B) as otherwise set forth in an Authority Order delivered to the Trustee containing a representation that the Authority, after consideration of the expected availability of Revenues, the expected expenses and the anticipated debt service on the Bonds through the final Stated Maturity thereof, shall remain able to pay debt service on the Bonds when due and all associated expenses from the Revenues of the Trust Estate on a timely basis after giving effect to such redemption, in each case with such adjustments as the Authority may determine to enable the Series 2026-1 Bonds to be redeemed in Authorized Denominations, at a Redemption Price equal to (a) in the case of Series 2026-1 Premium Bonds, the principal amount thereof, together with accrued interest thereon, if any, to but not including the redemption date, plus the applicable Series 2026-1 Unamortized Premium and (b) in the case of all other Series 2026-1 Bonds, the principal amount thereof, together with accrued interest thereon, if any, to but not including the redemption date. Notwithstanding the foregoing, Series 2026-1B Subordinate Tax-Exempt Bonds may only be redeemed pursuant to this unexpended proceeds redemption if the then current Senior Parity Percentage will not be reduced after giving effect to such redemption. The redemption date shall be the earliest practicable date for which the required notice of redemption may be given pursuant to the

** The "Acquisition Period Dates" and/or "Amount to be Acquired" may be modified by the Authority if the Authority has satisfied the Rating Agency Notification.

Indenture, but in no event later than 60 days after the related date set forth in the Tax-Exempt Proceeds Acquisition Schedule.

Selection of Series 2026-1 Bonds to be Redeemed. If less than all of the Series 2026-1 Bonds are to be redeemed, the Trustee will notify DTC of the particular amount of such Stated Maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such Stated Maturity to be redeemed, and each participant will then select by lot the beneficial ownership interests in such Stated Maturity to be redeemed. No redemption, however, shall cause the Series 2026-1 Bonds of any Stated Maturity that remain outstanding to be in an amount other than an Authorized Denomination and the amount to be so redeemed shall be increased or decreased as directed by the Authority to avoid such a result.

Notice and Effect of Redemption. The Trustee shall give notice of any such redemption by providing a copy of the notice not less than 15 days, and not more than 60 days (or such shorter period as may be set forth in the applicable Supplemental Indenture), before the redemption date to the Registered Owners of any Bonds or portions of Bonds which are to be redeemed, at their last addresses appearing upon the registration records, but failure so to mail any such notice to a given Registered Owner shall not affect the validity of the proceedings for the redemption of Bonds to other Registered Owners. Such notice may however state that it is a conditional notice and that the redemption shall be cancelled if moneys are not available on the redemption date.

Book-Entry-Only System

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2026-1 Bonds, payment of principal, redemption premium, if any, and interest and other payments with respect to the Series 2026-1 Bonds to Direct Participants (as defined below) or Beneficial Owners (as defined below), confirmation and transfer of beneficial ownership interests in such Series 2026-1 Bonds and other related transactions by and among The Depository Trust Company, New York, New York ("DTC"), the Direct Participants and Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the Direct Participants nor the Beneficial Owners should rely on the following information with respect to such matters, but should instead confirm the same with DTC or the Direct Participants, as the case may be. Information concerning DTC and the Book-Entry Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Authority.

DTC will act as securities depository for the Series 2026-1 Bonds. The Series 2026-1 Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Series 2026-1 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct

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Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P Global Ratings rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com, which website is not part of, and is not incorporated by reference into, this Official Statement.

Purchases of the Series 2026-1 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2026-1 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2026-1 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2026-1 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2026-1 Bonds, except in the event that use of the book-entry system for the Series 2026-1 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2026-1 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2026-1 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2026-1 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2026-1 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2026-1 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2026-1 Bonds, such as redemptions, tenders, defaults and proposed amendments to the security documents. For example, Beneficial Owners of the Series 2026-1 Bonds may wish to ascertain that the nominee holding the Series 2026-1 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2026-1 Bonds within a Series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Series to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2026-1 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible

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after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2026-1 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Series 2026-1 Bonds will be made to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC). DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2026-1 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2026-1 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2026-1 Bond certificates will be printed and delivered to DTC.

The Trustee and the Authority will recognize DTC or its nominee as the Registered Owner of the Series 2026-1 Bonds for all purposes, including notices and voting, and so long as a book-entry-only system is used, will send any notice of redemption or other notices to Owners of the Series 2026-1 Bonds only to DTC. Any failure of DTC to advise any DTC Participants, or of any DTC Participant to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Series 2026-1 Bonds called for redemption or of any other action premised on such notice.

The Authority and the Trustee shall have no responsibility or obligation with respect to (a) the accuracy of the records of DTC or any DTC Participant with respect to any beneficial ownership interest in the Series 2026-1 Bonds, (b) the delivery to any Beneficial Owner of the Series 2026-1 Bonds or other person, other than DTC, of any notice with respect to the Series 2026-1 Bonds or (c) the payment to any Beneficial Owner of the Series 2026-1 Bonds or other person, other than DTC, of any amount with respect to the principal of or interest on the Series 2026-1 Bonds. Neither the Authority nor the Trustee shall have any responsibility with respect to obtaining consents from anyone other than the Registered Owners.

The Trustee and the Authority cannot and do not give any assurance that DTC will distribute payments of debt service on the Series 2026-1 Bonds to DTC Participants or that the DTC Participants or others will distribute payments of debt service on the Series 2026-1 Bonds paid to DTC or its nominee, as the Registered Owner thereof, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis or that DTC will serve and act in a manner described in this Official Statement.

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The information under this caption concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

THE TRUSTEE

Neither U.S. Bank National Association ("U.S. Bank N.A.") nor U.S. Bank Trust Company, National Association ("U.S. Bank Trust Co.") have furnished or verified any information or statements contained in this Official Statement other than the information contained in the second through eighth paragraphs of this caption "THE TRUSTEE," and neither are responsible for the sufficiency, completeness or accuracy of any information or statement contained in this Official Statement other than the information provided directly by U.S. Bank N.A. or U.S. Bank Trust Co.

U.S. Bank Trust Co. (as successor-in-interest to U.S. Bank N.A.), a national banking association, will act as Trustee. Moneys and investments held in the Funds and Accounts created and pledged under the Indenture are held by U.S. Bank N.A. U.S. Bancorp, with total assets exceeding $700 billion as of March 31, 2026, is the parent company of U.S. Bank N.A., the fifth largest commercial bank in the United States and U.S. Bank Trust Co. is a wholly owned subsidiary of U.S. Bank N.A. (U.S. Bank N.A. and U.S. Bank Trust Co. are collectively referred to herein as "U.S. Bank"). As of March 31, 2026, U.S. Bancorp operated over 2,000 branch offices in 26 states. A network of specialized U.S. Bancorp offices across the nation provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services products to consumers, businesses, and institutions.

U.S. Bank has one of the largest corporate trust businesses in the country with a network of more than 50 domestic offices and international locations in London, England and Dublin, Ireland. U.S. Bank has provided corporate trust services since 1924.

As of March 31, 2026, U.S. Bank was acting as trustee with respect to over 164,000 issuances of securities with an aggregate outstanding principal balance of over $7.0 trillion. This portfolio includes corporate and municipal bonds, mortgage-backed and asset-backed securities and collateralized debt obligations. U.S. Bank has acted as trustee under indentures related to student loan asset-backed notes issued by the Authority.

U.S. Bank N.A. and other large financial institutions have been sued in their capacity as trustee or successor trustee for certain residential mortgage-backed securities ("RMBS") trusts. The complaints, primarily filed by investors or investor groups against U.S. Bank N.A. and similar institutions, allege the trustees caused losses to investors as a result of alleged failures by the sponsors, mortgage loan sellers and servicers to comply with the governing agreements for these RMBS trusts. Plaintiffs generally assert causes of action based upon the trustees' purported failures to enforce repurchase obligations of mortgage loan sellers for alleged breaches of representations and warranties, notify securityholders of purported events of default allegedly caused by breaches of servicing standards by mortgage loan servicers and abide by a heightened standard of care following alleged events of default.

U.S. Bank N.A. denies liability and believes that it has performed its obligations under the RMBS trusts in good faith, that its actions were not the cause of losses to investors, that it has meritorious defenses, and it has contested and intends to continue contesting the plaintiffs' claims vigorously. However, U.S. Bank N.A. cannot assure you as to the outcome of any of the litigation, or the possible impact of these litigations on the trustee or the RMBS trusts.

On March 9, 2018, a law firm purporting to represent fifteen Delaware statutory trusts (the "DSTs") that issued securities backed by student loans (the "Student Loans") filed a lawsuit in the Delaware Court

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of Chancery against U.S. Bank N.A. in its capacities as indenture trustee and successor special servicer, and three other institutions in their respective transaction capacities, with respect to the DSTs and the Student Loans. This lawsuit is captioned *The National Collegiate Student Loan Master Trust I, et al. v. U.S. Bank National Association, et al.*, C.A. No. 2018-0167 JRS (Del. Ch.) (the "NCMSLT Action"). The complaint, as amended on June 15, 2018, alleged that the DSTs have been harmed as a result of purported misconduct or omissions by the defendants concerning administration of the trusts and special servicing of the Student Loans. Since the filing of the NCMSLT Action, certain Student Loan borrowers have made assertions against U.S. Bank N.A. concerning special servicing that appear to be based on certain allegations made on behalf of the DSTs in the NCMSLT Action.

U.S. Bank N.A. has filed a motion seeking dismissal of the operative complaint in its entirety with prejudice pursuant to Chancery Court Rules 12(b)(1) and 12(b)(6) or, in the alternative, a stay of the case while other prior filed disputes involving the DSTs and the Student Loans are litigated. On November 7, 2018, the Court ruled that the case should be stayed in its entirety pending resolution of the first filed cases. On January 21, 2020, the Court entered an order consolidating for pretrial purposes the NCMSLT Action and three other lawsuits pending in the Delaware Court of Chancery concerning the DSTs and the Student Loans, which remains pending.

U.S. Bank N.A. denies liability in the NCMSLT Action and believes it has performed its obligations as indenture trustee and special servicer in good faith and in compliance in all material respects with the terms of the agreements governing the DSTs and that it has meritorious defenses. It has contested and intends to continue contesting the plaintiffs' claims vigorously.

Under the Indenture, U.S. Bank Trust Co. (as successor-in-interest to U.S. Bank N.A.) will act as Trustee for the Bonds, including the Series 2026-1 Bonds. The Trustee will act on behalf of the Registered Owner and represent their interests in the exercise of their rights under the Indenture. See "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—THE TRUSTEE" attached hereto for additional information regarding the responsibilities of the Trustee.

The Trustee shall make each Monthly Report available to the bondholders via the Trustee's internet website at https://pivot.usbank.com. Bondholders with questions may direct them to the Trustee's bondholder services group at (800) 934-6802.

CERTAIN RISK FACTORS

Potential investors in the Series 2026-1 Bonds should consider the following risk factors together with all other information in this Official Statement in deciding whether to purchase the Series 2026-1 Bonds. The following discussion of possible risks is not meant to be an exhaustive list of the risks associated with the purchase of the Series 2026-1 Bonds and does not necessarily reflect the relative importance of the various risks. Additional risk factors relating to an investment in the Series 2026-1 Bonds are described throughout this Official Statement, whether or not specifically designated as risk factors. There can be no assurance that other risk factors will not become material in the future. Except as specifically provided in the Indenture with respect to Subordinate Bonds and Senior-Subordinate Bonds, all Bonds, including the Series 2026-1 Bonds, will be equally and ratably secured by all Financed Eligible Loans and other assets comprising the Trust Estate.

Limited Obligations

The Bonds, including the Series 2026-1 Bonds, are limited, not general, obligations of the Authority secured solely by and payable solely from the Trust Estate, including all Revenues and moneys and securities on deposit in any of the Funds and Accounts or Subaccounts thereof established by the Indenture

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(other than the Rebate Fund and the Operating Fund), including the investments, if any, thereof (other than earnings and income derived from amounts on deposit in the Rebate Fund and the Operating Fund), subject to the application thereof to the purposes and on the conditions permitted by the Indenture. Neither the full faith and credit nor the taxing power of the City of Waco, Texas or the State of Texas or any agency or political subdivision thereof is pledged for the payment of the Bonds. The Authority's obligations, including any Bonds, are not general, special or moral obligations of the City of Waco, Texas or the State of Texas. The Authority is not authorized under the Indenture or laws of the State of Texas to create, and the Bonds do not constitute, public debt of the State of Texas or any agency or political subdivision thereof within the meaning of the Texas Constitution or laws of the State of Texas or debt of the City of Waco, Texas or the State of Texas or any agency or political subdivision thereof for any other purpose whatsoever. Holders of the Bonds shall never have the right to demand payment thereof out of money raised or to be raised by taxation. See "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—PARITY AND PRIORITY OF LIEN; OTHER OBLIGATIONS—Trust Estate" attached hereto.

Payment of principal of and interest on the Bonds, including the Series 2026-1 Bonds, is primarily dependent upon collections on the Financed Eligible Loans. If the combined payment of principal of and interest on the Financed Eligible Loans does not at least equal the amounts necessary to pay, when due, interest with respect to the Bonds, principal of the Bonds, payment of all related Rebate Amounts and Excess Earnings to the U.S. Treasury and expenses relating to the servicing of the Financed Eligible Loans and administration of the Indenture, the Authority may have insufficient funds to repay the Bonds, including the Series 2026-1 Bonds.

The Financed Eligible Loans Are Unsecured and Do Not Have the Benefit of a Guaranty Agency

The Financed Eligible Loans are private, or alternative, student loans, are not originated pursuant to the Higher Education Act of 1965, as amended (the "Higher Education Act"), and are not, and will not be, guaranteed by any governmental entity or third-party guarantor, and there are no reserves available to pay defaulted Financed Eligible Loans. In addition, the Financed Eligible Loans to be pledged to the Trust Estate will be unsecured. Certain of the Financed Eligible Loans have cosigners. Therefore, the receipt by the Trustee of principal and interest on the Financed Eligible Loans will be dependent on the ability and willingness of the borrowers and, if applicable, the cosigners to make these payments. See the caption "Variety of Factors Affecting Borrowers" below and the caption "THE FINANCED ELIGIBLE LOANS" herein.

Limited Performance History of the Financed Eligible Loans

The Financed Eligible Loans were, and will be, originated pursuant to the Brazos Private Loan Programs for which there is only a limited amount of historical performance information. The Rating Agency providing ratings for the Series 2026-1 Bonds, which based its credit stress case scenario assumptions on gross default rates that ranged between 5.8% and 42.8% for the Brazos Refinance Loans and the Brazos Parent Loans and between 15.4% and 78.8% for the Brazos Student Loans, relied to a much greater extent upon a combination of these unique borrower characteristics and historical default information available to them from other lenders, and to a much lesser extent upon the limited, actual historical data available for the Brazos Private Loan Programs. If the actual default rates for loans originated pursuant to the Brazos Private Loan Programs are higher than those assumed in the Rating Agency credit stress case default scenarios, the Authority may not have sufficient funds to pay principal of and interest on the Bonds, including the Series 2026-1 Bonds.

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Subordination of the Series 2026-1B Subordinate Tax-Exempt Bonds May Result in a Greater Risk of Loss for Holders of Series 2026-1B Subordinate Tax-Exempt Bonds

Payments of interest on the Subordinate Bonds, including the Series 2026-1B Subordinate Tax-Exempt Bonds, are subordinated in priority of payment to payments of interest on the Senior Bonds and any future Senior Subordinate Bonds. Similarly, except as described under the captions "THE SERIES 2026-1 BONDS—Redemption Provisions—*Mandatory Redemption from Unexpended Tax-Exempt Proceeds"* and "*—Extraordinary Redemption to Avoid an Event of Default*" herein, the Series 2026-1B Subordinate Tax-Exempt Bonds may only be redeemed if (a)(i) the Senior Parity Percentage after giving effect to such redemption is at least equal to the Required Senior Parity Percentage and (ii) the Overall Parity Percentage after giving effect to such redemption is at least equal to the Required Overall Parity Percentage or (b) no Senior Bonds are Outstanding. Thus, investors in the Series 2026-1B Subordinate Tax-Exempt Bonds will bear a greater risk of loss than holders of Senior Bonds and any future Senior Subordinate Bonds. Investors in the Series 2026-1B Subordinate Tax-Exempt Bonds will also bear the risk of any adverse changes in the anticipated yield and weighted average life of their Series 2026-1B Subordinate Tax-Exempt Bonds resulting from any variability in payments of principal or interest on the Series 2026-1B Subordinate Tax-Exempt Bonds.

The Subordinate Bonds, including the Series 2026-1B Subordinate Tax-Exempt Bonds, are subordinated to the Senior Bonds and any future Senior Subordinate Bonds as to the direction of remedies upon an Event of Default. *In addition, as long as any of the Senior Bonds or any future Senior Subordinate Bonds are Outstanding, the failure to pay interest or principal on the Subordinate Bonds, including the Series 2026-1B Subordinate Tax-Exempt Bonds, will not constitute an Event of Default under the Indenture*. Consequently, holders of the Subordinate Bonds, including the Series 2026-1B Subordinate Tax-Exempt Bonds, may bear a greater risk of losses or delays in payment than holders of Senior Bonds.

Redemption of Series 2026-1 Bonds

The Series 2026-1A Senior Term Bonds and the Series 2026-1B Subordinate Tax-Exempt Bonds are subject to redemption prior to maturity as a result of certain Excess Taxable Revenues and Excess Tax-Exempt Revenues. Excess Taxable Revenues and Excess Tax-Exempt Revenues may result from Financed Eligible Loan payment performance that meets or exceeds or otherwise varies from assumptions utilized by the Authority for purposes of structuring the Series 2026-1 Bonds. Financed Eligible Loans are subject to prepayment without penalty which may contribute to the creation of Excess Taxable Revenues or Excess Tax-Exempt Revenues. Numerous sources of prepayment, including refinancing loans, are available to borrowers of Financed Eligible Loans. See the caption "THE SERIES 2026-1 BONDS—Redemption Provisions" herein.

In addition, the Series 2026-1 Bonds are subject to redemption if, and to the extent that, the Authority does not apply the full amount of the Series 2026-1 Bond proceeds by certain dates during the Acquisition Period, as described herein. The Authority currently expects that the Eligible Loans to be financed by the Authority with the proceeds of the Series 2026-1 Bonds during the Acquisition Period will bear effective interest rates, and will offer other terms and conditions, that are competitive with loans that are currently made available by other lenders to eligible borrowers. However, interest rates and other terms may change significantly during the Acquisition Period. In addition, numerous other factors may affect the demand for Eligible Loans during the Acquisition Period. Accordingly, there can be no assurance that the Authority will, in fact, apply the full amount of funds that will be available to it by certain dates and during the Acquisition Period to finance Eligible Loans, and such non-origination would likely result in redemption of certain of the Series 2026-1 Bonds. See captions "THE SERIES 2026-1 BONDS—Redemption Provisions" herein and "APPENDIX F—WEIGHTED AVERAGE LIFE ANALYSIS OF THE SERIES 2026-1A SENIOR TERM BONDS" hereto.

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Risks Relating to SOFR

The interest rates payable on certain of the variable rate Existing Eligible Loans were previously based on a spread over one-month London Interbank Offered Rate. The London Interbank Offered Rate, or "LIBOR," served as a global benchmark for home mortgages, student loans and what various issuers paid to borrow money. As a result of longstanding initiatives, LIBOR was discontinued as a floating rate benchmark on June 30, 2023.

Due to the unavailability of LIBOR, the Authority was permitted to choose a comparable substitute index for such Existing Eligible Loans. The variable rate Financed Eligible Loans (including the variable rate Existing Eligible Loans) are currently based on either One-Month USD IBOR Consumer Cash Fallbacks, as published by Refinitiv, a rate index tied to the Secured Overnight Financing Rate ("SOFR") or 30-Day SOFR. See the caption "THE BRAZOS PRIVATE LOAN PROGRAMS" herein.

SOFR was selected by the Alternative Reference Rates Committee, or "ARRC," of the Federal Reserve Bank of New York, or the "FRBNY," as the replacement for LIBOR plus, in the case of existing LIBOR contracts and obligations, set spread adjustments for different tenors of U.S. dollar LIBOR.

As described under the caption "THE BRAZOS PRIVATE LOAN PROGRAMS" herein, the interest rates on the variable rate Financed Eligible Loans are currently determined by reference to SOFR-based indexes. Such Financed Eligible Loans and the Series 2026-1 Bonds are subject to risks associated with SOFR, including that:

- SOFR is a relatively new reference rate that may be more volatile than other benchmark or market rates;

- the composition and characteristics of SOFR are not the same as LIBOR; LIBOR was a forward-looking rate that was intended to be sensitive to bank credit risk and to term interest rate risk, while SOFR is a secured, risk-free rate intended to be a broad measure of the cost of borrowing funds overnight in transactions collateralized by U.S. Treasury securities;

- there is uncertainty about SOFR's differences from LIBOR, including its composition and characteristics;

- SOFR may be changed or eliminated in the future;

- the Authority's exercise of discretion in both replacing LIBOR with SOFR-based indexes and other discretionary changes (such as including a spread to make SOFR more representative of LIBOR) could give rise to disputes or litigation; and

- the lack of market standards regarding SOFR-based indexes and the methodology used to determine SOFR rates.

Risks associated with discontinuation of LIBOR and the use of SOFR-based indexes could adversely affect the variable rate Financed Eligible Loans and the ability of the Authority to pay principal of and interest on the Series 2026-1 Bonds.

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The Financed Eligible Loans May be Subject to Discharge in Bankruptcy

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

The discharge of a significant amount of the Financed Eligible Loans could adversely affect the ability of the Authority to pay principal of and interest on the Series 2026-1 Bonds.

Possible Future Changes in Federal Law and Regulations

There are from time-to-time proposed changes at the federal level, which if pursued, could have an adverse effect on student loan issuers, such as the Authority. Such proposed changes include, but are not limited to, the following: a student loan borrower's ability to discharge a student loan under the federal bankruptcy code without the need to show undue hardship, including bills proposing to amend Title 11 of the United States Code to make student loans dischargeable or to liberalize the exceptions to the current general nondischargeability of private student loans in bankruptcy; legislation that would increase borrowing availability under federal programs which could potentially reduce borrowing under private student loan programs or create new opportunities for borrowers to refinance their private student loans with federally subsidized loans; and various tax and budgetary changes which could impact the Authority. Additionally, administrative agencies charged with implementation of laws previously passed have the ability to adversely impact the Authority through, for example, the Consumer Financial Protection Bureau ("CFPB") use of authority to regulate student lending. In addition, from time to time, executive action or legislation providing for the cancellation or prepayment of student loans made under the Federal Direct Student Loan Program (the "Direct Loan Program") and the Federal Family Education Loan Program ("FFELP") by the federal government have been proposed.

The Authority cannot predict whether any or all of these proposals will become effective. Furthermore, there can be no assurance that any future federal law or regulation will not prospectively or retroactively affect the terms and conditions under which student loans are made in a manner that might adversely affect the ability of the Authority to pay the principal of and interest on the Bonds, including the Series 2026-1 Bonds, when due.

Potential FAFSA Delays

Delays in the release of the FAFSA to families or delays by the Department of Education, or any subsequent agency tasked with the administration and oversight of the federal student loan program, in the distribution of FAFSA applicant information to colleges and universities, could possibly cause delays in notifying new or continuing students and parents of financial aid packages or extend the new student enrollment decision deadline in order to accommodate such delays. Any delay in families receiving their federal financial aid packages may then delay the application process for potential borrowers of Eligible Loans. It is unclear if any delay in FAFSA would impact the Authority's traditional timing of receiving

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and processing loan applications or the volume of applications, and further impacting the funding of new Eligible Loans. A delay in FAFSA may cause students to defer their educations due to the uncertainty of the amount of financial aid they may receive or cause families to over or under-estimate their financial needs, potentially negatively impacting the amount of Eligible Loans ultimately needed. Further, some students may decide to delay their current year pursuit of a college education, thus causing less demand or delayed demand for Eligible Loans for a given year. Any of these issues may adversely impact the Authority's Eligible Loan volume or time of origination, and projections thereof, and may adversely impact investors if amounts expected to be used to originate Eligible Loans are not fully expended causing a mandatory redemption resulting from non-origination of Eligible Loans.

Changes in Applicable Law

A significant portion of the Authority's business activity pertains to its portfolio of loans made under the FFELP program of the Higher Education Act. While such loans are not a part of the Trust Estate, events that significantly impact such loans could have a detrimental impact on the Authority. See the Financial Statements of the Authority in "APPENDIX E—FINANCIAL STATEMENTS OF THE AUTHORITY" attached hereto.

On March 30, 2010, the Health Care and Education Reconciliation Act of 2010 (the "Reconciliation Act") was enacted into law. The Reconciliation Act eliminated the FFELP effective July 1, 2010 and the origination of new FFELP loans after June 30, 2010. As of July 1, 2010, all loans made under the Higher Education Act have been, and will be, originated under Direct Loan Program.

Because no new FFELP loans are permitted to be made and outstanding FFELP loans available for purchase by student loan secondary markets, including the Authority, have become more scarce, the Authority's outstanding FFELP portfolios have begun to age and decline in size. To the extent this causes the Authority's cost related to the servicing of its FFELP portfolio to increase, this trend may have a negative impact on the Authority.

The Authority cannot predict whether any further changes will be made to the Higher Education Act, other relevant federal or state laws, and rules and regulations in future legislation, or the effect of such legislation on the Authority, the Administrator, a Servicer, the Financed Eligible Loans or the Brazos Private Loan Programs.

Litigation and Regulatory Risk Involving State Usury, Licensing and True Lender Matters

Certain of the Brazos Student Loans made to non-residents of Texas attending a Texas institution and which are expected to be financed with proceeds of the Series 2026-1 Bonds (the "Non-Resident Student Financed Eligible Loans") (see "THE BRAZOS PRIVATE LOAN PROGRAMS" herein) were, and will be, originated by Bank of Lake Mills, a Wisconsin state chartered bank and federally-insured depository institution ("Bank of Lake Mills" and a "Lender") and subsequently purchased by the Authority from Bank of Lake Mills and pledged by the Authority to the Indenture. An arrangement where such a Lender makes a loan and sells the loan shortly after funding to a non-bank who was involved, in varying degrees, in the marketing and origination of the loan, is a bank partnership model. The use of a bank partnership model allows the loans to be made in reliance upon the Lender's ability to use its interest rate authority to make loans to borrowers located in other states at an interest rate permitted by the Lender's home state. In addition, the Lender has the authority to make loans to borrowers in other states without the need for comprehensive compliance with the laws of the other states. While bank partnership models have been used in connection with various types of consumer lending transactions for several decades, there are two primary related legal risks inherent in that model, including: (1) the risk that the non-bank financing partner (the Authority) rather than the originating bank (the Lender) is characterized as the "true lender" of

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the loan and (2) the risk that the "valid-when-made" doctrine will not apply when a non-bank assignee of a loan such as the Authority rather than the originating bank attempts to enforce the loan in accordance with its terms.

True lender risk is based on the Lender's use of a partner to market and originate the loans combined with the sale of the loans by the Lender to the partner, shortly after funding and typically before any payments are due. As described in more detail below, there has been and continues to be litigation that has been successful in challenging the contention that the true lender of certain consumer loans was the originating bank which was the named lender in the transaction and asserting instead that the true lender was the party providing the source of loan financing or marketing, purchasing and servicing the loan. Certain regulators may also challenge the status of an originating bank as a loan's true lender. Central to those claims is the theory that the originating bank cannot be the true lender in bank partnership models as it bore little to no credit risk due to the prompt sale of all or substantially all of the loans to the non-bank partner who has the predominant economic interest in the loans. Based on that theory, such litigation has sought to re-characterize the non-bank partner providing origination and/or funding assistance, such as the Authority, as the true lender for the purposes of state consumer protection laws and regulations, including licensing, disclosure and usury laws. As a result, there is a possibility that the Authority may be deemed the true lender of such Non-Resident Student Financed Eligible Loans by a court or regulator for purposes of applying consumer protection or other applicable laws. In the event of a re-characterization of the originating bank's status as the true lender, the Non-Resident Student Financed Eligible Loans may not be enforceable and the Authority could be subject to fines, penalties, damages, compliance costs or related operational burdens that may adversely affect the Authority, the Non-Resident Student Financed Eligible Loans and the Series 2026-1 Bonds.

Certain recent litigation and regulatory enforcement actions have brought under scrutiny bank partnership models of originating consumer loans. A non-inclusive description of certain lawsuits, regulatory actions and related settlements is described below.

In 2014, a payday lender (CashCall, Inc.), the operator of an internet loan program that used a South Dakota bank to fund consumer loans, was found to be the true lender rather than the originating bank, and as such, federal preemption did not apply, and the payday lender was required to be licensed as a lender in West Virginia and to comply with the usury laws applicable in West Virginia. *See CashCall, Inc. v. Morrisey*, No. 12–1274, 2014 WL 2404300 (W. Va. May 30, 2014). Because the rates charged exceeded West Virginia's usury laws and because the payday lender was not licensed to make loans in West Virginia, the court found the loans to be unenforceable and entered penalties against the payday lender. The United States Supreme Court declined to hear an appeal of this case in 2015. There have been other similar cases where courts have recharacterized transactions, such as an action brought by the CFPB against CashCall in 2016, in which, the U.S. District Court for the Central District of California ruled on summary judgment that CashCall rather than the originating tribal entity was the true lender of certain payday loans and therefore that the loans made by CashCall were usurious in a number of states (and therefore void and unenforceable), that CashCall was required to have been licensed in several states as the true lender and, therefore, CashCall had engaged in an unfair and deceptive trade practice by attempting to collect such loans. *See Consumer Financial Protection Bureau v. CashCall, Inc.*, No. CV 15 7522 JFW (RAOx) (U.S. Dist. Ct. C.D. Calif., Aug. 31, 2016). The Court cited favorably the holding in *Cash Call, Inc. v. Morrisey*, which held that the proper test for determining the "true lender" is the "predominant economic interest" of the parties. The Court ultimately awarded a substantial civil money penalty and restitution. It is worth noting that this litigation involved very high interest rate loans rather than education finance loans similar to the Non-Resident Student Financed Eligible Loans.

In 2020, the administrator of the Colorado Uniform Consumer Credit Code (the "Colorado Administrator") reached a settlement with respect to complaints against two non-bank "marketplace

lenders" that partnered with banks to originate loans bearing interest in excess of the rate the non-bank parties would have been permitted to charge as state-licensed lenders, as well as certain securitization trusts related to each of the marketplace lending programs. *See WebBank v. Meade*, Civil Action No. 17-cv-00786-PAB-MLC (D. Colo. filed Mar. 28, 2017); *Cross River Bank v. Meade*, Civil Action No. 17-cv-00832-PAB-KMT (D. Colo. filed Apr. 3, 2017). Pursuant to the settlement, the two marketplace lenders agreed to various constraints on their relationships with their bank partners and certain additional license maintenance and periodic reporting requirements, as well as monetary remediation. Subject to the additional restrictions and requirements, however, they were permitted to continue operations in Colorado in connection with loans bearing interest in excess of Colorado's normal interest rate limits (but not bearing interest at rates corresponding to an annual percentage rate in excess of 36%). There can be no assurances that the Colorado Administrator or consumer credit regulators or private plaintiffs in any other states will not raise "true lender" allegations and/or otherwise seek to have restrictions similar to those in the Colorado settlement applied to other lending programs.

On June 5, 2020, the District of Columbia Attorney General filed a lawsuit in the Superior Court for the District of Columbia against Elevate Credit Inc., an online marketplace lending platform, for marketing and providing loans to District of Columbia residents with interest rates that allegedly exceed the District of Columbia's 24% usury limit. The Attorney General's complaint alleges that Elevate is the "true lender" of the Elevate platform loans. The case was ultimately settled, with Elevate Credit agreeing to make a refund to borrowers, waive certain interest payments, and pay a penalty to the District of Columbia. On April 5, 2021, the District of Columbia Attorney General reached a similar settlement with Opportunity Financial, LLC, based on similar allegations that Opportunity Financial, LLC rather than a bank had the predominant economic interest in loans made through the platform. The case was ultimately settled in 2021.

On September 3, 2020, the California Department of Financial Protection and Innovation (f/k/a the California Department of Business Oversight) ("DFPI") launched an investigation into whether an auto title lender, Wheels Financial Group, LLC, which does business as LoanMart, is evading California's interest-rate caps through its partnership with CCBank, a Utah-chartered bank. California caps interest rates on most loans made by state-licensed lenders at about 36%. A Consent Order was entered into in 2021 with DFPI which prohibits Wheels Financial Group, LLC from marketing or servicing automobile title loans of less than $10,000 with interest rates in excess of 36% per annum in California for a period of 21 months.

In March 2022, Opportunity Financial, LLC filed a complaint in California state court against the Commissioner (in her official capacity) of the DFPI seeking declaratory and injunctive relief to prevent DFPI from taking action against the lending program between Opportunity Financial and FinWise Bank asserting usury violations grounded in allegations that Opportunity Financial was the true lender in the relationship. *Opportunity Financial, LLC v. Hewlett*, No. 22STCV08163 (L.A. Cty. Super. Ct.). In April, 2022, DFPI filed a Cross-Complaint against Opportunity Financial, LLC alleging violations of the California Financing Law and the California Consumer Financial Protection Law. The Cross-Complaint seeks injunctive relief, voiding of loans made to California borrowers, restitution, disgorgement, removal of negative credit reporting, penalties, and other relief. On September 30, 2022, the court overruled Opportunity Financial's demurrer of the DFPI's cross-complaint, finding that the issue of whether FinWise is the true lender cannot be resolved on demurer and that, as alleged, the substance of the loan arrangement is that Opportunity Financial is the lender. Following that decision, on October 17, 2022, Opportunity Financial, LLC filed a further Cross-Complaint against DFPI alleging that DFPI's approach to interpreting "true lender doctrine" as a general matter constitutes an invalid informal rulemaking under the California Administrative Procedures Act. On September 29, 2025, Opportunity Financial, LLC filed a Motion for Summary Judgment against the DFPI. In February 2026, the court issued a Tentative Statement of Decision, which grants Opportunity Financial LLC's summary judgment motion, dismissing the DFPI's cross-claims alleging violations of the California Financing Law. The court concluded that the DFPI failed

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to raise a triable issue of material fact that Opportunity Financial, LLC was the "true lender" or that FinWise Bank was a sham or "dummy" lender, and further found no evidence that the loans at issue were usurious at inception. The DFPI retains the right to appeal this decision, and any appeal could result in reversal, remand for further proceedings or continued uncertainty regarding the applicability of the California Financing Law to bank partnership models. There can be no assurance as to the outcome of this litigation.

Moreover, certain state regulators have expressed positions regarding aspects of the bank partnership model that could have negative implications for the bank partnership lending space and, in particular, the scope of circumstances where bank partnership programs can rely on federal preemption of state law. It is therefore possible that similar litigation or regulatory actions undertaken in the future by borrowers or regulators may have success in challenging the bank originator's status as the true lender for a Non-Resident Student Financed Eligible Loan, and in such instances, the Authority may be re-characterized by a court or a regulatory agency to be a Non-Resident Student Financed Eligible Loan's lender.

In response to the "true lender" issue, on October 27, 2020, the OCC adopted a rule that would determine when a national bank or a federal savings association makes a loan and is the "true lender" in the context of a partnership between a bank and a third party. Under the rule, a national bank or federal savings association would be considered to have made a loan and be the "true lender" if, as of the date of origination, it (1) was named as the lender in the loan agreement or (2) funded the loan. However, the final OCC true lender rule was overturned by Congress under the provisions of the Congressional Review Act. As a result, the OCC true lender rule was invalidated, was retroactively never in effect and the OCC is now barred from issuing a "substantially similar" rulemaking in the future. Congress has not authorized, and the OCC has not proposed, a similar rule. The Federal Deposit Insurance Corporation ("FDIC") has not proposed a similar rule.

In the event that the Authority was deemed to be the true lender rather than the Lender on a Non-Resident Student Financed Eligible Loan, several issues could arise. For example, most states would require the Authority to hold a consumer lending license to originate such Non-Resident Student Financed Eligible Loans, but the Authority may not hold licenses or approvals to originate such Non-Resident Student Financed Eligible Loans in each relevant jurisdiction. Such a lack of lending licenses could also cause the loans at issue to be deemed void or voidable, or unenforceable with respect to interest and/or principal. if the Authority's ability to charge interest at the rates provided in the Non-Resident Student Financed Eligible Loans would depend on holding a required lender license.

As described above, usury and/or licensing litigation or enforcement may affect the enforceability of the Non-Resident Financed Eligible Loans and may expose the Authority or other parties involved in offering or financing the Non-Resident Student Financed Eligible Loans to claims for damages or other penalties. In addition, such litigation or enforcement could materially affect any such party's ability to conduct business in one or more states. Even if such parties were not required to cease doing business with residents of one or more states, they could be required to change their business practices to comply with applicable laws and regulations or register or obtain licenses or regulatory approvals that could impose substantial costs or operational burdens, and in response, such parties could elect to cease doing, or materially reduce the level at which they do, business with residents of one or more states. Any such developments could have a material adverse effect on such parties' ability to perform their obligations under the transaction documents, in addition to potential material adverse effects on the enforceability or collectability of the Non-Resident Student Financed Eligible Loans.

The second risk that is inherent to a bank partnership model is the risk that the valid when-made doctrine (that the validity of a loan and its terms (such as its interest rate) are determined at the time a loan is actually made) will not be applied in the case of assignment of that loan to a non-bank assignee. As an

assignee of the Lender, the Authority could be subject to the risks of litigation. For example, one judicial decision by the United States Court of Appeals for the Second Circuit, *Madden v. Midland Funding, LLC*, 786 F.3rd 246 (2d Cir. 2015), created uncertainty as to whether non-bank entities purchasing loans originated by a bank may rely on federal preemption of state usury laws. This decision may increase the risk of litigation by plaintiffs challenging the Authority's ability to collect interest in accordance with the terms of the Non-Resident Student Financed Eligible Loans if the rate of interest thereon were to exceed applicable state usury limits. In *Madden*, the Second Circuit concluded that a non-bank collection agency purchasing charged off credit card receivables originated by a national bank could not rely on the National Bank Act's preemption of state usury laws to collect interest at the rate permitted by the cardholder agreement. The Second Circuit's decision in Madden continues to apply to federal courts in that Circuit, which includes federal courts in the states of New York, Connecticut and Vermont. Although the *Madden* decision was heavily criticized as both misunderstanding federal preemption and the common law of assignment, the Second Circuit denied to re-hear the *Madden* case, and the United States Supreme Court denied the petition for certiorari and declined to hear the case. While the *Madden* case did not arise in the context of a bank partnership model, the court's opinion did not exclude such programs from the scope of the decision. With respect to the Non-Resident Student Financed Eligible Loans, the currently applicable interest rates on the Non-Resident Student Financed Eligible Loans are expected to be below the potentially applicable state usury limits in existence at the time the Non-Resident Student Financed Eligible Loans were made (however, neither the Authority nor the Underwriter has verified that the currently applicable interest rates on every Non-Resident Student Financed Eligible Loan is below the usury limits that a court might apply were it to follow the *Madden* decision). If the variable rates on any of the Financed Eligible Loans increase significantly, such that the rates of interest on such Financed Eligible Loans would exceed the applicable usury limits in any applicable state, there could be an increased risk of litigation. There can be no assurances as to the outcome of any potential litigation, or the possible impact of the litigation on the Authority.

In response to the uncertainty caused by some of the court cases that have called into question the ability of non-bank purchasers of bank-originated loans to enforce such loans as to their contracted-for interest rates, the FDIC issued rules, effective August 21, 2020, that would, in part, address the *Madden* holding by providing that whether interest on loans originated by banks such as the Lender is permissible under federal banking laws is determined "as of the date the loan was made" and is not affected by certain events, including "the sale, assignment, or other transfer of the loan, in whole or in part." The Office of the Comptroller of the Currency (the "OCC") adopted a similar rule that took effect on August 3, 2020 that applies to loans originated by national banks rather than state-chartered banks. The rule clarifies that when a bank transfers a loan, the interest permissible before the transfer continues to be permissible after the transfer.

On July 28, 2020, the Attorneys General of several states filed an action against the OCC challenging the corresponding rule of the OCC under the Administrative Procedure Act and seeking to have the rule declared unlawful and set aside, *State of California, et. al. vs. The Office of the Comptroller of the Currency, et. al.*, 4:20-cv-05200 (N.D. Cal.). On August 20, 2020, the Attorneys General of several states filed an action against the FDIC challenging the rule under the Administrative Procedure Act and seeking to have the rule declared unlawful and set aside, *State of California, et al. v. The Federal Deposit Ins. Corp.*, 4:20-cv-05860 (N.D. Cal.). On February 8, 2022, in separate orders, the District Court of the Northern District of California granted both the FDIC's and the OCC's motions for summary judgment, upholding the rules. The FDIC's and the OCC's rules remain subject to the possibility of litigation or other challenge by state regulators or private plaintiffs. There can be no assurance that these rulings would be interpreted to eliminate all risk of Madden-like claims related to the Non-Resident Student Financed Eligible Loans. If the interest rate on any Non-Resident Student Financed Eligible Loan would exceed the applicable usury limits in any applicable state and it was determined that the FDIC or OCC adopted rules do not apply to the Non-Resident Student Financed Eligible Loans, there could be an increased risk of

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litigation. There can be no assurances as to the outcome of any potential litigation, or the possible impact of the litigation on the Authority.

To summarize, certain of the Brazos Student Loans expected to be financed with proceeds of the Bonds were and will be originated through third party relationships with federally chartered lenders and then purchased by the Authority and, subsequently, pledged by the Authority under the Indenture. See the caption "THE BRAZOS PRIVATE LOAN PROGRAMS" herein for more information on the origination mechanics relating to the Non-Resident Student Financed Eligible Loans. Potentially, it could be argued that the Authority was the "true lender" with respect to the Non-Resident Student Financed Eligible Loans originated through such third party relationships, and, accordingly, that the Authority should have complied with certain state licensing requirements or that such Non-Resident Student Financed Eligible Loans originated through such third party relationships could be subject to usury limits applicable to unlicensed, non-bank lenders and, accordingly, that the Authority should have complied with certain state licensing requirements.

While there can be no assurance that the Authority will not be subject to and have liability with respect to such claims, the Authority believes that the various transaction documents underlying the Series 2026-1 Bond offering have been structured in such a manner as to make the successful assertion of any such claims a remote possibility. Any such liability could, however, reduce moneys available for payment of debt service on the Bonds and have a material adverse effect on the Bonds, including the Series 2026-1 Bonds.

Application of Consumer Protection Laws to the Financed Eligible Loans May Increase Costs and Uncertainties about the Financed Eligible Loans

Numerous federal and state consumer protection laws and related regulations impose substantial requirements upon lenders and servicers involved in consumer finance. Certain of these requirements may apply to purchasers such as the Seller and the Authority and may result in both liability for penalties for violations and a material adverse effect upon the enforceability of the Financed Eligible Loans. For example, federal law such as the Truth in Lending Act can impose statutory damages on assignees and defenses to enforcement of the Financed Eligible Loans, if errors were made in disclosures that must be made to borrowers. Certain state disclosure laws, such as those protecting cosigners, may also affect the enforceability of the Financed Eligible Loans if appropriate disclosures were not given or records of those disclosures were not retained. If the interest rate on the Financed Eligible Loans in question exceeds applicable usury laws, that violation could materially adversely affect the enforceability of the Financed Eligible Loans.

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

In addition, several states have recently passed laws requiring the licensing of student loan servicers by the state and adherence to new state regulations governing student loan servicing. To the extent that a Servicer of the Financed Eligible Loans fails to obtain such licenses or to adhere to such regulations, sanctions imposed could impair their ability to adequately perform their role as prescribed under the

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Indenture. Also, additional state regulatory fees and expenses may cause the Authority's costs relating to the servicing of its Financed Eligible Loans to increase, which may have a negative impact on the Authority.

Certain of the Financed Eligible Loans may be subject to the so called "Holder-in-Due-Course" rule of the Federal Trade Commission (the "Holder Rule"), the provisions of which are similar to those contained in the Uniform Consumer Credit Code and in state statutes and common law of many states. The effect of the Holder Rule is to subject a purchaser (and certain lenders and their assignees, such as the Authority) in a consumer credit transaction to all claims and defenses which the obligor in the transaction can assert against the seller of the goods or services. Some courts have held that consumers can bring affirmative claims under the Holder Rule, while other courts have only permitted consumers to raise it as a defense. Although the exact scope of the types of claims and defenses that a consumer can assert against a holder have been subject to interpretation by the courts, the Authority as holder of the Financed Eligible Loans will be subject to any claims or defenses that the student borrower may assert against its school for failure of the school to satisfy its obligations under the enrollment agreement with the student as a result of a school closure, a school bankruptcy, if applicable, a failure of a school to be licensed with the applicable state regulatory authority in that state, or otherwise. If a student is successful in making such a claim against the school, the student may have the right to recover from the Authority payments previously made on the related Financed Eligible Loan and have a defense against making further payments. In this event, any shortfall caused by the payment of such amounts by the Authority could adversely affect the Bonds, including the Series 2026-1 Bonds.

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

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

The Seller and the Authority operate in an environment of heightened political and regulatory scrutiny of education loan lending, servicing and originations. The rising cost of higher education, questions regarding the quality of education provided, particularly among for-profit institutions, and the increasing level of student loan debt in the United States have prompted this heightened and ongoing scrutiny. This environment could lead to further laws and regulations applicable to, or limiting, the Seller's or the Authority's business. For instance, over the last several years, numerous proposals on spending have been discussed by executive branch officials and political candidates, and/or introduced by legislators, to make higher education "free" or "substantially free." Some proposals have included the potential forgiveness of substantial amounts of existing outstanding student loan indebtedness. Also, various states

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have proposed and/or enacted legislation providing for "free" or "substantially free" higher education to residents of the state having incomes below a certain level and who attend publicly funded universities in the state. Moreover, since 2010, a number of bills have been introduced in the United States Congress to promote federal financing for consolidation or refinancing of existing student loans. The regulatory environment at the state level has shifted such that many states recently have enacted new legislation specifically restricting the conduct and practices of student loan servicers. The enactment of any of the proposed legislation or policies described above, even if they do not apply specifically to Financed Eligible Loans, could have a material adverse impact on the Seller's or the Authority's business, financial condition or results of operations, or impair collections on the Financed Eligible Loans. This would be particularly true in the event of a pandemic, which could cause federal, state, or local governments to consider (and in some cases enact) laws, regulations, executive orders, or other guidance that allow borrowers to forego making scheduled payments for some period of time, require modifications to the loans (e.g. waiving accrued interest), or preclude creditors from exercising certain rights.

Electronic Based Loan Servicing and Origination

The Administrator, the Seller, Campus Door Holdings Inc. ("CampusDoor"), Bank of Lake Mills, Pennsylvania Higher Education Assistance Agency ("PHEAA" and a "Servicer" pursuant to the Indenture) and their contractors use electronic and internet-based loan administration, origination, servicing and collection processes. These electronic and internet-based processes may entail greater risks than would paper-based loan origination, servicing and collection processes, including risks in connection with compliance with consumer protection laws and challenges as to authenticity of documents. Such electronic and internet-based processes are also subject to certain cybersecurity risks including, but not limited to, data breaches. If any of these factors were to (i) cause certain provisions of the Financed Eligible Loans to be unenforceable against the borrowers, (ii) otherwise create liability of the Authority to the borrowers with respect to data breaches or (iii) otherwise have a material adverse effect on the Authority's operation of the Brazos Private Loan Programs, the ability of the Authority to make principal and interest payments on the Bonds, including the Series 2026-1 Bonds, may be adversely affected.

Privacy, Data Protection and Cybersecurity Laws

The Authority, the Seller, CampusDoor, Bank of Lake Mills and PHEAA are all subject to a dynamically changing landscape of privacy, data protection, and cybersecurity laws, regulations, and requirements. Various federal and state regulators, including governmental agencies, have adopted, or are considering adopting, laws and regulations regarding personal information and data privacy and security. This patchwork of legislation and regulation may lead to conflicts or differing views of personal privacy rights. As an example, certain state laws regarding personal information may be broader in scope or more stringent than federal laws or the laws of other states regarding personal information. For example, the California Consumer Privacy Act (the "CCPA") took effect on January 1, 2020, and is broad, sweeping legislation that gives California consumers certain rights similar to those provided by the European General Data Protection Regulation. Among other things, the CCPA provides for enhanced regulatory penalties and potential statutory damages in relation to certain types of data breaches. The passage of the California Privacy Rights Act (the "CPRA"), which expands upon the CCPA, may necessitate additional compliance obligations regarding the processing of personal information of California residents since many of the provisions amending the CCPA became effective on January 1, 2023. Additionally, numerous other states have enacted or are in the process of enacting state-level data privacy and security laws and regulations. The enactment of new federal data protection and privacy laws also is possible and could impact the Authority and its business. The Securities and Exchange Commission ("SEC") recently adopted rules regarding the public reporting of certain cybersecurity events.

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

An Outbreak Similar to the COVID-19 Pandemic Could Adversely Affect the Value of the Series 2026-1 Bonds or Borrowers' Ability To Repay Their Financed Eligible Loans

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

The Authority cannot predict any pandemic's long-term economic effects, including its effects on borrowers. Additional outbreaks of COVID-19 and its variants or other illnesses and further actions or extensions of actions taken to limit such outbreaks and their economic effects could lead to further disruptions in economic activities, the financial markets, and the global economy in general. As a result, there may be a delay in, or reduction of, total education loan collections that might materially and adversely affect the ability of the Authority to pay the principal of and interest on the Series 2026-1 Bonds, and related fees and the repayment of the Series 2026-1 Bonds, prior to their maturity.

The Authority experienced an increase in forbearance as a result of reduced economic activity and increased unemployment due to the COVID-19 outbreak and containment efforts. Forbearance utilization peaked in April of 2020 at 5.8% but has since returned to pre-COVID-19 levels with utilization of 1.2% as of the Statistical Cut-Off Date.

Any increase in forbearance utilization, as well as in delinquencies and defaults, could adversely affect the amount of collections on the Financed Eligible Loans, which in turn may cause losses on the Bonds, including the Series 2026-1 Bonds. Financed Eligible Loans in forbearance status prevents such loans from becoming delinquent or defaulted for reporting or other purposes. See the caption "THE FINANCED ELIGIBLE LOANS—Performance of Brazos Private Loan Programs" herein for a discussion of the delinquency trends and historic default information for the Brazos Private Loan Programs.

There can be no assurance that future local, state or federal legislation intended to mitigate the economic effects of the pandemic, or otherwise, will not directly or indirectly affect the Financed Eligible Loans or the Authority. Federal, state and local governments adopted with respect to COVID-19, and may further adopt with respect to a future outbreak, laws, regulations, executive orders and policy statements that required or encouraged financial services companies to make accommodations to borrowers affected by a pandemic. Accommodations may include allowing borrowers to forego making scheduled payments for some period of time, requiring loan modifications such as payment deferrals or extensions of repayment

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terms, waivers of amounts due or past due, and restrictions on collection activities and enforcement of remedies. Such actions could adversely affect the Authority's ability to pay principal of and interest on the Bonds, including the Series 2026-1 Bonds.

As detailed herein, PHEAA is the Servicer for the Financed Eligible Loans. The Authority cannot predict with certainty the extent to which any future illness outbreak will have a material adverse effect on the financial condition and operations of PHEAA. If PHEAA is unable to adequately perform their obligations with respect to servicing the Financed Eligible Loans, this could adversely affect the performance of the Financed Eligible Loans and the Authority's ability to pay principal of and interest on the Series 2026-1 Bonds.

The extent to which a future pandemic may affect the Series 2026-1 Bonds will largely depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of such pandemic and the actions taken to contain it or alleviate its effects. The Authority cannot predict how legal and regulatory responses to a pandemic and related economic problems would affect the Authority or the Bonds, including the Series 2026-1 Bonds. However, any of the foregoing could have a negative impact on the performance of the Financed Eligible Loans and, as a result, there could be delays in payments or losses on the Bonds, including the Series 2026-1 Bonds.

Military Service Obligations, Natural Disasters and Pandemics

Military service obligations, national disasters and pandemics may result in delayed payments from borrowers. Congress has enacted, and may enact in the future, statutes and other guidelines that provide relief to borrowers who enter active military service, to borrowers in reserve status who are called to active duty after the origination of their student loan, and to individuals who live in a disaster area or suffer a direct economic hardship as a result of a national emergency or pandemic.

The number and aggregate principal balance of the Financed Eligible Loans that may be affected by the application of these statutes and other guidelines will not be known at the time the Series 2026-1 Bonds are issued. If a substantial number of borrowers of the Financed Eligible Loans become eligible for the relief under these statutes and other guidelines, or any actions Congress may take to respond to national disasters, there could be an adverse effect on the total collections on those Financed Eligible Loans and the Authority's ability to provide for payments of principal and interest on the Bonds, including the Series 2026-1 Bonds.

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

Pursuant to the Relief Act, student loan borrowers who enter military service shall not incur interest in excess of 6% per year during their military service. Any interest greater than 6% is forgiven by the Authority. As of the Statistical Cut-Off Date, two (2) of the Existing Eligible Loans from two (2) different borrowers have entered into military service and whose Financed Eligible Loans are currently accruing interest at a rate of 6% per year. Ultimately, however, the Authority does not know how many of the Financed Eligible Loans may be affected by the application of the Relief Act. Payments on the Financed Eligible Loans may be delayed as a result of these requirements, which may reduce the funds available to pay principal and interest on the Bonds, including the Series 2026-1 Bonds.

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Federal Financial Regulatory Legislation May Affect the Series 2026-1 Bonds

The Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), which was enacted in July 2010, represented a comprehensive overhaul of the financial services industry within the United States, and established the CFPB. The CFPB, an independent agency within the Federal Reserve, regulates consumer financial products, including education loans, and other financial services offered primarily for personal, family, or household purposes, and the CFPB and other federal agencies, including the SEC and the Commodity Futures Trading Commission, are required to undertake various assessments and rulemakings to implement the law. The majority of the provisions in the Dodd-Frank Act are aimed at financial institutions. However, there are components of the law that will have an impact on the Authority, including new requirements for securitizations as discussed below.

The Dodd-Frank Act affects the Authority's student loan portfolio securitization financing transactions which result in the issuance of asset-backed securities. In December 2014, the SEC and federal banking agencies published final regulations, effective December 24, 2016, for issuers of student loan asset-backed securities, requiring issuers of asset-backed securities or persons who organize and initiate asset-backed securities transactions to retain a portion of the underlying assets' credit risk. The Authority is, however, currently exempt from such credit risk regulations. In addition, the SEC approved changes to the rules applicable to issuers and sponsors of asset-backed securities under the Securities Act and the Securities Exchange Act of 1934, as amended, which substantially revise Regulation AB and other rules governing the offering process, disclosure and reporting for asset-backed securities issued in registered and certain unregistered transactions. It is not clear how the revisions to Regulation AB will be implemented, and to what extent the Authority may be affected. No assurance can be given that the new standards contained in the amended Regulation AB will not have an adverse impact on the Authority or on the value or marketability of the Bonds, including the Series 2026-1 Bonds.

Student loans and student loan servicing have historically been top priorities for the CFPB. In May 2015, the CFPB launched a public inquiry into student loan servicing practices throughout the industry. In September 2015, the CFPB issued a report discussing public comments submitted in response to the inquiry and, in consultation with the Department of Education and Department of the Treasury, released recommendations to reform student loan servicing to improve borrower outcomes and reduce defaults. In July 2016, the Department of Education expanded on these joint principles by outlining enhanced customer service standards and protections that will be incorporated into federal servicing contracts and guidelines. The CFPB has also announced that it may issue student loan servicing rules in the future. The Authority is unable to estimate at this time any potential financial or other impact to the Servicer that could result from these developments.

The Dodd-Frank Act gave the CFPB authority to supervise private education lenders. In addition, the CFPB adopted a rule in December 2013 that enables it to federally supervise certain non-bank student loan servicers that service more than one million borrower accounts, to ensure that bank and non-bank servicers follow the same rules in the student loan servicing market. The rule covers both federal and private student loans. PHEAA, the current Servicer, services more than one million student loan borrower accounts. If the CFPB were to determine that a Servicer is not in compliance, it is possible that this could result in material adverse consequences to such Servicer, including, without limitation, settlements, fines, penalties, adverse regulatory actions, changes in a Servicer's business practices, or other actions. However, it is not possible to estimate at this time any potential financial or other impact to any of the Authority, the Administrator or a Servicer, including any impact on its ability to satisfy its obligations with respect to the Financed Eligible Loans to be pledged to the Indenture, that could result from the CFPB's examinations, in the event that any adverse regulatory actions occur.

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

In December 2013, banking regulators and other agencies principally responsible for banking and financial market regulation in the United States also implemented the final rule under the so-called Volcker Rule under the Dodd-Frank Act, which in general prohibits "banking entities" (as defined therein) from (a) engaging in proprietary trading, (b) acquiring or retaining an ownership interest in or sponsoring certain hedge funds, private equity funds (broadly defined to include any entity that would be an investment company under the Investment Company Act but for the exemptions provided in Section 3(c)(1) or 3(c)(7) of the Investment Company Act) and certain similar funds and (c) entering into certain relationships with such funds. Although the Authority does not rely upon the exemptions in Section 3(c)(1) or 3(c)(7) of the Investment Company Act for an exemption from being an investment company under the Investment Company Act and, as such, is not a covered fund, the general effects of the final rules implementing the Volcker Rule remain uncertain. Any prospective investor in the Series 2026-1 Bonds, including a U.S. or foreign bank or an affiliate or subsidiary thereof, should consult its own legal advisors regarding such matters and other effects of the Volcker Rule and regulatory implementation.

In November 2023, the SEC adopted Rule 192 (conflicts of interest relating to certain securitizations) (the "Securitization Conflicts of Interest Rule") to implement Section 27B of the Securities Act that was added by the Dodd-Frank Act. Rule 192 prohibits a securitization participant from directly or indirectly entering into a transaction that would involve or result in a material conflict of interest with any investor, subject to exceptions of risk-mitigating hedging activities, liquidity commitments and bona-fide market making activities. The Securitization Conflicts of Interest Rule became effective on February 5, 2024, and securitization participants are required to comply with the Securitization Conflicts of Interest Rule with respect to any asset-backed security the first closing of the sale of which occurs on or after June 9, 2025. Under the Securitization Conflicts of Interest Rule, a "securitization participant" is an underwriter, placement agent, initial purchaser or sponsor of an asset-backed security or certain affiliates or subsidiaries of any such party. Additionally, the Securitization Conflicts of Interest Rule includes an "anti-evasion" provision that prohibits a securitization participant from engaging in any transaction or a series of related transactions that, although in technical compliance with the rule, is part of a plan or scheme to evade the prohibitions of the rule. There remains uncertainty regarding the Securitization Conflicts of Interest Rule and its potential impact on securitization participants.

The Trump administration, however, has ordered many of the activities of the CFPB, including supervision and examination activities, to be suspended. There is no guaranty the activities of the CFPB, in whole or in part, will remain suspended. There remains considerable uncertainty as to the future of the CFPB and the areas of focus or priorities of the CFPB. There is also considerable uncertainty as to how other federal and state regulators will respond to any changes at the CFPB, including with respect to its focus or priorities. Such developments could affect the Authority and the Financed Eligible Loans. In the event that the CFPB changes regulations adopted in the past by other regulators, or modifies past regulatory guidance, the Authority's compliance costs and litigation exposure could increase. In February 2025, the Trump Administration attempted to terminate a majority of employees of the CFPB. This termination is the subject of ongoing litigation. It is possible that President Trump may take further executive actions that impact the regulatory authority of the CFPB or the Dodd Frank Act generally.

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Uncertainty remains as to the full effect of the Dodd-Frank Act and such effect will depend significantly upon the content and implementation of the rules and regulations issued or modified, and still to be issued or modified, pursuant to its provisions and to the administration and enforcement of such requirements. It is unclear what the operational impact of these developments will be on the Authority, but it is possible that the Authority's operational expenses may be materially increased. No assurance can be given that these developments will not have an adverse effect on the security, market value or liquidity of the Bonds, including the Series 2026-1 Bonds.

Possible Future Changes in State Law and Regulations

A number of Texas governmental officials or agencies have a direct role in the oversight of the Authority. These officials and agencies include the following:

(a) the City of Waco, Texas appoints the Authority's board of directors, and under state and federal law must approve the issuance of federally tax-exempt bonds issued by the Authority under Section 147 of the Internal Revenue Code of 1986, as amended (the "Code"); and

(b) the Texas Attorney General's office must approve the issuance of bonds by the Authority that are issued under the Act.

Additionally, in certain circumstances, the Authority is subject to the State's open meetings and open records laws with respect to matters relating to the issuance of federally tax-exempt bonds.

There can be no assurance that a future Governor via direct action, the Texas Legislature as the result of legislation or an agency of the state using oversight and regulatory powers will not take action prospectively or retroactively that may affect the terms and conditions under which the Authority is governed or how it is permitted to finance Eligible Loans. Furthermore, such changes may have the result of adversely affecting the ability of the Authority to pay the principal of and interest on the Bonds, including the Series 2026-1 Bonds, when due.

Investigations and Inquiries of the Student Loan Industry

A number of state attorneys general and the U.S. Senate Committee on Health, Education, Labor and Pensions have conducted broad inquiries or investigations of the activities of various participants in the student loan industry, including, but not limited to, activities that may involve perceived conflicts of interest.

There is no assurance that the Authority, the Administrator or a Servicer will not be subject to inquiries or investigations. While the ultimate outcome of any inquiry or investigation cannot be predicted, it is possible that these inquiries or investigations and regulatory developments may materially affect each of the Authority's or the Administrator's ability to perform its obligations under the Indenture and a Servicer's ability to perform its obligations with respect to the Financed Eligible Loans or the Authority's ability to pay principal of and interest on the Bonds, including the Series 2026-1 Bonds, from assets in the Trust Estate.

Potential Risks Related Specifically to the Servicer

PHEAA currently services the Financed Eligible Loans pursuant to a Private Loan Program Servicing Agreement, dated as of December 7, 2021, by and between PHEAA and the Administrator (the "PHEAA Servicing Agreement" and a "Servicing Agreement" pursuant to the Indenture). See the caption "THE BRAZOS PRIVATE LOAN PROGRAMS—Servicing of the Financed Eligible Loans—*The PHEAA*

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Servicing Agreement" herein. Certain of the existing Financed Eligible Loans were previously serviced by Nelnet Servicing. The Authority completed the transition of the servicing of certain of the Financed Eligible Loans from Nelnet Servicing to PHEAA on April 30, 2025. See the caption "THE BRAZOS PRIVATE LOAN PROGRAMS—Loan Servicing" herein. While PHEAA has extensive experience in converting loans on to its servicing systems, errors can arise in connection with the conversion of loans to a new servicing system. To date, no disruptions to the servicing of the Financed Eligible Loans has occurred as a result of the conversion. However, in an effort to continue to mitigate borrower disruptions post-conversion, the Authority expects that PHEAA will continue to follow customary industry practices, including communication with borrowers through letters, internet messaging and interactive voice response systems. While such efforts are expected to reduce the delinquency spikes that can occur in portfolio conversions due to misdirected payments and general borrower confusion, there can be no assurance that delays in the collection of payments on certain of the Financed Eligible Loans will not occur. Any delay in the collections of Financed Eligible Loans may delay payments of principal of and interest on the Series 2026-1 Bonds.

In addition, in the event of PHEAA's insolvency or bankruptcy, a court, conservator, receiver or liquidator may have the power to prevent the appointment of a successor servicer and delays in collections in respect of those affected Financed Eligible Loans may occur. Any delay in the collections of Financed Eligible Loans may delay payments of principal of and interest on the Bonds, including the Series 2026-1 Bonds.

The Authority May Be Subject to Litigation

The Authority may be subject to various claims, lawsuits, and proceedings that arise from time to time. Currently, no such material proceedings are pending. See the caption "ABSENCE OF CERTAIN LITIGATION" herein.

Repurchase Obligations

Under certain circumstances, the Authority may have the right to require the Seller or Bank of Lake Mills under the terms of the Seller Student Loan Purchase Agreement or the BLM Loan Origination and Sale Agreement to purchase a Financed Eligible Loan. These rights against the Seller and Bank of Lake Mills arise generally as the result of a breach of certain covenants with respect to such Financed Eligible Loan in the Seller Student Loan Purchase Agreement or the BLM Loan Origination and Sale Agreement Assignment in the event such breach materially adversely affects the interests of the Authority in that Financed Eligible Loan and is not cured within the applicable cure period. The Authority presently has such rights against the Seller and Bank of Lake Mills pursuant to the Seller Student Loan Purchase Agreement and the BLM Loan Origination and Sale Agreement. See the caption "THE BRAZOS PRIVATE LOAN PROGRAMS—Student Loan Purchase Agreements" herein. The repurchase obligation of the Seller with respect to: (a) any breach by a Servicer that affects an Eligible Loan is limited to the repurchase rights of the Seller under the Servicing Agreement; (b) any breach by an originating bank (including Bank of Lake Mills (see "THE BRAZOS PRIVATE LOAN PROGRAMS—The Program Originators—*Bank of Lake Mills*" herein)) is limited to the repurchase rights of the Seller or the Authority under the loan origination and sale agreement; and (c) any breach by an origination services provider (including CampusDoor (see "THE BRAZOS PRIVATE LOAN PROGRAMS—The Program Originators—*Campus Door Holdings Inc.*" herein)) that provides loan origination processing and disbursement services to the Seller is limited to the repurchase rights of the Seller under the agreement with such provider.

In addition, under the terms of the Indenture, if any Financed Eligible Loan is found to have been subject to a lien at the time such Financed Eligible Loan was financed that cannot be released, the Authority

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is required to purchase such Financed Eligible Loan from the Trust Estate or provide a replacement Financed Eligible Loan. There is no guarantee that the Authority, the Seller, a Servicer, an originating bank (including Bank of Lake Mills) or an origination services provider (including CampusDoor) will have the financial resources to make a purchase or substitution, and if the Authority, the Seller, a Servicer, an originating bank (including Bank of Lake Mills) or an origination services provider (including CampusDoor), as applicable, is unable to make a required purchase or substitution, investors in the Bonds, including the Series 2026-1 Bonds, will bear any resulting loss.

Bankruptcy Could Result in Accelerated Prepayment

The Authority is a tax-exempt organization under Section 501(c)(3) of the Code and is not a "moneyed, business or commercial corporation." As such, the Authority cannot be the subject of an involuntary bankruptcy proceeding under the United States Bankruptcy Code. The Authority is, however, eligible to file a voluntary bankruptcy proceeding under the United States Bankruptcy Code. Also, if the Authority were to convert to a taxable organization or lose its tax-exempt status for any reason, the Authority would become eligible to be the subject of an involuntary bankruptcy proceeding.

If, despite all steps taken to prevent such an occurrence, the Authority were to become the subject of a bankruptcy proceeding, the United States Bankruptcy Code could materially limit or prevent the enforcement of the Authority's obligations, including its obligations with respect to the Bonds, including the Series 2026-1 Bonds. The Authority's trustee in bankruptcy or the Authority itself as debtor in possession may seek to accelerate payment on the Bonds, including the Series 2026-1 Bonds, and liquidate the assets held under the Indenture. If principal of the Bonds, including the Series 2026-1 Bonds, is declared due and payable, Registered Owners may lose the right to future payments and face reinvestment risks.

Risks Relating to Commingling of Payments on Student Loans

Payments received on the Financed Eligible Loans generally are deposited into an account in the name of the Servicer each business day. Payments received on the Financed Eligible Loans may not always be segregated from payments the Servicer receives on other student loans it services, and payments received on the Financed Eligible Loans that are part of the Trust Estate may not be segregated from payments received on the Authority's other student loans that are not part of the Trust Estate. Such amounts that relate to the Financed Eligible Loans are required by the Indenture to be forwarded to the Paying Agent on behalf of the Trustee for deposit into the Revenue Fund within two Business Days of identification. If a Servicer fails to transfer such funds to the Trustee, Registered Owners may suffer a loss.

The Obligations of Each of the Trustee, the Administrator and the Servicers are Limited

The duties, actions and obligations of each of the Trustee, the Administrator and the Servicers are limited to such duties, actions and obligations specifically set forth in the transaction documents and no implied covenants, duties or obligations are read into the transaction documents. None of the Trustee, the Administrator or the Servicers has any duty or obligation to take any additional action unless specifically directed to take such action and satisfactorily indemnified therefor. Additionally, certain of the duties and obligations of such parties are dependent upon receipt of information from other parties. Any failure of one party to timely and accurately deliver any information, or perform its duties and obligations, could prevent another party from being able to fulfill its duties and obligations.

Other Parties May Have or May Obtain Superior Interests in the Financed Eligible Loans

If, through inadvertence or fraud, Financed Eligible Loans were to be sold to a purchaser who purchases in good faith without knowledge that the purchase violates the rights of the Authority and the

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Trustee in the Financed Eligible Loans, the purchaser could defeat the Authority's and the Trustee's ownership interest in those Financed Eligible Loans.

Uncertain Secondary Market for the Series 2026-1 Bonds

There is no assurance that a secondary market will provide investors with a sufficient level of liquidity for the Series 2026-1 Bonds. The spread between the bid price and the asked price for the Series 2026-1 Bonds in the secondary market may widen, thereby reducing the net proceeds to an investor from the sale of an investor's Series 2026-1 Bonds. The Authority does not intend to list the Series 2026-1 Bonds on any exchange, including any exchange in either Europe or the United States. Under current market conditions, holders may not be able to sell their Series 2026-1 Bonds when they want to do so, and, as a result, they may be required to bear the financial risks of an investment in the Series 2026-1 Bonds for an indefinite period of time, or they may not be able to obtain the price that they wish to receive. The market values of the Series 2026-1 Bonds may fluctuate and movements in price may be significant.

Events in the global financial markets including those described in the risk factors captioned "—Variety of Factors Affecting Borrowers" and "—An Outbreak Similar to the COVID-19 Pandemic Could Adversely Affect the Value of the Series 2026-1 Bonds or Borrowers' Ability to Repay their Financed Eligible Loans"; the failure, acquisition or government seizure of major financial institutions; rapid inflation; the establishment of government initiatives such as government bailout programs for financial institutions and assistance programs designed to increase credit availability, support economic activity and facilitate renewed consumer lending; disrupted credit markets; the devaluation of currencies by foreign governments; a slowing growth or recession in the United States or other world economies; the rating agency downgrade of U.S. Treasury bonds and other debt instruments backed by the full faith and credit of the U.S. or similar downgrades of other European sovereign debt; an European Union member state's voluntary exit from the European Union, such as the United Kingdom's discontinuation of its membership in the European Union, have caused, or may in the future cause, a significant reduction in liquidity in the secondary market for asset-backed securities, which could adversely affect the market value of the Series 2026-1 Bonds or limit the ability of an investor to resell its Series 2026-1 Bonds. If U.S. Treasury bonds and other debt instruments backed by the full faith and credit of the U.S. are further downgraded, the market price and/or the marketability of the Series 2026-1 Bonds could be adversely affected.

As a result, no assurance can be given that the Series 2026-1 Bonds may be sold by a purchaser thereof at any time or at acceptable prices. Therefore, an investment in the Series 2026-1 Bonds should only be made by investors who are able to hold such Series 2026-1 Bonds to maturity notwithstanding the possibility that the Series 2026-1 Bonds may experience a severe reduction in value while held.

Investment Contracts

The Authority may enter into investment agreements or contracts with one or more financial institution counterparties with respect to certain proceeds of the Series 2026-1 Bonds. A default under such an investment agreement could result in a loss that could adversely affect the security for the Bonds, including the Series 2026-1 Bonds, or one or more ratings currently assigned to the Bonds, including the Series 2026-1 Bonds.

Uncertainty of Available Remedies

The remedies available to the Trustee or the Registered Owners upon an Event of Default under the Indenture are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (Federal Bankruptcy Code), the remedies specified by the

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Indenture or any other applicable transaction documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2026-1 Bonds and the Indenture will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, moratorium, insolvency or other similar laws affecting the rights or remedies of creditors generally.

The Series 2026-1 Bonds May Not Be Repaid on their Respective Final Maturity Dates

The Authority expects that final payment of each Series 2026-1 Bond will occur on or prior to its respective final maturity date. Failure to make final payment of a Series 2026-1 Bond on its respective final maturity date would constitute an Event of Default under the Indenture. *A failure to pay principal on Subordinate Bonds, including the Series 2026-1B Subordinate Tax-Exempt Bonds, is not an Event of Default if any Senior Bonds or Senior-Subordinate Bonds are Outstanding*. However, no assurance can be given that sufficient funds will be available to pay each Series 2026-1 Bond in full on or prior to its respective final maturity date. If sufficient funds are not available, final payment of a Series 2026-1 Bond could occur later than its respective final maturity date or a Registered Owner could suffer a loss on its investment.

There Will Be No Market Valuation of the Financed Eligible Loans

The Financed Eligible Loans are not being valued at their fair market value as determined by any independent advisor, but will be valued based upon the principal of and accrued interest on the Financed Eligible Loans.

Factors Affecting Sufficiency and Timing of Receipt of Revenues

The Authority expects that the Revenues to be received under the Indenture will be sufficient to pay principal of and interest on the Series 2026-1 Bonds, and any other Bonds issued pursuant to the Indenture, when due and also to pay all Senior Transaction Fees and Subordinate Transaction Fees until the final maturity of the Series 2026-1 Bonds. This expectation is based upon an analysis of cash flow assumptions, which the Authority believes are reasonable and are derived from the Authority's experience in the student loan industry and the expected performance of the Brazos Private Loan Programs, regarding the timing of the financing of such Financed Eligible Loans to be held pursuant to the Indenture, the future composition of and yield on the Financed Eligible Loan portfolio, the rate of return on moneys to be invested in various Funds and Accounts under the Indenture, and the occurrence of future events and conditions. For a description of the anticipated composition of the Existing Eligible Loans, see the caption "THE FINANCED ELIGIBLE LOANS" herein. There can be no assurance, however, that the Financed Eligible Loans will be financed as anticipated, that interest and principal payments from Financed Eligible Loans will be received as anticipated or that the reinvestment rates assumed on the amounts in various Funds and Accounts will be realized. Furthermore, future events over which the Authority has no control may adversely affect the Authority's actual receipt of Revenues pursuant to the Indenture.

Receipt of principal of and interest on Financed Eligible Loans may be accelerated due to various factors, including, without limitation: (a) actual principal amortization periods which are shorter than those assumed based upon the current analysis of the Eligible Loans expected to be held pursuant to the Indenture; (b) the commencement of principal repayment by borrowers on earlier dates than are assumed based upon the current analysis of the Eligible Loans expected to be held pursuant to the Indenture; and (c) economic conditions that induce borrowers to refinance or repay their loans prior to maturity. Growth in the size and number of companies specializing in refinancing student loans, and/or an increase in their marketing intensity, could cause the number of Financed Eligible Loans that refinance to increase.

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Delay in the receipt of principal of and interest on Financed Eligible Loans may adversely affect payment of the principal of and interest on the Bonds, including the Series 2026-1 Bonds, when due. Principal of and interest on Financed Eligible Loans may be delayed due to numerous factors, including, without limitation: (a) forbearance being granted to borrowers under the Brazos Private Loan Programs, (b) loans becoming delinquent for periods longer than assumed, (c) actual loan principal amortization periods which are longer than those assumed based upon the current analysis of the Eligible Loans expected to be held pursuant to the Indenture, and (d) an increase in interest rates on certain variable rate Financed Eligible Loans.

If actual receipt of Revenues under the Indenture or actual expenditures vary materially from those projected, the Authority may be unable to pay the principal of and interest on the Bonds, including the Series 2026-1 Bonds, and other amounts owing on other obligations when due. In the event that Revenues to be received under the Indenture are insufficient to pay the principal of and interest on the Bonds, including the Series 2026-1 Bonds, and amounts owing on other obligations when due, the Indenture authorizes, and under certain circumstances requires, the Trustee to declare an Event of Default and to enforce the rights of the Registered Owners, including selling the Financed Eligible Loans and other assets comprising the Trust Estate and acceleration of the payment of the Bonds, including the Series 2026-1 Bonds. It is possible that the Trustee would not be able to sell the Financed Eligible Loans and the other assets comprising the Trust Estate in a timely manner or for an amount sufficient to permit payment of the principal of and accrued interest on all Outstanding Bonds, including the Series 2026-1 Bonds, then due and all amounts due with respect to other obligations.

Potential Closure of the Department of Education and Changes to the Federal Loan Program

The current administration under President Trump is continuing its efforts to minimize the Department of Education. On March 20, 2025, President Trump signed an executive order that would allow the current Secretary of Education to take, to the maximum extent appropriate and permitted by law, "all necessary steps to facilitate the closure of the Department of Education and return authority over education to the States and local communities while ensuring the effective and uninterrupted delivery of services, programs, and benefits." After several legal actions, the United States Supreme Court cleared the way for the Department of Education to terminate nearly 1,400 employees. Additionally, the One Big Beautiful Bill Act (the "OBBBA") was signed into law on July 4, 2025. As a result of the OBBBA, beginning on July 1, 2026, certain changes to the federal loan program include (a) the elimination of Federal Direct PLUS Loans to eligible graduate or professional students ("GradPlus Loans"), (b) new limits on the annual and aggregate loan amounts for Direct Unsubsidized Loans to graduate and professional students of $20,500 and $50,000 per year, respectively, and of $100,000 and $200,000 in aggregate, respectively, (c) and new limits on the loan amounts for Parent PLUS Loans to no more than $20,000 per child each year with an aggregate limit of no more than $65,000 per dependent student. Certain exceptions to these changes apply to students already benefiting from these federal loans prior to July 1, 2026 as part of their current educational program.

There can be no assurance whether (a) the actions by the current administration will be upheld by the federal court system, (b) such legislation will be introduced by Congress to dissolve the Department of Education, and (c) any further legislation impacting the Department of Education or any Federal Direct Loan Program loans will be passed by Congress and enacted into law. In addition, it is difficult to predict how the changes to the federal loan program set forth in the OBBBA may impact the overall student loan market and the demand for private student loan offerings.

Accordingly, no assurance can be given as to how these developments may affect the Authority, its respective operations and financial condition, the Authority's Brazos Private Loan Program, the Financed Eligible Loans, the Bonds, including, but not limited to, the Series 2026-1 Bonds, applications of borrowers of education loans and the processing thereof.

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Resumption of Collections on Defaulted Federal Loans

On April 21, 2025, the Department of Education announced that its Office of Federal Student Aid would resume collections of its defaulted Federal Direct Loan Program student loan portfolio; prior to such time, the Department of Education had not collected on defaulted loans since March 2020. The Department of Education also announced that it would authorize guaranty agencies to begin involuntary collections activities on loans made under the FFELP Program. On January 16, 2026, the Department of Education announced that the resumption of involuntary collections would be delayed while it implemented the student loan repayment changes under OBBBA. On March 19, 2026, the Department of Education and the U.S. Department of the Treasury ("Treasury") announced an interagency agreement under which Treasury will assume responsibility for collections on defaulted federal student loans. In future phases of this partnership, it was announced that Treasury will provide further operational support with respect to the federal loan program.

On August 1, 2025, pursuant to an announcement of the Department of Education, loans in the Saving on Valuable Education Plan (the "SAVE Plan") began accruing interest following a pause in interest accrual and forbearance during litigation, though SAVE Plan loans remained in forbearance status. On March 10, 2026, the Eighth Circuit Court of Appeals issued a decision clearing the way for approval of a settlement agreement. Under this settlement agreement, the Department of Education will not enroll new borrowers in the SAVE Plan and will move current borrowers under the SAVE Plan to new payment plans.

The Authority cannot predict what impact, if any, the resumption of collections on defaulted federal student loans and the resumption of interest accrual on SAVE Plan loans will have on the Authority, the Brazos Private Loan Programs, the Financed Eligible Loans or the Series 2026-1 Bonds. There may be a delay in, or reduction of, collections on the Financed Eligible Loans if borrowers are unable to pay all or a portion of their Financed Eligible Loans due to borrowers electing to change from the SAVE Plan to another repayment plan and the resulting end of forbearance or resumed collections activity on federal student loans held by such borrowers or actions such as wage garnishment, which in turn could affect the repayment of the Series 2026-1 Bonds prior to their maturity.

Variety of Factors Affecting Borrowers

Collections on the Financed Eligible Loans may vary greatly in both timing and amount from the payments actually due on such Financed Eligible Loans for a variety of economic, social, and other factors. Economic factors include interest rates, unemployment levels, housing price declines, commodity prices, adjustments in the borrower's payment obligations under other indebtedness, the rate of inflation and consumer perceptions of economic conditions generally. Social factors include changes in consumer confidence levels and changing attitudes in respect of incurring debt and changing attitudes regarding the stigma of personal bankruptcy. Economic conditions may also be impacted by global or localized economic or political conditions, political turmoil and civil unrest in the United States, political gridlock on United States federal budget matters (including full or partial prolonged or recurring government shutdowns), conflicts or wars, regional hostilities, including the war between Russia and Ukraine, escalating hostilities in the Middle East, including between Israel and Iran and Iran and the United State, and the prospect or occurrence of more widespread conflicts, social upheaval, fiscal and monetary policies, sanctions, trade wars and tariffs, safety concerns related to travel and tourism, limitations on travel and mobility, disruptions in air travel and other forms of travel, weather events, environmental disasters, national or localized outbreaks of a highly contagious or epidemic disease or pandemics and any related quarantines and terrorist events or wars or a deterioration or improvement in economic conditions in one of the markets where borrowers of the Financed Eligible Loans are concentrated. As a result, the Authority may not receive all the payments that are actually due on the Financed Eligible Loans. Failures by borrowers to make timely payments of the principal and interest due on the Financed Eligible Loans or an increase in forbearances

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could affect the revenues of the Trust Estate, which may reduce the amounts available to pay principal and interest due on the Bonds, including the Series 2026-1 Bonds. The Authority cannot predict with accuracy the effect of these factors, including the effect on the timing and amount of funds available and the ability to pay principal and interest on the Bonds, including the Series 2026-1 Bonds.

Recently there has been increased concern with economic instability in the United States resulting in part from prior interest rate increases by the Federal Reserve Board in order to curb inflationary pressures and current interest rate uncertainty. The number of delinquencies and defaults on consumer receivables is significantly influenced by the employment status of borrowers. There can be no assurance that high levels of unemployment or underemployment will not recur, or that other factors relating to the uncertain economic climate, such as those described in the prior paragraph, will not result in increased delinquencies and defaults with respect to consumer receivables in the future. Such adverse economic conditions may also materially impair the ability of the Authority or other transaction parties to meet their respective obligations under the transaction documents. The occurrence of any increased delinquencies or defaults with respect to the Financed Eligible Loans or material impairment of the ability of the above referenced parties to meet their respective obligations under the transaction documents may reduce the market value of the Series 2026-1 Bonds.

Additionally, unstable real estate values, resetting of adjustable rate mortgages to higher interest rates, increased regulation in the financial industry, political gridlock on United States federal budget matters, rating agency downgrades of U.S. Treasury bonds and other debt instruments backed by the full faith and credit of the United States, the sovereign debt crisis and continuing political and economic instability in the United States and overseas, rapid inflation and other factors have impaired access to consumer credit, consumer confidence and disposable income in the United States, and may affect delinquencies and defaults on the Financed Eligible Loans, although the severity or duration of these effects are unknown.

It is impossible to predict the status of the economy or unemployment levels or when, if ever, a downturn in the economy would impair a borrower's ability to repay his or her Financed Eligible Loans. General economic conditions may also be affected by other events including the prospect of increased hostilities abroad. Such events may also have other effects, the impact of which is impossible to project.

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

The Trust Estate includes Financed Eligible Loans that are in deferment or forbearance for which payments are temporarily postponed for a specific period of time, Financed Eligible Loans for which the borrower is currently required to make payments of interest only, and Financed Eligible Loans for which the borrower is currently required to make payments of principal and interest. The Authority's cash flow, and its ability to make payments due on the Bonds, including the Series 2026-1 Bonds, will be reduced to the extent interest is not currently payable on the Financed Eligible Loans. As of the Statistical Cut-Off Date, the borrowers on approximately 41.0% of the aggregate principal amount of Existing Eligible Loans are not required to make payments during certain authorized deferred, forbearance and grace periods as described under the captions "THE BRAZOS PRIVATE LOAN PROGRAMS—Brazos Refinance Loan Terms—*Forbearance Options*," "—Brazos Parent Loan Terms—*Forbearance Options*," "—Brazos Student Loan Terms—*Repayment Options*" and "—Brazos Student Loan Terms—*Forbearance Options*" herein. See also the caption "An Outbreak Similar to the COVID-19 Pandemic Could Adversely Affect the Value of the Series 2026-1 Bonds or Borrowers' Ability to Repay their Financed Eligible Loans" herein. The proportions of the Financed Eligible Loans that are in deferment or forbearance for which payments

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are temporarily postponed and currently in repayment will vary during the period that the Series 2026-1 Bonds are Outstanding. If defaults occur on the Financed Eligible Loans and the remedies or amounts held under the Indenture are not sufficient, Registered Owners may suffer a delay in payment or a loss on their Bonds, including the Series 2026-1 Bonds.

Risk of Geographic Concentration of the Financed Eligible Loans

Currently, under the Brazos Private Loan Programs, Eligible Loans are only made to persons who are Texas residents at the time of origination or, with respect to the Brazos Student Loans, to non-residents attending certain institutions in the State of Texas. Eligible Loan borrowers who are Texas residents at the time of origination may subsequently relocate out of the State of Texas. The Authority cannot predict how many borrowers may reside in or relocate to other states. The concentration of the Financed Eligible Loans in specific geographic areas may increase the risk of losses on the Financed Eligible Loans. Economic conditions in the states where borrowers reside may affect the delinquency, loan loss and recovery experience with respect to the Financed Eligible Loans. As of the Statistical Cut-Off Date, approximately 93.8% of the Existing Eligible Loans by principal balance were to borrowers with current billing addresses in the State of Texas. While Texas is a large state with a robust and varied economy, conditions in any state or region may decline over time and from time to time. Because of the concentrations of the borrowers in the State of Texas, any adverse economic conditions adversely and disproportionately affecting the State of Texas may have a greater effect on the repayment of the Bonds, including the Series 2026-1 Bonds, than if this concentration did not exist.

The Trustee May Be Forced To Sell the Financed Eligible Loans at a Loss After an Event of Default

Generally, if an Event of Default occurs and continues under the Indenture, the Trustee, at the direction of Registered Owners (in the percentage specified in the Indenture), will sell the Financed Eligible Loans. See "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—DEFAULTS AND REMEDIES—Remedies on Default; Sale of Trust Estate" attached hereto. However, the Trustee may not find a purchaser for the Financed Eligible Loans or the market value of the Financed Eligible Loans plus other assets in the Trust Estate might not equal the principal amount of outstanding Bonds, including the Series 2026-1 Bonds, plus accrued interest. The market for private student loans, including the Financed Eligible Loans, is not deep. There may be few potential buyers for the Financed Eligible Loans, and therefore lower prices available in the secondary market. Investors in the Bonds, particularly investors in the Subordinate Bonds, may suffer a loss if the Trustee is unable to find purchasers willing to pay prices for the Financed Eligible Loans sufficient to pay the principal amount of the Bonds, including the Series 2026-1 Bonds, plus accrued interest.

The Composition and Characteristics of the Loan Portfolio Will Change Over Time

The statistical information in this Official Statement reflects only the characteristics of the Existing Eligible Loans as of the Statistical Cut-Off Date. See the caption "THE FINANCED ELIGIBLE LOANS—The Existing Eligible Loans" herein. The Existing Eligible Loans pledged under the Indenture as of the Closing Date will have characteristics that differ somewhat from the characteristics of the Existing Eligible Loans described herein due to payments received on and other changes in such Existing Eligible Loans that occur during the period from the Statistical Cut-Off Date to the Closing Date.

The Authority also intends to acquire and fund additional Eligible Loans with the remaining proceeds from the Series 2025-1A Senior Tax-Exempt Bonds and during the Acquisition Period relating to the Series 2026-1 Bonds. The acquisition and funding of certain Eligible Loans from the remaining proceeds of the Series 2025-1A Senior Tax-Exempt Bonds and during the Acquisition Period relating to the Series 2026-1 Bonds (other than the Existing Eligible Loans and any additional Eligible Loans that were

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(a) included in the cash flow modeling presented to the Rating Agency or (b) are part of the Anticipated Acquisition Period Eligible Loans the Authority has covenanted to finance) is subject to certain limitations described under the caption "PROVISIONS APPLICABLE TO THE BONDS; DUTIES OF THE AUTHORITY—Restrictions on the Financing of Eligible Loans during the Series 2026-1 Acquisition Period" in "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" attached hereto. See the caption "THE FINANCED ELIGIBLE LOANS—Anticipated Acquisition Period Eligible Loans" herein. See also the caption "ESTIMATED SOURCES AND USES OF PROCEEDS" herein.

The characteristics of the Financed Eligible Loan portfolio included in the Trust Estate could also change from time to time due to the acquisition and funding of new types of Eligible Loans that may be originated pursuant to the Brazos Private Loan Programs (upon satisfaction of the Rating Agency Notification), changes in terms of the Brazos Private Loan Programs, sales or exchanges of loans and scheduled amortization, prepayments, delinquencies and defaults on the Financed Eligible Loans.

Certain Actions May Be Permitted Without Registered Owner Approval

The Indenture permits the Authority to issue Additional Bonds pursuant to a Supplemental Indenture without Registered Owner consent, and further permits the Authority to take a range of actions in connection with its administration of the assets comprising the Trust Estate without either an amendment or supplement to the Indenture or Registered Owner consent, but requires that the Authority satisfy certain other conditions prior to undertaking, or in conjunction with, certain of such actions. The Indenture requirements applicable to such actions may include satisfying a Rating Agency Notification or Rating Agency Condition requirement; however, implementation of such actions which require only a Rating Agency Notification are not conditioned upon any response, or absence thereof, of any Rating Agency. See the caption "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS—Rating Agency Confirmation and Rating Agency Notification" herein. The Indenture requires that the Authority make any Rating Agency Confirmation and Rating Agency Notification publicly available in the manner applicable to post-issuance disclosures under Rule 15c2-12 promulgated by the Securities and Exchange Commission. To the extent such actions are taken, investors in the Series 2026-1 Bonds will be relying primarily upon the evaluation by the Authority of the potential impact of such actions upon the ability of the assets comprising the Trust Estate to provide for the full and timely payment of scheduled principal and interest on the Bonds, including the Series 2026-1 Bonds, payment of all Rebate Amounts and Excess Earnings to the U.S. Treasury and payment of all Senior Transaction Fees and Subordinate Transaction Fees. In addition, to the extent that such actions are taken, a resulting adverse rating action by any Rating Agency in response to such Authority action could materially decrease the market value or existence of a secondary market for the Series 2026-1 Bonds. Moreover, the market price or marketability of the Series 2026-1 Bonds could be adversely affected by such actions even in the absence of such an adverse rating action. See the caption "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS—Rating Agency Confirmation and Rating Agency Notification" herein and "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" attached hereto.

Less than All of the Registered Owners can Approve Amendments to the Indenture or Waive Defaults under the Indenture

Under the Indenture, Registered Owners of specified percentages of the aggregate principal amount of the Bonds (including, in many cases, only a specified percentage of the aggregate principal amount of the Highest Priority Bonds) may amend or supplement provisions of the Indenture and the Bonds and waive Events of Defaults and compliance provisions without the consent of the other Registered Owners. Registered Owners of the Series 2026-1 Bonds have no recourse if such other Registered Owners vote in a manner with which they do not agree. The other Registered Owners may vote in a manner which impairs the ability to pay principal and interest on the Bonds. *Also, so long as the Senior Bonds or*

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Senior-Subordinate Bonds are Outstanding, the Registered Owners of the Subordinate Bonds, including the Series 2026-1B Subordinate Tax-Exempt Bonds, will not have the right to exercise certain rights under the Indenture.

Suitability for Investors

The Series 2026-1 Bonds are complex investments that should be considered only by investors who, either alone or with their financial, tax and legal advisors, have the expertise to analyze the reinvestment, default and market risk of such an investment, the tax consequences of such an investment, and the interaction of these factors.

Certain Factors Relating to Security

The Authority has covenanted in the Indenture that the assets constituting the Trust Estate pledged by the Authority under the Indenture are and will be owned by the Authority free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, of equal rank with or subordinate to the respective pledges created by the Indenture, and that all action on the part of the Authority to that end has been duly and validly taken. The Authority will acquire Financed Eligible Loans by purchasing such loans from the Seller pursuant to the Seller Student Loan Purchase Agreement (and will assume the obligation to make any future disbursements on certain of the Financed Eligible Loans). The Authority will also assign and pledge Financed Student Loans purchased from the Bank of Lake Mills under the Indenture pursuant to the Authority Student Loan Purchase Agreement. The Student Loan Purchase Agreements each include warranties from the Seller or the Authority, as applicable, as to certain matters, including that the loans will be transferred to and/or pledged by the Authority under the Indenture free of any liens and that all filings (including UCC filings) necessary in any jurisdiction to give the Authority ownership of the Financed Eligible Loans have been made. See the caption "THE BRAZOS PRIVATE LOAN PROGRAMS—Student Loan Purchase Agreements" herein. Notwithstanding the foregoing, under applicable law, other security interests in such loans may exist, and may not be ascertained by the Authority. Therefore, no absolute assurance can be given that liens other than the lien of the Indenture do not and will not exist. See the caption "Repurchase Obligations" above.

Incentive or Borrower Benefit Programs

The Financed Eligible Loans receive a 0.25% interest rate reduction when they are set up to have regular monthly payments deducted electronically from a savings or checking account. Any incentive program that effectively reduces borrower payments on Financed Eligible Loans will result in a reduction of the Revenues received from such Financed Eligible Loans. The Authority cannot accurately predict the number of borrowers that will utilize the borrower benefits provided under the rate relief program currently offered by the Authority. The greater the number of borrowers that utilize such benefits with respect to Financed Eligible Loans, the lower the total loan receipts on such Financed Eligible Loans. See the caption "THE BRAZOS PRIVATE LOAN PROGRAMS" herein.

Risks Relating to Book-Entry Registration

The Series 2026-1 Bonds will be represented by one or more certificates registered in the name of Cede & Co., the nominee for The Depository Trust Company, and will not be registered in an individual investor's name or the name of its nominee. Unless and until definitive securities are issued, holders of the Series 2026-1 Bonds will not be recognized by the Trustee as Registered Owners as that term is used in the Indenture. Until definitive securities are issued, holders of the Series 2026-1 Bonds will only be able to exercise the rights of Registered Owners indirectly through The Depository Trust Company and its

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participating organizations. See the caption "THE SERIES 2026-1 BONDS—Book-Entry-Only System" herein.

There is the Potential for Conflicts of Interest and Regulatory Scrutiny with Respect to the Rating Agency Rating the Series 2026-1 Bonds

It may be perceived that the Rating Agency has a conflict of interest that may have affected the ratings assigned to the Series 2026-1 Bonds where, as is the industry standard and the case with the ratings of the Series 2026-1 Bonds, the Authority pays the fees charged by the Rating Agency for its rating services.

Furthermore, the Rating Agency has been and may continue to be under scrutiny by federal and state legislative and regulatory bodies for its role in the financial crisis and such scrutiny and any actions such legislative and regulatory bodies may take as a result thereof may also have an adverse effect on the price that a subsequent purchaser would be willing to pay for the Series 2026-1 Bonds and a Registered Owner's ability to resell its Series 2026-1 Bonds.

Ratings of the Series 2026-1 Bonds

It is a condition to the issuance of the Series 2026-1 Bonds that they be rated as indicated under the caption "RATINGS" herein. Ratings are based primarily on the creditworthiness of the underlying Financed Eligible Loans, the amount of credit enhancement and the legal structure of the transaction. The ratings are not a recommendation to investors to purchase, hold or sell the Series 2026-1 Bonds inasmuch as the ratings do not comment as to the market price or suitability for individual investors. An additional rating agency may rate the Series 2026-1 Bonds, and that rating may not be equivalent to the initial rating described in this Official Statement. Ratings may be increased, lowered or withdrawn by any Rating Agency at any time if in such Rating Agency's judgment circumstances so warrant. A downgrade in the rating of the Series 2026-1 Bonds is likely to decrease the price a subsequent purchaser will be willing to pay for Series 2026-1 Bonds.

A rating is not a recommendation to buy or sell Series 2026-1 Bonds or a comment concerning suitability for any investor. A rating only addresses the likelihood of the ultimate payment of principal and stated interest and does not address the likelihood of redemption of the Series 2026-1 Bonds prior to maturity or the market liquidity of the Series 2026-1 Bonds. A rating may not remain in effect for the life of the Series 2026-1 Bonds. See the caption "RATINGS" herein.

Certain actions affecting the Financed Eligible Loans and the Trust Estate may be taken upon a Rating Agency Confirmation or a Rating Agency Notification. See the caption "Certain Actions May Be Permitted Without Registered Owner Approval" above and the caption "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS—Rating Agency Confirmation and Rating Agency Notification" herein. The giving of a Rating Agency Notification would not limit the ability of the Rating Agency to downgrade its ratings on the Series 2026-1 Bonds on the basis of the related Proposed Action.

There can be no assurance that the ratings of the Series 2026-1 Bonds will not be downgraded or placed on negative watch by a Rating Agency in the future.

Ratings of Other Securities Issued by the Authority May Be Reviewed or Downgraded

Certain student loan-backed bonds have been downgraded in connection with rating agencies revising their rating methodologies among other factors. Adverse action by any rating agency regarding other securities issued by the Authority may adversely affect the market value of the Series 2026-1 Bonds or any secondary market for the Series 2026-1 Bonds that may develop.

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THE AUTHORITY

General

The Authority is a nonprofit corporation organized in 1975 under the Texas Nonprofit Corporation Law and is exempt from payment of federal income taxation as a "501(c)(3)" non-profit corporation. The Authority also operates pursuant to the Act on behalf of the City as a qualified nonprofit corporation. The Authority is located at 5609 Crosslake Parkway, Waco, Texas 76712. The Authority has no employees. The Administrator conducts and operates the business affairs of the Authority. See the caption "The Administrator" below. Certain responsibilities of the Authority under the Indenture will be administered by the Administrator pursuant to the Administration Agreement. See the caption "The Administration Agreement" below.

The Authority's activities are governed by the Act and the Texas Nonprofit Corporation Law. The Authority is authorized to assist students and families in financing and refinancing the cost of higher education by making or purchasing "alternative education loans" and "guaranteed student loans." Under the Act, "guaranteed student loans" generally refer to guaranteed student loans originated pursuant to the Federal Family Education Loan Program ("FFELP Loans") and "alternative education loans" generally refer to any loan other than a guaranteed student loan that is made to a student, a former student, or any other person or for the benefit of a student or former student for the purpose of financing or refinancing all or part of the student's or former student's cost of attendance at an accredited institution. Under the Act, the City has no liabilities, costs or expenses relating to the Authority's student loan program or bonds. The Authority has no power to tax and does not have the power of eminent domain.

In 1980, the Authority initiated a program to fund FFELP Loans. The Authority has funded FFELP Loans from the proceeds of bonds issued pursuant to indentures of trust separate and apart from the Indenture. From 1980 through 2021, the Authority has closed 51 separate investment grade bond issues that financed FFELP Loans. The Affordable Care Act of 2010 eliminated new originations under the Federal Family Education Loan Program.

Since inception, the Authority has financed approximately $16.7 billion of guaranteed student loans.

In 2018, the Authority introduced the Brazos Private Loan Programs that provide credit-based fixed rate and variable rate loan options to Texas residents. Initially, the Brazos Private Loan Programs included the Brazos Refinance Loan Program and the Brazos Parent Loan Program. In the 2022-2023 academic year, the Authority introduced its Brazos Student Loan Program. Since inception, as of the Statistical Cut-Off Date, the Authority has originated and financed over $438.2 million of alternative education loans under the Brazos Private Loan Programs.

These private credit-based loans constitute alternative education loans under the Act. The Brazos Refinance Loan Program allows responsible borrowers to refinance their existing student loans at lower interest rates, with zero fees and multiple repayment options. The Brazos Parent Loan Program provides an affordable way for parents, family members or friends to help pay for a benefiting student's undergraduate or graduate education. The Brazos Student Loan Program provides an affordable loan option to eligible students to help finance their qualified education expenses while attending an eligible post-secondary school. Information about the Brazos Private Loan Programs, as well as the online application process, is available at the Authority's website studentloans.com. See the caption "BRAZOS PRIVATE LOAN PROGRAMS" herein for descriptions of the Brazos Private Loan Programs.

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Board of Directors

The Authority is governed by a Board of Directors currently consisting of eleven Directors. All Directors are appointed by the City Council of the City. The City Council may remove Directors of the Authority at any time for cause by a majority vote. Directors serve two-year staggered terms of office. The members of the Board of Directors serve without compensation, except for the reimbursement of expenses incurred in connection with the business of the Authority. No officer or employee of the City is eligible for appointment as a Director under the Act.

Name	Principal Occupation	Term Expires	Board Tenure*
Steve Bostick	Baylor University - Lecturer - Accounting and Business Law	December, 2026	2 Years
Robert Chambers	Chairman & CEO, Automatic Chef Co. (retired), Waco, Texas	December, 2026	25 Years
Claude Ervin	Chairman of the Waco Scottish Rite Bodies (retired), Waco, Texas	December, 2027	16 Years
Harry Harelik	President of McLennan Community College Foundation (retired), Waco, Texas	December, 2027	10 Years
Peter Kultgen	President, Bird Kultgen Ford (retired), Waco, Texas	December, 2026	14 Years
Dr. Terry Maness	Dean of Baylor Business School (retired)	December, 2026	2 Years
Paul McClinton	Chairman, Credit Corporation of America, Waco, Texas	December, 2027	10 Years
Joe Nesbitt	President & CEO Central National Bank Waco, Temple, Austin	December, 2026	2 Years
Dr. Andy Popejoy	Emergency Medical Physician, Waco, Texas	December, 2027	5 Years
Larry Smith	Assistant Vice President, University Development, Baylor University (retired), Waco, Texas	December, 2027	22 Years
Justin Wiethorn	SVP Lending AgTrust Farm Credit Waco Administrative Office	December, 2026	2 Years

*Number of years of continuous service on the Board.

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Bonds Outstanding of the Authority

The Authority, as of the Statistical Cut-Off Date, had Prior Bonds issued and Outstanding pursuant to the Indenture in the respective principal amounts as follows:

Series of Bonds	Original Principal Amount	Outstanding Principal Amount
Series 2019-1A Senior Taxable Bonds	$ 18,850,000	$2,710,000
Series 2019-1A Senior Tax-Exempt Bonds	15,050,000	2,180,000
Series 2019-1B Subordinate Tax-Exempt Bonds	3,800,000	3,800,000
Series 2020-1A Senior Taxable Bonds	37,025,000	9,760,000
Series 2020-1A Senior Tax-Exempt Bonds	22,765,000	5,990,000
Series 2020-1B Subordinate Tax-Exempt Bonds	7,800,000	7,800,000
Series 2021-1A Senior Taxable Bonds	44,600,000	16,265,000
Series 2023-1A Senior Tax-Exempt Bonds	43,375,000	31,120,000
Series 2024-1A Senior Tax-Exempt Bonds	96,725,000	84,305,000
Series 2025-1A Senior Tax-Exempt Bonds	97,975,000	92,510,000
Total	$387,965,000	$256,440,000

In addition, the Authority has previously issued student loan revenue bonds pursuant to other indentures, which bonds were secured by separate and distinct trust estates. As of the Statistical Cut Off Date, the Authority has paid and retired in full all of the student loan revenue bonds previously issued pursuant to other indentures and no other bonds remain outstanding. See the Financial Statements of the Authority in "APPENDIX E—FINANCIAL STATEMENTS OF THE AUTHORITY" attached hereto and the caption "Financial Statements" below.

Financial Statements

The financial statements of the Authority at June 30, 2025 and 2024 and for the years then ended, included in Appendix E to this Official Statement, have been audited by FORVIS MAZARS, LLP, Independent Auditors, as set forth in their report related thereto. The Authority's financial statements include information with respect to its loan programs generally, including its FFELP Loan program and other information regarding the Authority. FORVIS MAZARS, LLP, the Authority's independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. FORVIS MAZARS, LLP, also has not performed any procedures relating to this Official Statement. The Authority expects that its financial statements at June 30, 2026 and 2025 will be available on or about October 30, 2026. The Authority will post the June 30, 2026 and 2025 financial statements on the Electronic Municipal Market Access (EMMA) website of the Municipal Securities Rulemaking Board located at http://emma.msrb.org. once available. The Authority expects no material changes to its financial condition from the financial statements included in Appendix E to this Official Statement. Since the Bonds, including the Series 2026-1 Bonds, are limited obligations of the Authority, payable solely from the Financed Eligible Loans and other assets pledged to the Trustee under the Indenture, the overall financial status of the Authority, or that of its other programs, does not indicate and does not affect whether the Trust Estate will be sufficient to fund the timely and full payment of principal and interest on the Bonds, including the Series 2026-1 Bonds. See the caption "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS" herein.

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The Administrator

The Administrator is a private non-profit corporation organized on September 18, 1980, under Section 501(c)(3) of the Code to provide or cause to be provided student loan servicing and administrative support services to certain non-profit holders of student loans, including the Authority and the Seller. The Administrator can be contacted at 5609 Crosslake Parkway, Waco, Texas 76712.

The Administrator has served as the administrator on over 108 student loan financings that aggregate in excess of $30.4 billion of student loan revenue bonds.

The Administrator is headquartered in the City of Waco, Texas and is governed by an eight-member Board of Directors. The members of the Board of Directors serve without compensation, except for the payment of expenses in connection with the business of the Administrator.

As of the Statistical Cut-Off Date, the total number of student loans managed by the Administrator was approximately 39,641 aggregating approximately $770,938,076 in principal amount.

Since 1995, the Administrator has managed over $1.2 billion in private credit student loans under a variety of programs. These private credit student loans have been financed in 18 separate bond issues that the Administrator has administered. As of the Statistical Cut-Off Date, the total number of private credit student loans managed by the Administrator was approximately 11,832 aggregating approximately $288,663,535 in principal amount. The Administrator regularly publishes investor reports at studentloans.com and actively manages investor relations.

As of the Statistical Cut-Off Date, the Administrator had approximately 32 full-time employees. The management team of the Administrator includes the following officers:

Ben Litle, President and Chief Executive Officer. Mr. Litle joined the Administrator in June, 2010 and has served as President and Chief Executive Officer since 2018. Prior to joining the Administrator, he served as a principal in the law firm of Squire, Sanders & Dempsey, LLP. Mr. Litle has over 23 years of experience in the student lending business. He currently serves on the Board of Directors of the Administrator. He also serves on the Board of Directors of Hillcrest Baptist Medical Center. Mr. Litle graduated cum laude from Miami University with a B.A. in economics and obtained his J.D. from Duke University School of Law.

Ricky Turman, Executive Vice President and Chief Operating Officer & Chief Financial Officer. Mr. Turman joined the Administrator in November, 1992. Prior to joining the Administrator, he worked in public accounting. Mr. Turman has over 33 years of experience in the student lending business. He currently serves on the Board of Trustees for McLennan Community College. Mr. Turman graduated with a BBA in Accounting and a Master's in Taxation from Baylor University. Mr. Turman is a Certified Public Accountant, licensed in the State of Texas.

Kelli Fernandez Uttech, Executive Vice President and General Counsel. Mrs. Uttech joined the Administrator in October, 1999. Prior to joining the Administrator, she worked as an attorney in private practice and in the McLennan County District Attorney's office. Mrs. Uttech has over 26 years of experience in the student lending business. Mrs. Uttech graduated magna cum laude from the University of Houston with a B.S. in Political Science and obtained her J.D. from the University of Texas School of Law.

John Wright, Director of Structured Finance. Mr. Wright joined the Administrator in November, 2003. Prior to joining the Administrator, he worked at several student loan companies including Sallie

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Mae. Mr. Wright has over 37 years of experience in the student lending business. Mr. Wright graduated from the University of Maryland with a B.S. in Economics.

The Administrator has agreed to perform various administrative activities and obligations on behalf of the Authority under the Administration Agreement. These include providing all necessary personnel, facilities, equipment, forms and supplies for operating the Brazos Private Loan Programs and Authority's financing activities in accordance with the Indenture; disseminating information to the Trustee and to other persons under the Indenture; controlling and accounting for the receipt and expenditure of the Authority's funds; reviewing all statements and reports to the Authority required of the Trustee in accordance with the provisions of the Indenture; and preparing and submitting to the Trustee the Monthly Reports required to be made available to the Registered Owners pursuant to the Indenture. The Administrator also has agreed to provide general oversight of the origination, servicing and collection of the Financed Eligible Loans.

The Administrator is not a student loan servicer or originator. Pursuant to the Administration Agreement, the Administrator is required to cause there to be provided loan origination processing services, loan servicing and collection services with respect to the Financed Eligible Loans by contracting with an origination processor, eligible Servicer and, as applicable, collection agencies. The Administrator has entered into the CampusDoor Origination Services Agreement and a Servicing Agreement with the Servicer to perform these services, and may enter into one or more additional origination processing agreements or Servicing Agreements with several separate loan servicing entities to the extent permitted under the Indenture. See the caption "The Administration Agreement" below.

The Administration Agreement

The Authority has entered into the Administration Agreement with the Administrator pursuant to which the Authority authorizes and appoints the Administrator to act as its exclusive agent for the purpose of engaging and managing the Servicers of the Financed Eligible Loans and performing certain administrative duties under the Indenture as provided therein. The Authority authorizes the Administrator to enter into servicing contracts with one or more entities acting as a Servicer pursuant to such contracts, to provide for the servicing of (and, if necessary, future disbursements on) the Financed Eligible Loans pursuant to the Indenture and to meet administrative obligations of the Authority that are set forth in the Administration Agreement. The Administrator covenants and agrees to cause the Servicer to service (and, if necessary, facilitate any future disbursements on) each Financed Eligible Loan in compliance with all requirements of the Program Guidelines and all other laws and regulations applicable to their activities under the Indenture, and in accordance with the terms and conditions of the Indenture, and to perform all services and duties customary to the servicing of (and, if necessary, the funding of future disbursements on) the Financed Eligible Loans, including all collection practices. In connection therewith, the Administrator may designate a collection agent or agents to undertake reasonable collection efforts on behalf of the Authority with respect to any Defaulted Loans in accordance with customary industry standards and practices. All such collection efforts are required to be conducted in material compliance with all applicable federal, state and local laws, including any applicable consumer protection laws. If a designated collection agent successfully collects amounts owed from borrowers on Defaulted Loans, such designated collection agent may be compensated for such collection efforts by deducting and retaining a customary percentage of amounts collected from borrowers, as well as any related collection expenses, with all remaining amounts collected from borrowers being promptly deposited to the Revenue Fund under the Indenture. A designated collection agent is permitted to reschedule, revise, defer or otherwise compromise payments or take other reasonable actions with respect to Financed Eligible Loans that are Defaulted Loans in connection with maximizing the recovery on such Financed Eligible Loans. A designated collection agent shall also be permitted to cease collection and servicing efforts with respect to any Financed Eligible Loan when and if the Authority or the Administrator determines that the probable costs of collection and

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servicing exceed the expected proceeds of collection or that the Financed Eligible Loan is unsuitable for continued collection efforts.

The Administrator is required to cause the duties and responsibilities of the Authority under the Indenture to be performed. The Administrator advises the Authority when action by the Authority is necessary to comply with the Authority's duties under the Indenture and the agreements relating thereto. The Administrator will prepare for execution, if required, by the Authority, or shall cause the preparation by other appropriate persons of all such documents, reports, filings, instruments, certificates and opinions as it shall be the duty of the Authority to prepare, file or deliver pursuant to the Indenture. The Administrator covenants to satisfy all of its obligations set forth in the Administration Agreement. The Administrator is required to maintain in effect all qualifications required in order to perform the duties and obligations set forth in the Administration Agreement and comply in all material respects with all requirements of law if a failure to comply would have a materially adverse effect on its ability to perform the duties and obligations of the Administrator set forth in the Administration Agreement. If the Administrator or the Authority deems it necessary or desirable, any of the administrative services performed by the Administrator may be subcontracted by the Administrator. Any such subcontractor must be approved in writing by the Authority and written notice of such appointment shall be delivered to the Trustee.

As compensation for its services pursuant to the Administration Agreement, the Administrator will receive the Administration Fee payable pursuant to the Indenture. See the caption "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS—Senior Transaction Fees" herein.

The Administration Agreement will terminate upon the occurrence of the earlier of (a) the termination of the Indenture, and (b) early termination following an Administrator Default, as defined and described below. No resignation or termination will become effective until a successor Administrator has assumed the Administrator's administrative obligations and duties under the Administration Agreement.

Each of the following constitutes an "Administrator Default" under the Administration Agreement:

(a) any failure by the Administrator to cause delivery of any payments received with respect to the Financed Eligible Loans to the Trustee as required by the Administration Agreement, which failure continues unremedied for 10 Business Days after written notice of such failure is received by the Administrator from the Trustee or the Authority or after discovery of such failure by an officer of the Administrator; or

(b) any failure by the Administrator to maintain Servicing Agreements with Servicers with respect to the servicing of Financed Eligible Loans pledged under the Indenture, which failure shall (i) materially and adversely affect the rights of holders of Bonds and (ii) continue unremedied for a period of ninety (90) days after the date of discovery of such failure by an officer of the Administrator or on which written notice of such breach or failure, requiring the same to be remedied, shall have been given (A) to the Administrator, by the Trustee or the Authority, or (B) to the Administrator or the Trustee by holders of Bonds representing not less than two-thirds of the aggregate principal amount of the Highest Priority Bonds Outstanding; provided, however, if the Administrator proceeds to take curative action with respect to any such failure, which, if begun and prosecuted with due diligence, can cure the failure but cannot be completed within ninety (90) days, then that period will be extended to the extent necessary to enable the Administrator to diligently complete that curative action; or

(c) any breach of a representation or warranty of the Administrator contained in the Administration Agreement or failure by the Administrator duly to observe or to perform in any

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material respect any term, covenant or agreement set forth in the Administration Agreement or in any Servicing Agreement to which the Administrator is a party (other than any breach of a representation or warranty or failure to observe any term, covenant or agreement of which is specifically dealt with in another "Administrator Default"), which breach or failure shall (i) materially and adversely affect the rights of holders of Bonds and (ii) continue unremedied for a period of 60 days after the date of discovery of such failure by an officer of the Administrator or on which written notice of such breach or failure, requiring the same to be remedied, shall have been given (A) to the Administrator, by the Trustee or the Authority, or (B) to the Administrator or the Trustee by holders of Bonds representing not less than two-thirds of the aggregate principal amount of the Highest Priority Bonds Outstanding; or

(d) the Administrator has commenced a voluntary case or other proceeding seeking liquidation, reorganization, or other relief with respect to itself or its debts under any bankruptcy, insolvency, or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, or other similar official of it or any substantial part of its property, or shall have made a general assignment for the benefit of creditors, or shall have declared a moratorium with respect to its debts or shall have failed generally to pay its debts as they become due, or shall have taken any action to authorize any of the foregoing, and such action would materially and adversely affect the ability of the Administrator to perform its obligations under the Administration Agreement or materially and adversely affect the rights of holders of Bonds; or

(e) an involuntary case or other proceeding shall have been commenced against the Administrator seeking liquidation, reorganization, or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, or other similar official of it or any substantial part of its property, provided such action or proceeding is not dismissed within 180 days, and such action would materially and adversely affect the ability of the Administrator to perform its obligations under the Administration Agreement or materially and adversely affect the rights of holders of Bonds.

If an Administrator Default has occurred and is continuing, the Authority and the Trustee acting together may or, at the written direction of 100% of the Registered Owners of the Highest Priority Bonds then Outstanding, the Authority and the Trustee will, by notice then given in writing to the Administrator, terminate all the rights and obligations (other than the indemnification rights and obligations described below) of the Administrator under the Administration Agreement. The Trustee covenants, represents and agrees that upon any termination of the Administrator pursuant to the Administration Agreement, the Trustee (i) may perform the duties of the Administrator specified in the Administration Agreement, (ii) will appoint a successor Administrator to perform such duties whose regular business includes similar administrative and servicing duties or (iii) will petition a court for the appointment of a successor Administrator. If the Trustee is unable to appoint a successor Administrator within four months of any Administrator Default that results in the termination of an administrator as described above, the Trustee shall petition a court for the appointment of a successor whose regular business includes similar administrative duties relating to Financed Eligible Loans and for which a Rating Agency Notification shall first be satisfied and for which the Authority has consented to in writing which consent shall not be unreasonably withheld. The Administrator agrees to cooperate with the successor Administrator, the Trustee and the Authority in effecting the termination of the responsibilities and rights of the Administrator under the Administration Agreement.

The Administration Agreement may be amended, supplemented or modified only by written instrument duly executed by the Administrator, the Authority and the Trustee. So long as any Bonds remain Outstanding under the Indenture, a Rating Agency Notification is required to be satisfied with respect to

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any such amendment, supplement or modification; provided that, the Administration Agreement may be amended at any time upon the mutual written consent of the parties to cure any ambiguity, defect, or omission in the Administration Agreement without a Rating Agency Notification upon receipt of an opinion of Bond Counsel that any such amendment or modification will not materially adversely affect the rights or security of the Registered Owners, is authorized and permitted by the Administration Agreement and all conditions precedent have been satisfied.

The Administrator shall not have any liability to the Authority or the holders of Bonds for taking any action or for refraining from taking any action pursuant to the Administration Agreement, or for errors in judgment; provided, however, that the Administrator will not be protected against any liability that would otherwise be imposed by reason of willful misfeasance, bad faith or negligence in the performance of the Administrator's duties under the Administration Agreement or by reason of reckless disregard of its obligations and duties under the Administration Agreement.

The Authority is required to indemnify and hold the Administrator harmless from all loss, liability, or expense (including reasonable attorneys' fees) except for any loss, liability or expense arising out of or relating to the Administrator's willful misconduct or negligence with regard to the performance of services under the Administration Agreement or breach of its obligations under the Administration Agreement. Subject to the limitations described below, the Administrator is required to indemnify and hold the Authority harmless from all loss, liability and expense (including reasonable attorneys' fees) arising out of or relating to the Administrator's willful misconduct or negligence with regard to performance of services under the Administration Agreement or breach of its obligations under the Administration Agreement, provided that in no event shall the Administrator be responsible or liable for any incidental, special or consequential damages with respect to any matter whatsoever arising out of the Administration Agreement.

Upon the discovery of a breach of certain covenants that have a materially adverse effect on the Financed Eligible Loans, the Administrator will be obligated to use reasonable efforts to cause the purchase or substitution of the adversely affected Financed Eligible Loan by the applicable Servicer unless the breach is cured within the time period prescribed in the applicable Servicing Agreement. The purchase or substitution and reimbursement obligations of the Administrator will constitute the sole remedy available to the Authority for such uncured breach. In all cases, with respect to any breach by a Servicer that affects a Financed Eligible Loan under the Administration Agreement, the Administrator's liability described in this paragraph will be limited to payments or substitutions received from such Servicer.

PLAN OF FINANCE

The Authority plans to use the proceeds of the Series 2026-1 Bonds, together with other available funds of the Authority, to (a) provide moneys to finance additional Eligible Loans, (b) make an additional deposit to the Debt Service Reserve Fund and (c) pay the costs related to the issuance of the Series 2026-1 Bonds. Upon the issuance of the Series 2026-1 Bonds, the Aggregate Value, which includes the Eligible Loans, cash and investments pledged under the Indenture, will be approximately $478,739,163, the aggregate principal amount of Bonds will be approximately $396,775,000 net assets under the Indenture will be approximately $81,964,163, the initial Senior Parity Percentage will be at least 129.3% and the initial Overall Parity Percentage will be at least 120.6%.

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ESTIMATED SOURCES AND USES OF PROCEEDS

The Authority estimates the sources and uses of funds in connection with the issuance of the Series 2026-1 Bonds as follows:

SOURCES OF FUNDS:	
Principal amount of Series 2026-1 Bonds	$140,335,000
Net original issue premium	5,210,225
Available Funds of the Authority	15,355,322
Total Sources:	$160,900,547
USES OF FUNDS:	
Deposits to Student Loan Fund	
To acquire Eligible Loans on or about the Closing Date	$ 12,172,796
To finance additional Eligible Loans	144,383,360
Deposit to Debt Service Reserve Fund	2,806,700
Costs of Issuance (including underwriter's discount)	1,537,691
Total Uses:	$160,900,547

The amounts deposited to the Student Loan Fund (a) remaining from proceeds of the Series 2025-1A Senior Tax-Exempt Bonds and (b) in connection with the issuance of the Series 2026-1 Bonds will be used to finance additional Eligible Loans during the Acquisition Periods relating to the Series 2025-1 Bonds and the Series 2026-1 Bonds, respectively. Certain of these Eligible Loans to be acquired are expected to include the Anticipated Acquisition Period Eligible Loans. See the caption "THE FINANCED ELIGIBLE LOANS—Anticipated Acquisition Period Eligible Loans" herein.

The financing of certain Eligible Loans from remaining proceeds of the Series 2025-1A Senior Tax-Exempt Bonds and during the Acquisition Period for the Series 2026-1 Bonds (other than the Existing Eligible Loans and any additional Eligible Loans that were (a) included in the cash flow modeling presented to the Rating Agency or (b) are part of the Anticipated Acquisition Period Eligible Loans that the Authority has covenanted to finance) is subject to certain limitations described under the caption "PROVISIONS APPLICABLE TO THE BONDS; DUTIES OF THE AUTHORITY—Restrictions on the Financing of Eligible Loans during the Series 2026-1 Acquisition Period" in "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" attached hereto.

The Existing Eligible Loans (which includes the Financed Eligible Loans already held under the Indenture and approximately $10.5 million of other Eligible Loans that are expected to be pledged under the Indenture on or about the Closing Date) are the Financed Eligible Loans referred to and described under "THE FINANCED ELIGIBLE LOANS—The Existing Eligible Loans" herein. In addition, the Authority expects to pledge approximately $5.8 million of Eligible Loans on or about the Closing Date which are not included in the Existing Eligible Loans described herein. These Eligible Loans were made after the Statistical Cut-Off Date and are not included in the Existing Eligible Loans described herein. However, these Eligible Loans were included in the cash flow modeling presented to the Rating Agency in connection with the issuance of the Series 2026-1 Bonds.

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THE BRAZOS PRIVATE LOAN PROGRAMS

General

In 2018, the Authority introduced the Brazos Private Loan Programs that provide credit-based fixed rate and variable rate loan options to residents of the State of Texas. The Brazos Private Loan Programs initially included two loan programs:

- The Brazos Refinance Loan Program provides loans to refinance outstanding education loans, including outstanding private credit student loans, loans made under the FFELP Program and loans made under the Federal Direct Loan Program of a Texas borrower that graduated from an eligible post-secondary school ("Brazos Refinance Loans").

- The Brazos Parent Loan Program provides loans to a parent or other creditworthy individual to finance the qualified education expenses of an eligible benefiting student attending an eligible post-secondary school ("Brazos Parent Loans").

Commencing with the 2022-23 academic year, the Authority introduced the Brazos Student Loan Program that provides credit-based fixed rate and variable rate loan options to residents of the State of Texas and credit-based fixed rate loan options to non-residents attending an eligible institution in the State of Texas. The Brazos Student Loan Program provides loans to eligible students to finance their qualified education expenses while attending an eligible post-secondary school ("Brazos Student Loans").

The Authority reserves the right to alter the terms and conditions of the Brazos Private Loan Programs and to apply the Indenture funds to finance loans under the Brazos Private Loan Programs that are subject to such altered terms and conditions upon the satisfaction of the Rating Agency Notification. See the caption "CERTAIN RISK FACTORS—Certain Actions May Be Permitted Without Registered Owner Approval" herein. The Authority anticipates making certain changes to the Brazos Private Loan Programs. See the caption "THE BRAZOS PRIVATE LOAN PROGRAMS—Anticipated Program Changes" herein. The Authority intends to apply the Indenture funds to finance loans under the Brazos Private Loan Programs that include these changes

Private loans made under the Brazos Private Loan Programs are unsecured loans that are structured to meet the requirements for "qualified education loans" and thus are intended to generally be non-dischargeable (absent a showing of undue hardship) under Section 523(a)(8) of the U.S. Bankruptcy Code.

The following summary describes certain material terms of the Brazos Private Loan Programs.

Origination and Disbursement Processes

Brazos Refinance Loan Program, Brazos Parent Loan Program, and Texas Resident Student Loans under the Brazos Student Loan Program. Under the current Brazos Refinance Loan Program and Brazos Parent Loan Program, all Brazos Refinance Loans and Brazos Parent Loans are originated by the Seller. Under the Brazos Student Loan Program, all Brazos Student Loans made to Texas residents (the "Texas Resident Student Loans") are originated by the Seller. See the caption "THE BRAZOS PRIVATE LOAN PROGRAMS—The Program Originators" below.

Under the Loan Origination Services Agreement dated as of November 7, 2022 (the "CampusDoor Origination Services Agreement"), with respect to the Brazos Refinance Loan Program, the Brazos Parent Loan Program and Texas Resident Student Loans made under the Brazos Student Loan Program,

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CampusDoor currently acts as loan originating agent and performs origination processes, including application processing, credit underwriting, all required verifications, disbursement delivery and, additionally, with respect to the Brazos Parent Loans and Texas Resident Student Loans, school certifications.

Under the CampusDoor Origination Services Agreement, CampusDoor acts as loan disbursement agent for the Brazos Refinance Loan Program, the Brazos Parent Loan Program and the Texas Resident Student Loans made under the Brazos Student Loan Program. The proceeds of Brazos Refinance Loans are paid directly by CampusDoor to the holders or servicers of the loans being refinanced. No cash is disbursed directly to any borrower of a Brazos Refinance Loan. The Brazos Parent Loans and Texas Resident Student Loans are school-certified, and the proceeds are disbursed by CampusDoor directly to the applicable schools. The Brazos Parent Loans and Texas Resident Student Loans may be made to cover an academic year and may be disbursed in a single or multiple disbursements. The academic year and number of disbursements are established by the eligible school through the school certification. CampusDoor also acts as loan disbursement agent with respect to any Brazos Parent Loans and Texas Resident Student Loans that have been transferred from the Seller to the Authority that have remaining disbursements. No cash is disbursed directly to any borrower of a Brazos Parent Loan or Texas Resident Student Loan. See the caption "THE BRAZOS PRIVATE LOAN PROGRAMS—The Program Originators—*Campus Door Holdings Inc.*" below.

Non-Resident Student Loans Under the Brazos Student Loan Program. Under the Brazos Student Loan Program, all Brazos Student Loans made to non-Texas residents attending an eligible institution in the State of Texas (the "Non-Resident Student Loans") are originated by Bank of Lake Mills. See the caption "THE BRAZOS PRIVATE LOAN PROGRAMS—The Program Originators—*Bank of Lake Mills"* below.

Under a Loan Origination and Sale Agreement dated as of July 24, 2023, between the Authority (as assign of the Seller) and Bank of Lake Mills (the "BLM Loan Origination and Sale Agreement"), Bank of Lake Mills originates Non-Resident Student Loans and sells such loans to the Authority after they are fully disbursed and following a minimum holding period. Bank of Lake Mills also contracts with CampusDoor to perform certain origination processes, including application processing, credit underwriting, all required verifications, disbursement delivery, and school certifications. Bank of Lake Mills agrees in the BLM Loan Origination and Sale Agreement to repurchase Non-Resident Student Loans sold to the Authority upon the occurrence of a material breach by Bank of Lake Mills of certain representations and warranties affecting the enforceability of a loan or material nonconformance of a loan with the Brazos Student Loan Program requirements, including the eligibility requirements and underwriting requirements. The initial term of the BLM Loan Origination and Sale Agreement expires September 30, 2026, and is renewed annually unless the agreement is terminated by either party.

Loan Servicing

Brazos Refinance Loan Program, Brazos Parent Loan Program and Texas Resident Student Loans under the Brazos Student Loan Program. With respect to Brazos Refinance Loans, Brazos Parent Loans and Texas Resident Student Loans, once disbursed, loans originated by the Seller are converted from CampusDoor's proprietary origination system to PHEAA's servicing system for servicing. Under the PHEAA Servicing Agreement, PHEAA is required to obtain and maintain all information that is necessary to properly service the loans. See the captions "THE BRAZOS PRIVATE LOAN PROGRAMS—Servicing of the Financed Eligible Loans—*PHEAA" and* "*—The PHEAA Servicing Agreement*" herein.

Non-Resident Student Loans Under the Brazos Student Loan Program. With respect to Non-Resident Student Loans, once disbursed, loans originated by Bank of Lake Mills are converted from

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CampusDoor's proprietary origination system to PHEAA's servicing system for servicing under a separate servicing agreement between Bank of Lake Mills and PHEAA. At such time as Bank of Lake Mills sells fully disbursed Non-Resident Student Loans to the Authority pursuant to the Loan Origination and Sale Agreement, there is an on-system servicing transfer at PHEAA, and such loans are then serviced pursuant to the PHEAA Servicing Agreement. Under the PHEAA Servicing Agreement, PHEAA is required to obtain and maintain all information that is necessary to properly service all Brazos Student Loans, including Non-Resident Student Loans. See the captions "THE BRAZOS PRIVATE LOAN PROGRAMS—Servicing of the Financed Eligible Loans—*PHEAA*" and "*—The PHEAA Servicing Agreement*" below.

Brazos Refinance Loan Terms

Eligibility. To be eligible for a Brazos Refinance Loan under the Brazos Refinance Loan Program an applicant must meet certain eligibility requirements, including that the applicant must:

- be a United States citizen or National, or permanent resident or, if applying with an eligible cosigner that meets these requirements, a non-citizen with a work or student visa, a Deferred Action for Childhood Arrivals ("DACA") recipient, or other eligible work or student documentation;

- be a resident of the State of Texas;

- be able to meet the borrower credit requirements (as described below), including a no adverse history requirement; and

- be applying to refinance at least one outstanding, fully-disbursed qualified education loan as defined by the Code. All loans to be refinanced and consolidated must be "qualified education loans".

Borrower Credit Requirements. The borrower credit requirements for a Brazos Refinance Loan are extensive and require that the borrower or an eligible cosigner have: (i) a minimum FICO score of 720; (ii) no presence of any specified credit derogatories in their consumer report; (iii) at least $60,000 of annual gross income ; and (iv) a debt-to-income ratio of 50% or less.

Cosigners. Borrowers that do not meet the credit requirements may qualify with an eligible cosigner. To be eligible, a cosigner must pass all of the borrower credit requirements described above. The Brazos Refinance Loan Program includes a cosigner release program as described below.

Loan Limits. Brazos Refinance Loans are made subject to a minimum loan amount of $10,000 and a maximum loan amount of $250,000. However, borrowers with a graduate or professional degree are permitted to borrow a maximum loan amount of up to $400,000.

Interest Rates. The Brazos Refinance Loan is offered in either a fixed interest rate or a variable interest rate. The Brazos Refinance Loan has tiered, risk- and term-based pricing. For the fixed rate, the interest rate is determined based upon the credit score of the borrower and, if applicable, the cosigner, and the repayment term selected.

The variable interest rate is equal to the "rate index" described below plus the margin. The interest rate margin is determined based upon the credit score of the borrower and, if applicable, the cosigner, and the repayment term selected.

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The variable interest rate may change on the first day of the calendar month after the rate index is determined (a "Change Date"). A change in the variable interest rate will cause the monthly payment amount to change.

For Brazos Refinance Loans that had an application submitted prior to December 1, 2021, the rate index was One-Month LIBOR, which due to the cessation of LIBOR has been replaced by the One-Month USD IBOR Consumer Cash Fallbacks, published by Refinitiv on the twenty-fifth (25th) day (or if such a day is not a business day, the next business day thereafter) of the month immediately preceding the Change Date. This rate index will be in effect for each monthly period from the Change Date through and including the last day of the month. For these Brazos Refinance Loans, if the rate index is discontinued or substantially altered, the Authority is permitted to choose a comparable substitute rate index.

For Brazos Refinance Loans that have an application submitted on or after December 1, 2021, the rate index will be the 30-Day Average SOFR rate that is published by the Federal Reserve Bank of New York and/or The Wall Street Journal, or, in each applicable case any successor thereto, on the twenty-fifth (25th) day (or if such a day is not a business day, the next business day thereafter) of the month immediately preceding the Change Date. The rate index will be in effect for each monthly period from the Change Date through and including the last day of the calendar month. If this rate index is discontinued or substantially altered for these Brazos Refinance Loans, the Authority is permitted, at its option, to choose a comparable substitute, which will then be used in its place and the Authority is also permitted to select a new margin at that time so that the new rate plus the new margin will be comparable to the variable rate. If the Federal Reserve Bank of New York no longer publishes the rate index, the Authority is permitted to obtain such rate from a comparable substitute publication.

Interest rates for all Brazos Refinance Loans are capped at 9.90%.

All borrowers are eligible for a 0.25% interest rate reduction when they are set up to have regular monthly payments deducted electronically from a savings or checking account (the "Auto-Pay Discount"). If a borrower is receiving the Auto-Pay Discount and subsequently enters into an approved deferment or forbearance period (as described below), the interest rate reduction will cease. A borrower may receive the Auto-Pay Discount benefit again, after their deferment or forbearance ends.

Fees. The Brazos Refinance Loan does not include any origination fees or application fees. The late payment fee for the Brazos Refinance Loan is 5% of the entire payment that was not paid in full when due or $35.00, whichever is less, if the borrower fails to make any part of a payment within 15 days of its due date.

Repayment. Brazos Refinance Loans are offered with repayment terms of 5, 7, 10, 15 and 20-years. Repayment begins promptly after disbursement. There is no grace period. Brazos Refinance Loans only include a standard repayment plan. For the fixed rate loan, a borrower makes approximately equal monthly payments of principal and interest over the term of the loan. Variable rate loans are reamortized on a monthly basis to ensure the loan pays off in the applicable repayment term. All loans include a minimum monthly payment of $50. The Brazos Refinance Loan does not currently include any graduated repayment or income based repayment options.

The Brazos Refinance Loan may be prepaid in whole or in part at any time without penalty.

Forbearance Options. Under certain circumstances described below, borrowers may be eligible for loan forbearance. In this case, the borrower is permitted to temporarily postpone making monthly loan payments for a specific period of time. The three types of payment forbearance offered are:

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- A hardship forbearance that is approved in three (3) month increments, with an aggregate limit not to exceed twelve (12) months;

- A natural disaster (as verified via the Federal Emergency Management Agency ("FEMA") website) forbearance in three (3) month increments with an aggregate limit not to exceed twelve (12) months; and

- A military forbearance that covers active duty status in any of the U.S. Armed Forces if either the borrower or cosigner is on active duty. The maximum aggregate time for a military forbearance is thirty-six (36) months.

Interest continues to accrue during periods of forbearance. At the end of the forbearance period, the accrued interest is added to the balance of the Brazos Refinance Loan. Periods of forbearance do not count toward the repayment term.

Delinquent Borrower Repayment Plan. A borrower who is having difficulty making their scheduled monthly payment may request an alternative repayment plan that consists of twenty-four (24) months of interest only payments. After this interest only period, regularly scheduled payments of principal and interest resume and are reamortized to ensure the Brazos Refinance Loan pays off in the applicable repayment term.

Cosigner Release. The Brazos Refinance Loan Program includes a cosigner release program. Under this feature, in order for a cosigner to be released, the borrower for the Brazos Refinance Loan must meet several requirements, including that the borrower satisfies the credit requirements described herein based upon their own credit, as if applying without a cosigner; the borrower is current on all Brazos loans for the past 12 months immediately before applying for cosigner release; and a satisfactory payment history. Satisfactory payment history will consist of pre-paying an amount equal to twelve (12) months of principal and interest payments or making twelve (12) consecutive on-time payments of principal and interest just prior to applying for cosigner release. Forbearance periods do not count toward this on time payment requirement.

Discharge upon Death or Total and Permanent Disability. Under the Brazos Refinance Loan Program, if the borrower dies or is deemed totally and permanently disabled, the borrower is removed from the Brazos Refinance Loans and the cosigner remains responsible for repayment. If the cosigner dies or is deemed totally and permanently disabled, the cosigner is removed from the Brazos Refinance Loans and the borrower remains responsible for repayment. The Servicer is required to obtain acceptable proof of death or total and permanent disability in accordance with its usual and customary procedures and in compliance with applicable state law.

Brazos Parent Loan Terms

Eligibility. To be eligible for a Brazos Parent Loan under the Brazos Parent Loan Program an applicant must meet certain eligibility requirements, including that the applicant must:

- be a United States citizen or National, or permanent resident or, if applying with an eligible cosigner that meets these requirements, a non-citizen with a work or student visa, a DACA recipient, or other eligible work or school documentation;

- be a resident of the State of Texas;

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- be able to meet the borrower credit requirements (as described below), including a no adverse history requirement; and

- be applying to finance the education of an eligible benefiting student attending an eligible school.

The benefiting student must meet all of the following requirements to be eligible: enrolled at least half-time in an accredited, Title IV eligible public or private nonprofit 4-year degree-granting institution as certified by the school; be enrolled in a degree granting program; and must maintain satisfactory academic progress (demonstrated by school certification or verification of continued enrollment).

Borrower Credit Requirements. The borrower credit requirements for the Brazos Parent Loan are extensive and require that the borrower or an eligible cosigner have: (i) a minimum FICO score of 680; (ii) no presence of any specified credit derogatories in their consumer report; (iii) at least $35,000 of annual gross income; and (iv) a debt-to-income ratio of 85% or less.

Cosigners. To be eligible, a cosigner must pass all of the borrower credit requirements described above. The Brazos Parent Loan Program includes a cosigner release program as described below.

Loan Limits. Brazos Parent Loans are made subject to a minimum loan amount of $1,000 and may be up to the cost of attendance, less other financial aid, as certified by the school.

Interest Rates. The Brazos Parent Loan is offered in either a fixed interest rate or a variable interest rate. The Brazos Parent Loan has tiered, risk- and term-based pricing. For the fixed rate, the interest rate is determined based upon the credit score of the borrower and, if applicable, the cosigner, and the repayment term selected.

The variable interest rate is equal to the "rate index" as described below plus the margin. The interest rate margin is determined based upon the credit score of the borrower and, if applicable, the cosigner, and the repayment term selected.

The variable interest rate may change on a Change Date after the rate index is determined. A change in the variable interest rate will cause the monthly payment amount to change.

For Brazos Parent Loans that had an application submitted prior to December 1, 2021, the rate index was One-Month LIBOR, which due to the cessation of LIBOR has been replaced by the One-Month USD IBOR Consumer Cash Fallbacks, published by Refinitiv on the twenty-fifth (25th) day (or if such a day is not a business day, the next business day thereafter) of the month immediately preceding the Change Date. This rate index will be in effect for each monthly period from the Change Date through and including the last day of the month. For these Brazos Parent Loans, if the rate index is discontinued or substantially altered, the Authority is permitted to choose a comparable substitute rate index.

For Brazos Parent Loans with an application submitted on or after December 1, 2021, the rate index will be the 30-Day Average SOFR rate that is published by the Federal Reserve Bank of New York and/or The Wall Street Journal, or, in each applicable case any successor thereto, on the twenty-fifth (25th) day (or if such a day is not a business day, the next business day thereafter) of the month immediately preceding the Change Date. The rate index will be in effect for each monthly period from the Change Date through and including the last day of the calendar month. If this rate index is discontinued or substantially altered for these Parent Loans, the Authority is permitted, at its option, to choose a comparable substitute, which will then be used in its place and the Authority is also permitted to select a new margin at that time so that the new rate plus the new margin will be comparable to the variable rate. If the Federal Reserve Bank of

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New York no longer publishes the rate index, the Authority is permitted to obtain such rate from a comparable substitute publication.

Interest rates for all Brazos Parent Loans are capped at 9.90%.

All borrowers are eligible for a 0.25% Auto-Pay Discount interest rate reduction. If a borrower is receiving the Auto-Pay Discount and subsequently enters into an approved deferment or forbearance period (as described below), the interest rate reduction will cease. A borrower may receive the Auto-Pay Discount benefit again, after their deferment or forbearance ends.

Fees. The Brazos Parent Loan does not include any origination fees or application fees. The Brazos Parent Loan does include a late payment fee of 5% of the entire payment that was not paid in full when due or $35.00, whichever is less, if the borrower fails to make any part of a payment within 15 days of its due date.

Repayment. Brazos Parent Loans are offered with repayment terms of 5, 7, 10, 15 and 20-years.

The Brazos Parent Loan may be made to cover an academic year and may be disbursed in a single or multiple disbursements. The academic year and number of disbursements are established by the eligible school through the school certification. Repayment begins promptly after full disbursement. Any interest accrued prior to full disbursement is capitalized. There is no grace period or in-school deferment of interest. Brazos Parent Loans only include a standard repayment plan. For the fixed rate loan, a borrower makes approximately equal monthly payment of principal and interest over the term of the loan. Variable rate loans are reamortized on a monthly basis to ensure the loan pays off in the applicable repayment term. All loans include a minimum monthly payment of $50. The Brazos Parent Loan does not currently include any graduated repayment or income based repayment options.

The Brazos Parent Loan may be prepaid in whole or in part at any time without penalty.

Forbearance Options. Under certain circumstances described below, borrowers may be eligible for loan forbearance. In this case, the borrower is permitted to temporarily postpone making monthly loan payments for a specific period of time. The three types of payment forbearance offered are:

- A hardship forbearance that is approved in three (3) month increments, with an aggregate limit not to exceed twelve (12) months;
- A natural disaster (as verified via the FEMA website) forbearance in three (3) month increments with an aggregate limit not to exceed twelve (12) months; and
- A military forbearance that covers active duty status in any of the U.S. Armed Forces if either the borrower or cosigner is on active duty. The maximum aggregate time for a military forbearance is thirty-six (36) months.

Interest continues to accrue during periods of forbearance. At the end of the forbearance period, the accrued interest is added to the balance of the Brazos Parent Loan. Periods of forbearance do not count towards the repayment term.

Delinquent Borrower Repayment Plan. A borrower who is having difficulty making their scheduled monthly payment may request an alternative repayment plan that consists of twenty-four (24) months of interest only payments. After this interest only period, regularly scheduled payments of principal

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and interest resume and are reamortized to ensure the Brazos Parent Loan pays off in the applicable repayment term.

Cosigner Release. The Brazos Parent Loan Program includes a cosigner release program. Under this feature, in order for a cosigner to be released, the borrower for the Brazos Parent Loan must meet several requirements, including that the borrower satisfies the credit requirements described herein based upon their own credit, as if applying without a cosigner; the borrower is current on all Brazos loans for the past 12 months immediately before applying for cosigner release; and a satisfactory payment history. Satisfactory payment history will consist of pre-paying an amount equal to twelve (12) months of principal and interest payments or making twelve (12) consecutive on-time payments of principal and interest just prior to applying for cosigner release. Forbearance periods do not count toward this on time payment requirement.

Discharge upon Death or Total and Permanent Disability. Under the Brazos Parent Loan Program, if the benefitting student dies or is deemed totally and permanently disabled, the entire Brazos Parent Loan is discharged for all parties on the loan. If the borrower dies or is deemed totally and permanently disabled, the borrower is removed from the loan and the cosigner remains responsible for repayment. If the cosigner dies or is deemed totally and permanently disabled, the cosigner is removed from the loan and the borrower remains responsible for repayment. The Servicer is required to obtain acceptable proof of death or total and permanent disability in accordance with its usual and customary procedures and in compliance with applicable state law.

Brazos Student Loan Terms

Eligibility. To be eligible for a Brazos Student Loan under the Brazos Student Loan Program an applicant must meet certain eligibility requirements, including that the applicant must:

- be a United States citizen or National, permanent resident, or, if applying with an eligible cosigner (as described below), a non-citizen with a work or student visa or a DACA recipient;
- be a resident of the State of Texas or be a non-Texas resident applying to finance their education at an eligible school located in the State of Texas;
- be at least the age of majority based on the laws of the State of Texas at the time of the application;
- be able to meet the credit requirements (as described below) or apply with an eligible cosigner that meets such credit requirements; and
- be applying to finance their education at an eligible school and be enrolled in a degree granting program at least half-time for the academic year or period as certified by the school for which a loan is obtained.

The borrower must be enrolled at least half-time pursuing at least an undergraduate bachelor's degree from a school that is an accredited Title IV school that is eligible for federal financial aid that is a state or private nonprofit institution and that is not a for-profit proprietary school.

Credit Requirements. The credit requirements for the Brazos Student Loan are extensive and require that the borrower or an eligible cosigner have: (i) a minimum FICO score of 680; (ii) no presence

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of any specified credit derogatories in their consumer report; (iii) at least $35,000 of annual gross income; and (iv) a debt-to-income ratio of 85% or less.

In addition, the credit requirements also require that borrowers (regardless of whether applying with an eligible cosigner) have no presence of specified credit derogatories in their consumer report, including no prior record of default or charge-off of any prior student loan debt.

Cosigners. To be an eligible cosigner under the Brazos Student Loan Program a cosigner must meet certain eligibility requirements, including that the cosigner must:

- be able to meet the credit requirements (as described above), including a no adverse history requirement;
- be a United States citizen or National or a non-citizen with government issued, non-expired documentation of permanent resident status residing in the United States; and
- be a resident of the State of Texas.

The Brazos Student Loan Program includes a cosigner release program as described below.

Loan Limits. Texas Resident Student Loans are made subject to a minimum loan amount of $1,000 and may be up to the cost of attendance, less other financial aid, as certified by the school. Non-Resident Student Loans are made subject to a minimum loan amount of $2,001 and may be up to the cost of attendance, less other financial aid, as certified by the school.

Interest Rates. Texas Resident Student Loans are offered with either a fixed interest rate or a variable interest rate. Non-Resident Student Loans are only available with a fixed interest rate. The Brazos Student Loan has tiered, risk- and term-based pricing, as well as pricing that depends on whether the repayment option selected by the borrower at the time of the application consists of the immediate repayment option, interest only repayment option, or deferred repayment option.

For the fixed rate, the interest rate is determined based upon the credit score of the borrower and, if applicable, the cosigner, the repayment term selected, and the repayment option selected.

The variable interest rate is equal to the "rate index" described below plus the margin. The interest rate margin is determined based upon the credit score of the borrower and, if applicable, the cosigner, the repayment term selected, and the repayment option selected.

The variable interest rate may change on a Change Date after the rate index is determined. A change in the variable interest rate will cause the monthly payment amount to change.

The rate index will be the 30-Day SOFR that is published by the Federal Reserve Bank of New York and/or The Wall Street Journal, or, in each applicable case any successor thereto, on the twenty-fifth (25th) day (or if such a day is not a business day, the next business day thereafter) of the month immediately preceding the Change Date. The rate index will be in effect for each monthly period from the Change Date through and including the last day of the calendar month. If the rate index is discontinued or substantially altered, the Authority may (at its option) choose a comparable substitute, which will then be used in its place and the Authority may also select a new margin at that time. If the Federal Reserve Bank of New York and/or *The Wall Street Journal* no longer publishes the rate index, the Authority may obtain such rate from a comparable substitute publication.

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Interest rates for all Brazos Student Loans are capped at 9.90%.

During active repayment, all borrowers are eligible for a 0.25% Auto-Pay Discount interest rate reduction. If a borrower is receiving the Auto-Pay Discount and subsequently enters into an approved deferment or forbearance period (as described below), the interest rate reduction will cease. A borrower may receive the Auto-Pay Discount benefit again, if they re-enroll in auto debit after their deferment or forbearance ends.

Fees. The Brazos Student Loan does not include any origination fees or application fees. The Brazos Student Loan does include a late payment fee of 5% of the entire payment that was not paid in full when due or $35, whichever is less, if the borrower fails to make any part of a payment within 15 days of its due date.

Repayment Terms. Brazos Student Loans are offered with repayment terms of 5, 7, 10, 15 and 20-years. The repayment term for Brazos Student Loans that select the deferred repayment option (as described below) commences when the borrower enters into repayment.

Repayment Options. Brazos Student Loans are offered with an immediate repayment option, an interest only repayment option, or a deferred repayment option. The Brazos Student Loan does not currently include any graduated repayment or income-based repayment options. A borrower will choose their repayment option at the time of application and, once the Brazos Student Loan is disbursed, the repayment option cannot be changed.

- *Immediate Repayment Option*. For a borrower that chooses the immediate repayment option, repayment begins promptly after full disbursement. Any interest accrued prior to full disbursement is capitalized. There is no grace period.

- *Interest Only Repayment Option*. For borrowers that choose the interest only repayment option, payments of interest begin after the first disbursement of the loan and are generally payable while the borrower is in-school. Repayment of interest and principal begins on the earlier of: (i) the borrower ceases to be enrolled at least half-time at the eligible school listed on their application (unless, within 6 months the borrower re-enrolls at least part time at an eligible school); (ii) the borrower graduates from an eligible school; or (iii) fifty-four (54) months. Following this in-school period, borrowers receive a 6-month grace period during which interest payments will continue to be due. Unpaid and accrued interest will not capitalize at the end of the grace period.

- *Deferred Repayment Option*. For borrowers that choose the deferred repayment option, no payments of principal or interest will be due until the earlier of: (i) the borrower ceases to be enrolled at least half-time at the eligible school listed on their application (unless, within 6 months the borrower re-enrolls at least part time at an eligible school); or (ii) the borrower graduates from an eligible school. Interest will continue to accrue during this period. Following this in-school period, borrowers receive a 6-month grace period during which no payments are required. Interest will continue to accrue during the grace period and will capitalize at the end of the grace period. Loans will enter repayment at the end of the grace period.

For the fixed rate loan, a borrower makes approximately equal monthly payment of principal and interest over the term of the loan. Variable rate loans are reamortized on a monthly basis to ensure the loan pays off in the applicable repayment term. All loans include a minimum monthly payment of $50.

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The Brazos Student Loan may be prepaid in whole or in part at any time without penalty.

Forbearance Option. Under certain circumstances described below, borrowers may be eligible for loan forbearance. In this case, the borrower is permitted to temporarily postpone making monthly loan payments for a specific period of time. The three types of payment forbearance offered are:

- A hardship forbearance that is approved in three (3) month increments, with an aggregate limit not to exceed twelve (12) months;

- A natural disaster (as verified via the FEMA website) forbearance in three (3) month increments with an aggregate limit not to exceed twelve (12) months; and

- A military forbearance that covers active duty status in any of the U.S. Armed Forces if either the borrower or cosigner is on active duty. The maximum aggregate time for a military forbearance is thirty-six (36) months.

Interest continues to accrue during periods of forbearance. At the end of the forbearance period, the accrued interest is added to the balance of the Brazos Student Loan. Periods of forbearance do not count towards the repayment term.

Back-to-School Deferment Option. Under the Brazos Student Loan Program, for a borrower that selects the immediate repayment option, after a borrower has graduated from the program for which their Brazos Student Loan was obtained, a borrower who returns to, and remains in, an eligible school at least part-time is eligible for an in-school deferment not to exceed fifty-four (54) months. This benefit enables borrowers that receive an undergraduate bachelor's degree to return to school to pursue a graduate degree program. A borrower may also request a grace period of up to six (6) months immediately following the end of this in-school-deferment. A borrower that selects the deferred repayment option or the interest only repayment option, has entered repayment, and subsequently returns to, and remains in, an eligible school at least part-time is eligible for an in-school deferment not to exceed fifty-four (54) months. A borrower may also request a grace period of up to six (6) months immediately following the end of this in-school deferment. No payments are required during this in-school deferment period or post-deferment grace period, but interest will continue to accrue and will be capitalized once the loan reenters repayment. Periods of this in-school deferment and grace period do not count towards the repayment period.

Medical Residency or Internship Deferment. The Brazos Student Loan Program includes a deferment option for borrowers in medical residency or medical internship. This medical residency deferment is granted in one (1) year increments. To qualify, all borrowers are required to provide continued proof of participation in a medical residency or internship at each one (1) year increment requested. Payments are not required during a medical residency deferment. Interest will continue to accrue during a period of medical residency deferment and will capitalize once the loan re-enters repayment. Periods of medical residency deferment do not count towards the repayment period. There is no maximum number of months for a medical residency deferment period.

Delinquent Borrower Repayment Plan. A borrower who is having difficulty making their scheduled monthly payment may request an alternative repayment plan that consists of twenty-four (24) months of interest only payments. After this interest only period, regularly scheduled payments of principal and interest resume and are reamortized to ensure the Brazos Student Loan pays off in the applicable repayment term.

Cosigner Release. The Brazos Student Loan Program includes a cosigner release feature. In order for a cosigner to be released, the borrower for such Brazos Student Loan must meet several requirements,

including that the borrower satisfies the credit requirements described above based upon their own credit, as if applying without a cosigner; the borrower has graduated from an eligible school; the borrower is current on all Brazos loans for the past twelve (12) months immediately before applying for cosigner release; and a satisfactory payment history. Satisfactory payment history consists of pre-paying an amount equal to twelve (12) months of principal and interest payments or making twelve (12) consecutive on-time payments of principal and interest just prior to applying for cosigner release. In-school deferment, grace or forbearance periods do not count towards this on time payment requirement.

***Discharge upon Death or Total and Permanent Disability*.** Under the Brazos Student Loan Program, if the borrower dies or is deemed totally and permanently disabled, the entire Brazos Student Loan is discharged for all parties on the loan. If the cosigner dies or is deemed totally and permanently disabled, the cosigner is removed from the loan and the borrower remains responsible for repayment. The Servicer is required to obtain acceptable proof of death or total and permanent disability in accordance with its usual and customary procedures and in compliance with applicable state law.

Anticipated Program Changes

The Authority intends to make certain changes to the existing Brazos Private Loan Programs prior to the end of 2026. Many of these enhancements are designed to better meet the growing needs of graduate and professional students. The Authority anticipates increased lending opportunities to support the financial needs of graduate and professional students in light of the elimination of the federal GradPlus Loan and the new annual and aggregate borrowing limits for federal Direct Unsubsidized Loans available for those programs. The expected changes to the Brazos Private Loan Programs could take longer than anticipated to implement based upon a variety of factors, including coordination of available resources with CampusDoor and PHEAA.

Once the requirements for a Rating Agency Notification have been satisfied, the Authority intends to apply Indenture funds to finance loans under the Brazos Private Loan Programs that include these anticipated changes.

GradAssist Loan Program

Commencing with the 2026-27 academic year, the Authority has introduced the Brazos GradAssist Loan Program ("Brazos GradAssist Loans"). This new program is being introduced on a pilot basis and will be initially limited to Texas residents and made available only to students attending certain high demand graduate and professional degree programs at an initial participating accredited institution. The Brazos GradAssist Program is designed to provide students that do not qualify for a Brazos Student Loan with a lower fixed-rate loan option compared to the discontinued Federal Grad PLUS Loan program.

The Authority does not initially expect to finance and pledge any new Brazos GradAssist Loans under the Indenture; provided, however, it may do so if the requirements for a Rating Agency Notification have been satisfied.

The Program Originators

The Seller. Under the Brazos Private Loan Programs, the Brazos Refinance Loans, the Brazos Parent Loans and the Brazos Student Loans (other than Non-Resident Student Loans) that will be financed under the Indenture have been, and will be, originated by the Seller. The Seller is a private Texas nonprofit corporation organized in 2005 under the Texas Nonprofit Corporation Law. The Seller is exempt from payment of federal income taxation as a "501(c)(3)" non-profit corporation. The Seller's address is in care of the Administrator at the address shown under the caption "THE AUTHORITY—The Administrator"

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herein. The Administrator conducts and operates the business affairs of the Seller. The Seller has no employees. The Seller has been organized to originate alternative education loans under the Brazos Private Loan Programs on behalf of the Authority. The Seller has no other material business activities. Pursuant to the Student Loan Purchase Agreements, Eligible Loans will be transferred to the Authority and pledged under the Indenture as part of the financing. See the captions "THE BRAZOS PRIVATE LOAN PROGRAMS—Student Loan Purchase Agreements" and "THE FINANCED ELIGIBLE LOANS" herein.

The Seller is governed by a Board of Directors currently consisting of eleven directors. All Directors are appointed by a majority vote of the Board of Directors. Directors serve two-year staggered terms of office. The members of the Board of Directors serve without compensation, except for the reimbursement of expenses incurred in connection with the business of the Seller.

Under the CampusDoor Loan Origination Services Agreement, CampusDoor currently acts as loan originating agent under the Brazos Refinance Loan Program, the Brazos Parent Loan Program, and Texas Resident Student Loans made under the Brazos Student Loan Program, and performs origination processes, including application processing, credit underwriting, including required verifications, disbursement delivery and, additionally with respect to the Brazos Parent Loans and the Texas Resident Student Loans, school certifications. See the caption "—Campus Door Holdings Inc." With respect to the Brazos Refinance Loans, Brazos Parent Loan Programs, and Texas Resident Student Loans, once disbursed, loans originated by the Seller are converted from CampusDoor's proprietary origination system to PHEAA's servicing system for servicing pursuant to the PHEAA Servicing Agreement. PHEAA has confirmed that such Financed Eligible Loans will be serviced pursuant to the PHEAA Servicing Agreement in a Servicing Letter Agreement among PHEAA, the Administrator and the Trustee. With respect to any Brazos Parent Loans and Brazos Student Loans acquired by the Authority that have remaining disbursements, the Administrator has agreed to coordinate with CampusDoor and PHEAA to make any remaining disbursements from amounts deposited to the Student Loan Fund. See the caption "THE BRAZOS PRIVATE LOAN PROGRAMS—Servicing of the Financed Eligible Loans—*PHEAA Servicing Agreement*" herein.

Campus Door Holdings Inc. CampusDoor was founded in 1995 to deliver student loans to borrowers and their families via web-based application systems. CampusDoor provides innovative student loan solutions, systems and processing to lenders enabling them to help their customers pay for college and/or refinance education debt. Having processed over $36 billion in private student loan applications, CampusDoor has assisted over 2.5 million applicants. CampusDoor understands the highly competitive education finance marketplace and leverages its knowledge and technology to help its clients achieve their goals.

CampusDoor currently supports over four hundred and twenty (420) financial institutions. CampusDoor collaborates with its clients to define, develop and deliver branded private loan products to meet its clients' needs and the needs of their customers. CampusDoor views itself as flexible, accurate and client centric, focusing on data security and regulatory compliance while working with its clients to effectively deploy their customized loan programs to market.

CampusDoor provides private label solutions for lenders interested in offering their own branded program to generate private student loan assets. These solutions allow lenders to offer a market competitive product tailored to the institution's risk and return parameters while helping their clients' customers finance or refinance a college education.

By partnering with CampusDoor, a lender is provided with its own fully customizable market ready solution, managed start to finish by an experienced team of student lending personnel allowing for rapid market entry while minimizing upfront capital investment. CampusDoor's platform is modular and

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evolving, providing ever-increasing flexibility and scalability to its lender clients. In June of 2026, CampusDoor was acquired by Higher Education Servicing Corporation, a non-profit corporation organized in Texas, as a for-profit subsidiary.

Bank of Lake Mills. Currently, under the Brazos Student Loan Program, Non-Resident Student Loans are originated and disbursed by Bank of Lake Mills, a Wisconsin state-chartered bank. Bank of Lake Mills will originate and disburse the Non-Resident Student Loans pursuant to the BLM Loan Origination and Sale Agreement.

Under the BLM Loan Origination and Sale Agreement, Bank of Lake Mills originates Non-Resident Student Loans and sells such loans to the Authority after full disbursement and a required holding period. Bank of Lake Mills also contracts with CampusDoor to perform certain origination processes, including application processing, credit underwriting, all required verifications, disbursement delivery, and school certifications. Bank of Lake Mills agrees in the BLM Loan Origination and Sale Agreement to repurchase Non-Resident Student Loans sold to the Authority upon the occurrence of a material breach by Bank of Lake Mills of certain representations and warranties affecting the enforceability of a loan or material nonconformance of a loan with the Brazos Student Loan Program requirements, including the eligibility requirements and underwriting requirements. For a description of the representations and warranties made by Bank of Lake Mills in the BLM Loan Origination and Sale Agreement, see "THE BRAZOS PRIVATE LOAN PROGRAMS—The Student Loan Purchase Agreements" herein. The initial term of the BLM Loan Origination and Sale Agreement expires September 30, 2026 and is renewed annually unless the agreement is terminated by any party.

With respect to Non-Resident Student Loans, once disbursed, loans originated by Bank of Lake Mills are converted from CampusDoor's proprietary origination system to PHEAA's servicing system for servicing under a separate servicing agreement between Bank of Lake Mills and PHEAA. At such time as Bank of Lake Mills sells fully disbursed Non-Resident Student Loans to the Authority pursuant to the BLM Loan Origination and Sale Agreement, there is an on-system servicing transfer at PHEAA, and such loans are then serviced pursuant to the PHEAA Servicing Agreement for the Authority. PHEAA has confirmed that such Financed Eligible Loans will be serviced pursuant to the PHEAA Servicing Agreement in a Servicing Letter Agreement among PHEAA, the Administrator and the Trustee. See the caption "THE BRAZOS PRIVATE LOAN PROGRAMS—Servicing of the Financed Eligible Loans—*PHEAA Servicing Agreement*" below.

Servicing of the Financed Eligible Loans

PHEAA Servicing. *The following information has been furnished by PHEAA for use in this Official Statement. Neither the Authority nor the Underwriter makes any guarantee or any representation as to the accuracy or completeness thereof or the absence of material adverse change in such information or in the condition of PHEAA subsequent to the date hereof.*

PHEAA is a body corporate and politic constituting a public corporation and government instrumentality created pursuant to an act of the Pennsylvania Legislature. Under its enabling legislation, PHEAA is authorized to issue bonds or notes, with the approval of the Governor of the Commonwealth of Pennsylvania for the purpose of purchasing, making, or guaranteeing loans. Its enabling legislation also authorizes PHEAA to undertake the origination and servicing of loans made by PHEAA and others. PHEAA's headquarters are located in Harrisburg, Pennsylvania.

As of March 31, 2026, PHEAA had approximately 1,000 employees and contractors. PHEAA services student loans through its Commercial Servicing (doing business as American Educational Services) and Remote Servicing lines of business. The Commercial Servicing line of business services

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private student loans and Federal Family Education Loan ("FFEL") program loans for customers which consist of national and regional banks and credit unions, secondary markets, and government entities. The Remote Servicing line of business provides a servicing system to guarantors and other commercial servicers.

As of March 31, 2026, PHEAA serviced approximately 593 thousand student borrowers representing an aggregate of approximately $13.6 billion outstanding principal amount under its Commercial Servicing line of business with an approximately $6.1 billion principal balance of private student loans outstanding.

PHEAA's most recent audited financial reports are available from PHEAA.

Litigation and Inquiries. PHEAA, like other student loan servicers, is subject to various claims, lawsuits and other actions that arise in the normal course of business. PHEAA believes that these claims, lawsuits and other actions will not, individually or in the aggregate, have a material adverse effect on its business, financial condition or results of operations. Most matters are claims against its servicing and collection operations by borrowers and debtors alleging the violation of state or federal laws in connection with servicing or collection activities on such borrower's or debtor's student loans.

Additionally, in the ordinary course of its business related to student loan servicing, it is common for PHEAA to receive information and document requests and investigative demands from legislative committees and administrative and enforcement agencies. These requests may be informational or regulatory in nature and may relate to PHEAA's business practices, the industries in which it operates, or other companies with whom it conducts business. PHEAA's practice continues to be to cooperate with these bodies to the fullest extent possible and to be responsive to all appropriate requests.

Consumer Protection and Similar Laws. By virtue of PHEAA's student loan servicing activities, PHEAA is subject to the supervision and regulation of the CFPB. Applicable regulations provide for the examination and monitoring by the CFPB of student loan servicing activities, thus giving the CFPB broad authority to examine, investigate, supervise, and otherwise regulate PHEAA's business, including the authority to impose fines and require changes with respect to any acts or practices that the CFPB finds to be unfair, deceptive or abusive. The CFPB's rules apply to both federal and private student loans, from origination through servicing to debt collection.

Various states' attorneys general and other state regulatory oversight bodies have brought enforcement actions against student loan servicers under consumer protection and related state laws. PHEAA expects that such enforcement activities will continue and may intensify which may result in changes to PHEAA's policies and practices, increased costs related to regulatory oversight, compliance, supervision, and examination and may result in regulatory actions, including assessments, restitution, and civil monetary penalties. If one or more state regulators find that PHEAA has violated laws or regulations, they could exercise their enforcement powers in ways that may have an effect on PHEAA's operations.

PHEAA Servicing Agreement. The PHEAA Servicing Agreement was executed on December 7, 2021, by and between PHEAA and the Administrator. PHEAA agrees in the PHEAA Servicing Agreement to provide certain servicing duties with respect to Eligible Loans which the Seller (or another third-party) originated and/or serviced and which are converted to PHEAA to be serviced. PHEAA is required to service the Eligible Loans diligently and in accordance with the terms and conditions of the PHEAA Servicing Agreement, applicable federal, state, and local law regarding servicing Eligible Loans, the Program Guidelines, and all applicable loan documentation (including the application, credit agreement and Truth in Lending Disclosure form.

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Under the PHEAA Servicing Agreement, PHEAA is required to pay the Administrator for any claim, demand, suit, action, cause of action, judgment, damages, fines, penalties, loss, liability or expense incurred by the Administrator which arises out of or relates to PHEAA's (i) violation of any federal, state or local statute, rule, regulation, orders or similar legal requirement applicable to PHEAA in performing its duties in servicing the Eligible Loans, except to the extent such violation arose, in whole or in part, out of any action taken by PHEAA pursuant to the written instructions or written direction of the Administrator or any other person or entity acting upon the Administrator's behalf, including any prior servicer or originator; or (ii) breach of the covenants, representations or warranties made by PHEAA under the PHEAA Servicing Agreement.

The PHEAA Servicing Agreement has an initial term of five (5) years from the date the agreement was executed and automatically renews for successive two (2) year terms, unless earlier terminated by the Administrator or PHEAA pursuant to the terms thereof. PHEAA may terminate the PHEAA Servicing Agreement in the event that the Administrator fails to timely pay an invoice and such failure is not cured within thirty (30) days of written notice thereof by PHEAA to the Administrator. The Administrator may terminate the PHEAA Servicing Agreement in the event that PHEAA fails to make any payment or deposit as required and such failure continues for three (3) business days. Either party may terminate the PHEAA Servicing Agreement if the other party: (i) discontinues its business, (ii) generally does not pay its debts as such become due, (iii) makes a general assignment for the benefit of its creditors, (iv) admits by answer, default or otherwise the material allegations of petitions filed against it in any bankruptcy, reorganization, insolvency or other proceeding (whether federal or state) relating to relief of debtors, (v) suffers or permits to continue unstayed and in effect for thirty (30) consecutive days, any judgment, decree or order, entered by a court of competent jurisdiction, which approves a petition seeking its reorganization or appoints a receiver, custodian, trustee, interim trustee or liquidator for itself or all or a substantial part of its assets, or (vi) takes or omits to take any action to effect the foregoing.

Under the PHEAA Servicing Agreement, PHEAA acknowledges and agrees that all or a portion of the right, title and interest of the Administrator under the PHEAA Servicing Agreement and in all or a portion of the Eligible Loans serviced under the PHEAA Servicing Agreement, if any, may be assigned to a trustee for the benefit of a secured party under the terms of a related financing transaction, and PHEAA consents in the PHEAA Servicing Agreement to such assignment. PHEAA agrees in the PHEAA Servicing Agreement to sign reasonable and customary documents for a specific financing transaction as reasonably requested by the Administrator.

In consideration for its services pursuant to the PHEAA Servicing Agreement, PHEAA is compensated in accordance with the fee schedule provided in the PHEAA Servicing Agreement, as it may be amended from time to time. See the caption "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS—Senior Transaction Fees" herein.

As is required, the Office of the Attorney General of the Commonwealth of Pennsylvania has provided its approval as to form and legality of the PHEAA Servicing Agreement.

The Administrator will be responsible for paying when due any fees or expenses owed to PHEAA under the PHEAA Servicing Agreement.

Custody of Financed Eligible Loans

The promissory notes evidencing the Existing Eligible Loans, together with other materials included in student loan files pledged to the Trustee under the Indenture, are held by PHEAA, as custodian, for the benefit of the Authority and the Trustee pursuant to the PHEAA Servicing Agreement and that certain PHEAA Bailment Notice and Acknowledgement (as supplemented and amended, the "PHEAA

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Bailment Notice and Acknowledgement"), among the Authority, the Trustee and PHEAA. It is anticipated that any additional Eligible Loans which are financed with proceeds of the Series 2026-1 Bonds during the Acquisition Period will be serviced by PHEAA and similarly be held by PHEAA, as custodian, pursuant to the applicable PHEAA Servicing Agreement and PHEAA Bailment Notice and Acknowledgement.

Student Loan Purchase Agreements

Certain of the Eligible Loans will be acquired from the Seller pursuant to the terms and provisions of the Seller Student Loan Purchase Agreement, between the Seller, as seller, and the Authority, as purchaser (and the obligation to fund future disbursements may be assumed by the Authority).

Eligible Loans to be acquired from the Seller by the Authority pursuant to the Seller Student Loan Purchase Agreement include Brazos Refinance Loans, Brazos Parent Loans and Texas Resident Student Loans originated by the Seller. Non-Resident Student Loans originated by Bank of Lake Mills and acquired by the Authority pursuant to the BLM Loan Origination and Sale Agreement, are pledged under the Indenture pursuant to the terms of the Authority Student Loan Purchase Agreement, between the Authority and the Trustee.

Seller Student Loan Purchase Agreement. Subject to the terms and conditions of the Seller Student Loan Purchase Agreement, on each sale date, the Seller will irrevocably sell, assign and otherwise convey to the Authority, certain identified Eligible Loans, together with all of the Seller's right, title and interest in, to and under the following: (a) all Revenue on or with respect to such Eligible Student Loans on or after the applicable sale date; (b) the rights of the Seller in and to any Servicing Agreement as the same relate to such Eligible Student Loans; (c) all promissory notes, applications and other records (including computer tapes and disks) related to the foregoing; and (d) all collections or other proceeds of any and all of the foregoing.

The Seller makes the following representations and warranties to the Authority pursuant to the Seller Student Loan Purchase Agreement as of each sale date for the Eligible Loans being sold to the Authority:

(a) Each Eligible Loan was made in material compliance with the requirements of the Program set forth in the Program Guidelines, including all underwriting and eligibility requirements contained therein.

(b) Each Eligible Loan was made and has been serviced in material 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.

(c) The amount of the unpaid principal balance of each Eligible Loan shown on the applicable purchase confirmation is correct, and no counterclaim, offset, defense or right to rescission exists with respect to any Eligible Loan that can be asserted and maintained or that, 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 Authority.

(d) The Seller is the sole owner and holder of each Eligible Loan and has full right and authority to transfer the same free and clear of all liens, pledges or encumbrances, and upon the delivery of a fully executed purchase confirmation, bill of sale and blanket endorsement, with regard to the promissory notes and applications evidencing the transfer of the Eligible Loan to the Authority pursuant to the Seller Student Loan Purchase Agreement, the Authority will acquire full right, title and interest in, such Eligible Loan free and clear of all liens, pledges or encumbrances

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whatsoever. All documentation relating to the Eligible Loans, including the original promissory note (or legally enforceable valid electronic signature) for each Eligible Loan, is in the possession of the applicable Servicer.

(e) The information set forth in the applicable purchase confirmation and bill of sale accurately describes and identifies the Eligible Loans transferred on the date of purchase.

(f) The applicable Servicer has exercised due diligence and reasonable care in making, administering, servicing and collecting the Eligible Loans in accordance with the applicable Servicing Agreement.

(g) Each Eligible Loan is evidenced by a single executed promissory note (which may be in 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.

(h) Each transfer of the Eligible Loans (including all payments due or to become due thereunder) by the Seller pursuant to the Seller Student Loan Purchase Agreement is not subject to and will not result in any tax, fee or governmental charge payable by the Purchaser or the Seller to any federal, state or local government ("Transfer Taxes") except such Transfer Taxes as are paid by the Seller at the time of transfer and except UCC filing fees.

(i) No Eligible Loan is a Defaulted Loan.

If any breach of a representation or warranty of the Seller described above, which breach or failure directly results in such Eligible Loan becoming unenforceable or in nonconformance with the loan terms of the Program Guidelines resulting in a material harm to the value of such Eligible Loan, the Seller may cure, or cause the applicable Servicer to cure, the error within three (3) months from when the Seller learns of the error. If the Authority becomes aware of the error prior to the Seller obtaining knowledge, the Authority will give the Seller written notice of the same. In the event the error cannot be cured, the Seller will purchase or arrange for purchase of the loan from the Authority at an amount equal to the outstanding principal balance and accrued but unpaid interest thereon. If the error is cured after the date of purchase by the Seller, the Authority, at its option, may repurchase such Eligible Loan from the Seller or its designee, at a price equal to the outstanding principal amount thereof plus accrued but unpaid interest thereon. The foregoing shall be the Authority's sole remedy for any breach of a representation or warranty of the Seller described above which results in such education loan becoming unenforceable or in nonconformance with the loan terms of the Program Guidelines resulting in a material harm to the value of such loan. In all cases, with respect to: (a) any breach by a Servicer that affects an Eligible Loan, the Seller's liability as described in this paragraph will be limited to payments or substitutions received from such Servicer; (b) any breach by Bank of Lake Mills or any other originating bank that affects an Eligible Loan thereunder, the Seller's liability as described in this paragraph will be limited to payments or substitutions received from Bank of Lake Mills or such other originating bank; and (c) any breach by an origination services provider that provides loan origination processing and disbursement services to the Seller to support the origination of Eligible Loans (including CampusDoor) that affects an Eligible Loan thereunder, the Seller's liability as described in this paragraph will be limited to payments or substitutions received from such provider.

The Seller Student Loan Purchase Agreement may be terminated at any time: (a) by the mutual consent of the Seller and the Authority; or (b) by either the Seller or the Authority if there has been a material misrepresentation, breach of warranty or breach of covenant on the part of the other of the representations, warranties and covenants set forth in the Seller Student Loan Purchase Agreement. In the event of termination of the Seller Student Loan Purchase Agreement by either the Seller or the Authority:

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(i) if such termination occurs prior to the initial sale date, the Seller Student Loan Purchase Agreement shall become void and there shall be no liability on the part of the Seller or the Authority, or their respective employees, officers, directors, members or trustees and (ii) if such termination occurs subsequent to the initial sale date, the Seller Student Loan Purchase Agreement shall become void and there shall be no liability on the part of the Seller or the Authority, or their respective employees, officers, directors, members or trustees, except that the representations and warranties and the related repurchase obligation with respect to loans purchased prior to the time of such termination shall survive indefinitely, and except with respect to willful breaches of the Seller Student Loan Purchase Agreement prior to the time of such termination.

Authority Student Loan Purchase Agreement. Subject to the terms and conditions of the Authority Student Loan Purchase Agreement, on each pledge date, the Authority will irrevocably grant, convey, pledge, transfer, assign and otherwise deliver to the Trustee, certain identified Eligible Loans, together with all of the Authority's right, title and interest in, to and under the following: (a) all Revenue on or with respect to such Eligible Student Loans on or after the applicable pledge date; (b) the rights of the Authority in and to any Servicing Agreement as the same relate to such Eligible Student Loans; (c) all promissory notes, applications and other records (including computer tapes and disks) related to the foregoing; and (d) all collections or other proceeds of any and all of the foregoing.

The Authority makes the following representations and warranties to the Trustee pursuant to the Authority Student Loan Purchase Agreement as of each pledge date for the Eligible Loans:

(a) Each Eligible Loan was made in material compliance with the requirements of the Program set forth in the Program Guidelines, including all underwriting and eligibility requirements contained therein.

(b) Each Eligible Loan was made and has been serviced in material 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.

(c) The amount of the unpaid principal balance of each Eligible Loan shown on the applicable purchase confirmation is correct, and no counterclaim, offset, defense or right to rescission exists with respect to any Eligible Loan that can be asserted and maintained or that, 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 Authority or the Trustee.

(d) The Authority is the sole owner and holder of each Eligible Loan and has full right and authority to assign and pledge the same free and clear of all liens, pledges or encumbrances, and upon the delivery of a fully executed purchase confirmation, bill of sale and blanket endorsement, with regard to the promissory notes and applications evidencing the assignment and pledge of the Eligible Loan to the Trustee to be part of the Trust Estate, the Trustee will acquire full right, title and interest in, such Eligible Loan free and clear of all liens, pledges or encumbrances whatsoever. All documentation relating to the Eligible Loans, including the original promissory note (or legally enforceable valid electronic signature) for each Eligible Loan, is in the possession of the applicable Servicer.

(e) The information set forth in the applicable pledge confirmation and bill of sale accurately describes and identifies the Eligible Loans assigned and pledged on the pledge date.

(f) The applicable Servicer has exercised due diligence and reasonable care in making, administering, servicing and collecting the Eligible Loans in accordance with the applicable Servicing Agreement.

(g) Each Eligible Loan is evidenced by a single executed promissory note (which may be in 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.

(h) Each assignment and pledge of the Eligible Loans (including all payments due or to become due thereunder) by the Authority pursuant to the Authority Student Loan Purchase Agreement and the Indenture is not subject to and will not result in any tax, fee or governmental charge payable by the Purchaser or the Authority to any federal, state or local government ("Transfer Taxes") except such Transfer Taxes as are paid by the Authority at the time of transfer and except UCC filing fees.

(i) No Eligible Loan is a Defaulted Loan.

If any breach of a representation or warranty of the Authority described above, which breach or failure directly results in such Eligible Loan becoming unenforceable or in nonconformance with the loan terms of the Program Guidelines resulting in a material harm to the value of such Eligible Loan, the Authority may cure, or cause the applicable Servicer to cure, the error within three (3) months from when the Authority learns of the error. If the Trustee becomes aware of the error prior to the Authority obtaining knowledge, the Trustee will give the Authority written notice of the same. In the event the error cannot be cured, the Authority will purchase or arrange for purchase of the loan from the Trustee from moneys outside of the Trust Estate at an amount equal to the outstanding principal balance and accrued but unpaid interest thereon. If the error is cured after the date of purchase by the Authority, the Authority, at its option, may repledge such Eligible Loan to the Trustee under the Indenture, at a price equal to the outstanding principal amount thereof plus accrued but unpaid interest thereon. The foregoing shall be the Trustee's sole remedy for any breach of a representation or warranty of the Authority described above which results in such education loan becoming unenforceable or in nonconformance with the loan terms of the Program Guidelines resulting in a material harm to the value of such loan. In all cases, with respect to: (a) any breach by a Servicer that affects an Eligible Loan, the Authority's liability as described in this paragraph will be limited to payments or substitutions received from such Servicer; (b) any breach by Bank of Lake Mills or any other originating bank that affects an Eligible Loan thereunder, the Authority's liability as described in this paragraph will be limited to payments or substitutions received from Bank of Lake Mills or such other originating bank; and (c) any breach by an origination services provider that provides loan origination processing and disbursement services to the Authority to support the origination of Eligible Loans (including CampusDoor) that affects an Eligible Loan thereunder, the Authority's liability as described in this paragraph will be limited to payments or substitutions received from such provider.

The Authority Student Loan Purchase Agreement may be terminated at any time: (a) by the mutual consent of the Authority and the Trustee; or (b) by either the Authority or the Trustee if there has been a material misrepresentation, breach of warranty or breach of covenant on the part of the other of the representations, warranties and covenants set forth in the Authority Student Loan Purchase Agreement. In the event of termination of the Authority Student Loan Purchase Agreement by either the Authority or the Trustee: (i) if such termination occurs prior to the initial pledge date, the Authority Student Loan Purchase Agreement shall become void and there shall be no liability on the part of the Authority or the Trustee, or their respective employees, officers, directors, members or trustees and (ii) if such termination occurs subsequent to the initial pledge date, the Authority Student Loan Purchase Agreement shall become void and there shall be no liability on the part of the Authority or the Trustee, or their respective employees, officers, directors, members or trustees, except that the representations and warranties and the related repurchase obligation with respect to loans purchased prior to the time of such termination shall survive indefinitely, and except with respect to willful breaches of the Authority Student Loan Purchase Agreement prior to the time of such termination.

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For Non-Resident Student Loans acquired by the Authority from Bank of Lake Mills pursuant to the BLM Loan Origination and Sale Agreement and pledged by the Authority pursuant to the Authority Student Loan Purchase Agreement, the Authority's obligation to repurchase such Non-Resident Student Loans under the Authority Student Loan Purchase Agreement will be limited to payments or substitutions received from Bank of Lake Mills under the BLM Loan Origination and Sale Agreement. The BLM Loan Origination and Sale Agreement provide that upon the occurrence of a material breach by Bank of Lake Mills of any of its obligations, representations or warranties under the agreement which breach affects the enforceability of a loan subject to the agreement, or material nonconformance of a loan with the program eligibility requirements or underwriting requirements, the Authority may give notice of breach to Bank of Lake Mills and if such breach is not cured within 60 days Bank of Lake Mills will repurchase the affected loan. Representations in the BLM Loan Origination and Sale Agreement the Assignment that may, if breached, give rise to such a repurchase obligation include but are not limited to representations that:

- Each Eligible Loan at the time it is transferred (i) is evidenced by a single executed promissory note (which may be in electronic form) which is the valid, binding and enforceable obligation of the borrower executing the same, and of any cosigner thereto, enforceable by or on behalf of the holder thereof against each borrower, and any co-signor thereto, in accordance with its terms, except as enforceability may be affected by the death or disability of a borrower and/or cosigner, bankruptcy, insolvency, moratorium or other similar laws affecting the rights of creditors generally and by equitable principles; (ii) was made in compliance, in all material respects, with the requirements of the Brazos Private Loan Program set forth in the Program Manual, including all program eligibility requirements and underwriting criteria contained therein; (iii) was made and has been serviced in material compliance with all applicable local, state and federal laws, rules and regulations, including without limitation, all applicable nondiscrimination, truth-in-lending, consumer credit and Wisconsin usury laws; (iv) the information set forth in the applicable loan assignment and bill of sale accurately describes and identifies the Eligible Loans transferred on each purchase date and the amount of unpaid principal balance and accrued interest reflected therein is true and correct as to each such Eligible Loan; (v) has not been satisfied, subordinated or rescinded, and no right of rescission, set-off, counterclaim or defense exists or, to Bank of Lake Mills's knowledge, has been asserted with respect to such Eligible Loan; and (vi) to Bank of Lake Mills's knowledge there is no action before any state or federal court, administrative or regulatory body involving any Eligible Loans in which an adverse result would have a material adverse effect upon the validity or enforceability of the Eligible Loans.

- At the time of origination, (i) each Eligible Loan originated by Bank of Lake Mills and sold thereunder and any accompanying notices and disclosures conformed to and complied with in all material respects all applicable rules, including applicable Wisconsin usury laws; (ii) each Eligible Loan was documented on forms set forth in the Program Manual and contained consumer loan terms compliant in all material respects with the Program Manual; (iii) the origination of each Eligible Loan was conducted in compliance in all material respects with applicable rules and the Program Manual; (iv) Bank of Lake Mills complied with the consumer identity verification requirements under Section 326 of the Patriot Act; and (v) Bank of Lake Mills did not discriminate based upon the age, sex, race, national origin, color, religion or marital status of any borrower in making such Eligible Loan.

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THE FINANCED ELIGIBLE LOANS

The Eligible Loans expected to be acquired or financed (i) with proceeds remaining from the Series 2025-1 Bonds and (ii) with proceeds of the Series 2026-1 Bonds, together with other available funds of the Authority, deposited to the Student Loan Fund include Eligible Loans to be originated or acquired during the Acquisition Periods relating to the Series 2025-1 Bonds and the Series 2026-1 Bonds, respectively. See the captions "ESTIMATED SOURCES AND USES OF PROCEEDS" and "THE BRAZOS PRIVATE LOAN PROGRAMS" herein.

Following the acquisition and funding of Eligible Loans with the amounts in the Student Loan Fund, including during the Acquisition Period, the aggregate characteristics of the entire pool of Financed Eligible Loans will vary from those of the Existing Eligible Loans set forth in the tables below and described in this Official Statement.

A portion of the Eligible Loans that the Authority has covenanted to originate under the Program and finance and pledge under the Indenture prior to March 1, 2027 include approximately $113.0 million of Eligible Loans (the "Anticipated Acquisition Period Eligible Loans"). See the caption "THE FINANCED ELIGIBLE LOANS—Anticipated Acquisition Period Eligible Loans" herein.

Furthermore, the issuance of Additional Bonds and the financing of Eligible Loans with the proceeds thereof will cause the aggregate characteristics of the pool of Financed Eligible Loans to vary still further from those of the Existing Eligible Loans and the additional Eligible Loans financed during the Acquisition Period and any Recycling Period. The financing of Eligible Loans from the remaining proceeds of the Series 2025-1 Bonds and from the proceeds of the Series 2026-1 Bonds during the Acquisition Period (other than the Existing Eligible Loans and any additional Eligible Loans that were (a) included in the cash flow modeling presented to the Rating Agency or (b) are part of the Anticipated Acquisition Period Eligible Loans the Authority has covenanted to finance), is subject to certain limitations described under the caption "PROVISIONS APPLICABLE TO THE BONDS; DUTIES OF THE AUTHORITY—Restrictions on the Financing of Eligible Loans during the Series 2026-1 Acquisition Period" in "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" attached hereto.

Under the Indenture, Financed Eligible Loans as to which any payment has been delinquent over 120 days will be deemed to have a value of $0 but will continue to constitute Financed Eligible Loans. See the caption "THE FINANCED ELIGIBLE LOANS—Performance of Brazos Private Loan Programs" herein for a discussion of the delinquency trends and historic default information for the Brazos Private Loan Programs.

The Existing Eligible Loans were all originated after January 1, 2018, and the Brazos Student Loans were all originated after March 1, 2022, therefore there is only limited historical performance information available with respect to the Existing Eligible Loans.

The Existing Eligible Loans

The following tables describe certain characteristics of the Existing Eligible Loans as of the Statistical Cut-off Date. The Existing Eligible Loans include the Eligible Loans acquired in connection with the issuance of the Prior Bonds. The Authority expects that the characteristics of the Existing Eligible Loans reflected in these tables will vary due to the continued amortization of the Existing Eligible Loans between the Statistical Cut-off Date and the Closing Date. Although the statistical distribution as of the Closing Date of the characteristics of the Existing Eligible Loans will vary somewhat in other respects from the statistical distribution of those characteristics shown below, the Authority does not believe that those characteristics will differ materially. The sum of the characteristics may not add up to the total therefor in

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the following tables due to rounding. In addition, the Authority expects to pledge approximately $5.8 million of Eligible Loans on or about the Closing Date which are not included in the Existing Eligible Loans described herein. These Eligible Loans were made after the Statistical Cut-Off Date and are not included in the Existing Eligible Loans described below. However, these Eligible Loans were included in the cash flow modeling presented to the Rating Agency in connection with the issuance of the Series 2026-1 Bonds.

Composition of the Existing Eligible Loans
As of the Statistical Cut-Off Date[1]

Aggregate Principal Balance[2]	$285,908,184
Fixed Rate Loan Principal Balance[2]	$264,613,394
Variable Rate Loan Principal Balance[2]	$21,294,790
Total Number of Borrowers	7,911
Average Principal Balance per Borrower	$36,141
Total Accrued Interest to be Capitalized	$5,487,277
Weighted Average Borrower Interest Rate before Borrower Benefits	5.57%
Weighted Average Borrower Interest Rate adjusted for Borrower Benefits	5.44%
Weighted Average FICO Credit Score[3]	779
Weighted Average Debt-to-Income Percent[4]	30.60%
Weighted Average Income[5]	$149,125
Weighted Average Remaining Term to Scheduled Maturity (Months)	129
Percent Cosigned (all Existing Eligible Loans)	59.18%
Percent Cosigned (Existing Eligible Loans consisting of Brazos Student Loans)	87.34%
Weighted Average Borrower Age	31

[1] All weighted averages are based on the aggregate principal balance (exclusive of accrued interest to be capitalized).
[2] Exclusive of accrued interest to be capitalized.
[3] FICO Score at origination of loan.
[4] Debt-to-income percent at origination of loan.
[5] Income at origination of loan.

Distribution of the Existing Eligible Loans by Private Loan Program
As of the Statistical Cut-Off Date

Private Loan Program	Number of Loans	Outstanding Balance	Percent of Loans by Outstanding Balance
Brazos Student Loan Program	8,047	$161,446,471	56.5%
Brazos Refinance Loan Program	2,075	107,950,360	37.8
Brazos Parent Loan Program	888	16,511,354	5.8
Total	11,010	$285,908,184	100.0%

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Distribution of the Existing Eligible Loans by Type and Co-Signer Status
As of the Statistical Cut-Off Date

Type and Co-Signer Status	Number of Loans	Outstanding Balance	Percent of Loans by Outstanding Balance
Brazos In-School Co-Signed	7,450	$141,005,597	49.3%
Brazos In-School Not Co-Signed	597	20,440,874	7.1
Brazos Parent Co-Signed	178	3,090,721	1.1
Brazos Parent Not Co-Signed	710	13,420,632	4.7
Brazos Refinance Co-Signed	418	25,114,487	8.8
Brazos Refinance Not Co-Signed	1,657	82,835,872	29.0
Total	11,010	$285,908,184	100.0%

Distribution of the Existing Eligible Loans by Borrower Payment Status
As of the Statistical Cut-Off Date

Borrower Payment Status	Number of Loans	Outstanding Balance	Percent of Loans by Outstanding Balance
Repayment	5,301	$168,731,239	59.0%
School Deferred	3,244	67,506,222	23.6
School Interest Only	1,430	28,356,633	9.9
Grace Deferred	688	13,828,128	4.8
Grace Interest Only	225	4,413,560	1.5
Forbearance	64	2,171,524	0.8
Back to School Deferment	58	900,880	0.3
Total	11,010	$285,908,184	100.0%

Distribution of the Existing Eligible Loans by FICO Score Range at Origination
As of the Statistical Cut-Off Date

FICO Score Range	Number of Loans	Outstanding Balance	Percent of Loans by Outstanding Balance
680 to 699	531	$ 10,063,885	3.5%
700 to 719	771	14,359,676	5.0
720 to 739	1,205	31,232,123	10.9
740 to 759	1,401	39,300,676	13.7
760 to 779	1,487	42,267,252	14.8
780 to 799	1,552	45,164,192	15.8
800 to 819	1,652	43,962,250	15.4
820 and up	2,411	59,558,130	20.8
Total	11,010	$285,908,184	100.0%

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Distribution of the Existing Eligible Loans in Repayment by Remaining Term to Scheduled Maturity
As of the Statistical Cut-Off Date

Remaining Months to Scheduled Maturity	Number of Loans	Outstanding Balance	Percent of Loans by Outstanding Balance
0 to 30	429	$ 4,129,445	1.4%
31 to 60	3,235	64,724,681	22.6
61 to 90	1,088	25,954,860	9.1
91 to 120	2,871	69,415,224	24.3
121 to 150	295	17,100,391	6.0
151 to 180	1,614	46,860,493	16.4
181 to 240	1,478	57,723,088	20.2
Total	11,010	$285,908,184	100.0%

Distribution of the Existing Eligible Loans by Current Borrower Interest Rate
As of the Statistical Cut-Off Date

Current Borrower Interest Rate (Adjusted for Benefits)	Number of Loans	Outstanding Balance	Percent of Loans by Outstanding Balance
Less than 4.00%	1,831	$ 53,032,377	18.5%
4.00% to 4.49%	731	21,521,268	7.5
4.50% to 4.99%	955	28,602,331	10.0
5.00% to 5.49%	700	21,957,054	7.7
5.50% to 5.99%	1,663	42,274,962	14.8
6.00% to 6.49%	1,952	47,884,407	16.7
6.50% and Greater	3,178	70,635,784	24.7
Total	11,010	$285,908,184	100.0%

Distribution of the Existing Eligible Loans by Current Borrower Interest Rate Type
As of the Statistical Cut-Off Date

Current Borrower Interest Rate Type	Number of Loans	Outstanding Balance	Percent of Loans by Outstanding Balance
Fixed	10,241	$264,613,394	92.6%
30-day Average SOFR	755	20,459,893	7.2
1-month Refinitiv	14	834,897	0.3
Total	11,010	$285,908,184	100.0%

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Distribution of the Existing Eligible Loans by Payment Delinquency Status
As of the Statistical Cut-Off Date

Payment Delinquency[1]	Number of Loans	Outstanding Balance	Percent of Loans by Outstanding Balance
Not in Repayment	*4,036*	*$84,129,312*	*N/A*
0 to 30 Days	6,871	198,771,508	98.6%
31 to 60 Days	54	1,850,244	0.9
Greater than 60 Days	31	879,680	0.4
Total	6,974	$201,778,872	100.0%

(1) Interest Only loans in school or grace status are included in the various repayment bucket categories based upon the timeliness of their interest-only payments. Any Interest Only loans in deferment or forbearance are included in the Not in Repayment bucket.

Distribution of the Existing Eligible Loans by Outstanding Principal Balance
As of the Statistical Cut-Off Date

Outstanding Principal Balance	Number of Loans	Outstanding Balance	Percent of Loans by Outstanding Balance
Less than $5,000	940	$ 3,001,307	1.0%
$5,000 to $9,999	1,839	13,683,245	4.8
$10,000 to $19,999	3,300	48,233,539	16.9
$20,000 to $29,999	2,091	50,482,951	17.7
$30,000 to $39,999	911	31,414,721	11.0
$40,000 to $49,999	552	24,561,909	8.6
$50,000 to $59,999	388	21,170,672	7.4
$60,000 to $69,999	280	18,048,792	6.3
$70,000 to $79,999	191	14,261,411	5.0
$80,000 to $89,999	126	10,680,962	3.7
$90,000 to $99,999	102	9,647,440	3.4
More than $99,999	290	40,721,235	14.2
Total	11,010	$285,908,184	100.0%

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Distribution of the Existing Eligible Loans by Number of Payments Made
As of the Statistical Cut-Off Date

Number of Payments Made	Number of Loans	Outstanding Balance	Percent of Loans by Outstanding Balance
0 to 6	7,538	$170,305,318	59.6%
7 to 12	582	19,060,385	6.7
13 to 18	860	24,400,991	8.5
19 to 24	213	4,966,432	1.7
25 to 30	391	9,018,435	3.2
31 to 36	194	6,510,507	2.3
37 to 42	192	7,608,284	2.7
43 to 48	235	12,578,826	4.4
49 to 54	228	9,699,576	3.4
55 to 60	103	4,990,325	1.7
Over 60	474	16,769,107	5.9
Total	11,010	$285,908,184	100.0%

Geographic Distribution of the Existing Eligible Loans
As of the Statistical Cut-Off Date

Location[1]	Number of Loans	Outstanding Balance	Percent of Loans by Outstanding Balance
Texas	10,530	$268,078,201	93.8%
Other	480	17,829,984	6.2
Total	11,010	$285,908,184	100.0%

(1) Based upon the billing address of the borrower as of the Statistical Cut-Off Date.

Distribution of the Existing Eligible Loans by Degree Type
As of the Statistical Cut-Off Date

Loan Degree Type	Number of Loans	Outstanding Balance	Percent of Loans by Outstanding Balance
Dental	15	$ 1,526,179	0.5%
Doctorate	84	5,122,933	1.8
Graduate	386	15,709,822	5.5
Law	131	8,217,472	2.9
M.B.A.	81	4,028,651	1.4
Medical	75	5,802,063	2.0
Undergraduate	10,238	245,501,065	85.9
Total	11,010	$285,908,184	100.0%

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Distribution of the Existing Eligible Loans
by School
As of the Statistical Cut-Off Date

School	Number of Loans	Outstanding Balance	Percent of Loans by Outstanding Balance
University of Texas	1,175	$ 29,034,138	10.2%
Texas A&M University	1,534	26,869,473	9.4
Baylor University	820	26,607,592	9.3
Texas Tech University	519	10,293,818	3.6
University of Oklahoma	329	8,604,600	3.0
University of Houston	313	6,798,056	2.4
Texas Christian University	195	6,555,158	2.3
Texas State University	431	6,395,748	2.2
Southern Methodist University	115	5,316,053	1.9
University of Saint Thomas	150	4,307,796	1.5
Other	5,429	155,125,751	54.3
Total	11,010	$285,908,184	100.0%

Distribution of the Existing Eligible Loans by Repayment Type at Origination
As of the Statistical Cut-Off Date

Repayment Type at Origination	Number of Loans	Outstanding Balance	Percent of Loans by Outstanding Balance
Immediate	4,503	$153,389,716	53.6%
Interest Only	1,930	38,660,950	13.5
Deferred	4,577	93,857,518	32.8
Total	11,010	$285,908,184	100.0%

Performance of Brazos Private Loan Programs

The Authority introduced the Brazos Refinance Loan Program and the Brazos Parent Loan Program in 2018 and introduced the Brazos Student Loan Program in the 2022-23 academic year. As such, as described under the caption "CERTAIN RISK FACTORS–Limited Performance History of the Financed Eligible Loans" herein, the historical performance information available is limited.

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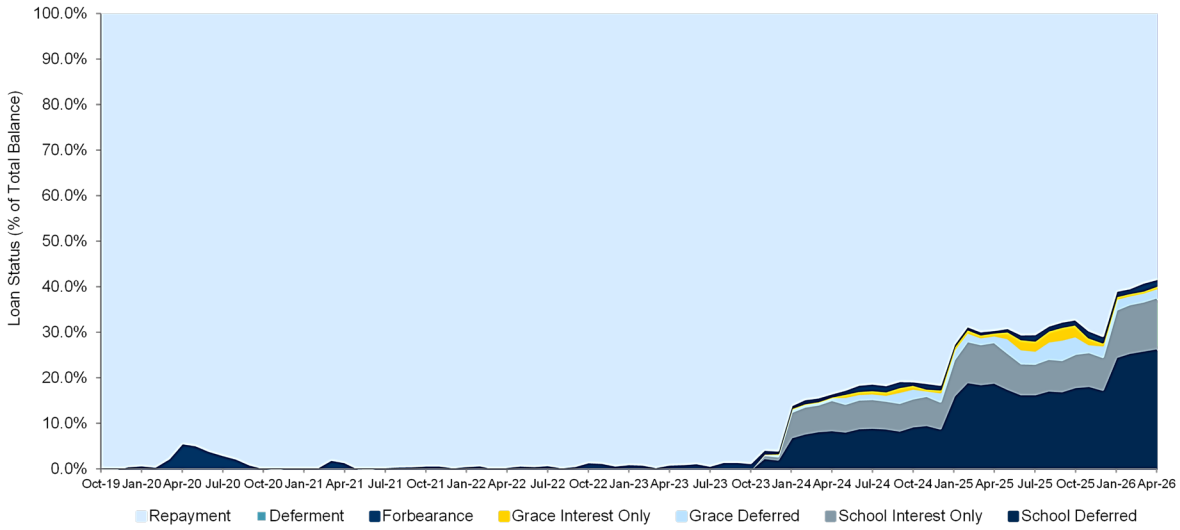
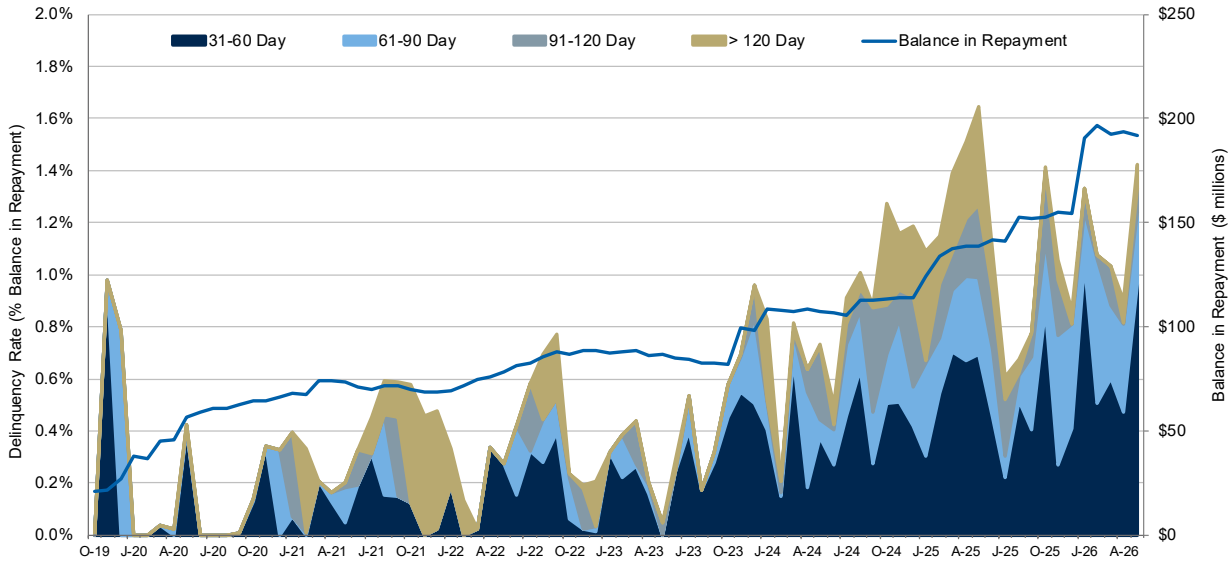
Brazos Private Loan Programs
Indenture Loan Status by Percentage of Total Balance
As of the Statistical Cut-Off Date



Delinquency Trends of Brazos Private Loan Programs. Delinquency rates for the Brazos Private Loan Programs, as of the Statistical Cut-Off Date, are provided in the table below.

Brazos Private Loan Programs
Indenture Delinquencies as Percentage of Total Balance in Repayment[1]
As of the Statistical Cut-Off Date



(1) Interest-only loans in school and grace status are included in the various delinquency bucket categories based on their interest-only payments.

Historic Default Information for Brazos Private Loan Programs. From the inception of the Brazos Refinance Loan Program in 2018, as of the Statistical Cut-Off Date, approximately $239.3 million Brazos Refinance Loans have entered into repayment. As of the Statistical Cut-Off Date, there have been defaults under the Brazos Refinance Loan Program totaling $970,917 and a gross default rate of 0.41%. Detailed information regarding gross defaults for the Brazos Refinance Loan Program for repayment cohorts from 2018 through 2026 are provided below as of the Statistical Cut-Off Date.

Historical Defaults by Repayment Cohort			
Year Entered Repayment	**Balance Entering Repayment**	**Gross Principal Defaults($)**	**Gross Default Rate(%)**
2018	$10,057,493	$0	0.0%
2019	$27,716,424	$443,727	1.6%
2020	$60,672,281	$229,858	0.4%
2021	$21,074,787	$61,912	0.3%
2022	$40,960,093	$235,419	0.6%
2023	$23,455,185	$0	0.0%
2024	$11,678,287	$0	0.0%
2025	$36,681,725	$0	0.0%
2026	$7,046,063	$0	0.0%
TOTAL	**$239,342,338**	**$970,917**	**0.41%**

In addition, in 2022, 2024, 2025 and 2026, Brazos Refinance Loans in the amounts of $10,027, $109,918, $67,678 and $16,958 were forgiven due to a borrower's death, respectively.

From the inception of the Brazos Parent Loan Program in 2018, as of the Statistical Cut-Off Date, approximately $19.6 million Brazos Parent Loans have entered into repayment. As of the Statistical Cut-Off Date, there have been defaults under the Brazos Parent Loan Program totaling $3,857 and a gross default rate of 0.02%. Detailed information regarding gross defaults for the Brazos Parent Loan Program for repayment cohorts from 2018 through 2026 are provided below as of the Statistical Cut-Off Date.

Historical Defaults by Repayment Cohort Parent			
Year Entered Repayment	**Balance Entering Repayment**	**Gross Principal Defaults($)**	**Gross Default Rate(%)**
2018	$1,000	$0	0.0%
2019	$218,743	$0	0.0%
2020	$490,879	$3,857	0.8%
2021	$658,941	$0	0.0%
2022	$560,347	$0	0.0%
2023	$716,728	$0	0.0%
2024	$5,919,604	$0	0.0%
2025	$9,939,536	$0	0.0%
2026	$1,053,234	$0	0.0%
TOTAL	**$19,559,010**	**$3,857**	**0.02%**

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From the inception of the Brazos Student Loan Program in the 2022-23 academic year, as of the Statistical Cut-Off Date, approximately $48.0 million Brazos Student Loans have entered into repayment. As of the Statistical Cut-Off Date, there have been defaults under the Brazos Student Loan Program totaling $110.466 and a gross default rate of 0.23%. Detailed information regarding gross defaults for the Brazos Student Loan Program for repayment cohorts from 2022 through 2026 are provided below as of the Statistical Cut-Off Date.

Historical Defaults by Repayment Cohort

Year Entered Repayment	Balance Entering Repayment	Gross Principal Defaults($)	Gross Default Rate(%)
2022	$753,664	$2,704	0.4%
2023	$3,753,709	$11,355	0.3%
2024	$10,798,593	$96,407	0.9%
2025	$23,283,601	$0	0.0%
2026	$9,426,021	$0	0.0%
TOTAL	**$48,015,588**	**$110,466**	**0.23%**

Anticipated Acquisition Period Eligible Loans

A pool of the Eligible Loans that the Authority has covenanted to originate under the Program with certain remaining proceeds of the Series 2025-1A Senior Tax-Exempt Bonds and certain proceeds from the Series 2026-1 Bonds and finance and pledge under the Indenture, include approximately $113.0 million of Brazos Parent Loans, Brazos Refinance Loans and Brazos Student Loans which are expected to be financed under the Indenture prior to March 1, 2027 (the "Anticipated Acquisition Period Eligible Loans"). The Anticipated Acquisition Period Eligible Loans are expected to have a weighted average annual borrower interest rate of approximately 5.36% (before adjusting for any borrower benefits), a weighted average remaining term to scheduled maturity of approximately 151 months (including in-school, grace and repayment) and with approximately 63% of the principal balance of such Anticipated Acquisition Period Eligible Loans having a FICO Credit Score at origination of 740 or higher. In addition, the Authority expects that approximately 87% of the Anticipated Acquisition Period Eligible Loans consisting of Brazos Student Loans by principal balance will be co-signed, approximately 57% by principal balance of such Brazos Student Loans will be in-school deferred repayment option, approximately 19% by principal balance of such Brazos Student Loans will be immediate repayment option, and approximately 24% by principal balance of such Brazos Student Loans will be interest only repayment option. The Anticipated Acquisition Period Eligible Loans are not subject to the limitations described under the captions "PROVISIONS APPLICABLE TO THE BONDS; DUTIES OF THE AUTHORITY—Restrictions on the Financing of Eligible Loans during the Series 2026-1 Acquisition Period" and "PROVISIONS APPLICABLE TO THE BONDS; DUTIES OF THE AUTHORITY—Commitment to Acquire Specified Eligible Loans" in "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" attached hereto.

TAX MATTERS

General Matters. In the opinion of Kutak Rock LLP, Special Tax Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2026-1 Bonds (including any original issue discount properly allocable to the owner of a Series 2026-1 Bond, as applicable) is excludable from gross income for federal income tax purposes. The opinion described above assumes the accuracy of certain representations and compliance by the Authority with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series 2026-1 Bonds. Failure to comply with such

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requirements could cause interest on the Series 2026-1 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2026-1 Bonds. The Authority has covenanted to comply with such requirements. In the opinion of Special Tax Counsel, interest on the Series 2026-1 Bonds is a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Series 2026-1 Bonds may affect the federal alternative minimum tax imposed on certain corporations. Special Tax Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2026-1 Bonds.

The accrual or receipt of interest on the Series 2026-1 Bonds may otherwise affect the federal income tax liability of the owners of the Series 2026-1 Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Special Tax Counsel has expressed no opinion regarding any such consequences.

Purchasers of the Series 2026-1 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America, and certain corporations subject to the alternative minimum tax imposed on corporations), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2026-1 Bonds.

Special Tax Counsel has expressed no opinion regarding legal matters concerning the Series 2026-1 Bonds under the laws of the State or Texas or any other state or jurisdiction, except with respect to federal income tax matters to the extent set forth in the preceding three paragraphs. With respect to legal matters concerning the Series 2026-1 Bonds under the laws of the State of Texas, Special Tax Counsel has relied on the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, to the effect that the Series 2026-1 Bonds constitute valid and legally binding special obligations of the Authority. A copy of the form of opinion of Special Tax Counsel is attached as Appendix C hereto. A copy of the form of the opinion of Bond Counsel is attached as Appendix B hereto.

Original Issue Discount. The Series 2026-1 Bonds that have an original yield above their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "Discount Bonds"), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of any interest payable for such Discount Bond during

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the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the "adjusted issue price" of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Original Issue Premium. The Series 2026-1 Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "Premium Bonds"), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Backup Withholding. An owner of a Series 2026-1 Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid on the Series 2026-1 Bond if such owner fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner's taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to properly report interest, dividends or other "reportable payments" (as defined in the Code), or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

Changes in Federal and State Tax Law. From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Series 2026-1 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2026-1 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2026-1 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2026-1 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Special Tax Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2026-1 Bonds, and Special Tax Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

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PROSPECTIVE PURCHASERS OF THE SERIES 2026-1 BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE SERIES 2026-1 BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2026-1 BONDS.

CERTAIN INVESTMENT COMPANY ACT CONSIDERATIONS

The Authority is not registered or required to be registered as an "investment company" under the Investment Company Act of 1940, as amended (the "Investment Company Act"), pursuant to Section 2(b) of the Investment Company Act, although there may be additional exclusions or exemptions available to the Authority. The Authority does not rely upon the exclusions from the definition of "investment company" set forth in Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act. The Authority does not constitute a "covered fund" for purposes of Section 619 of the Dodd-Frank Act, also known as the Volcker Rule. Since the Authority has not registered, and does not intend to register, as an investment company under the Investment Company Act, Registered Owners will not be afforded protections of the provisions of the Investment Company Act designed to protect investment company investors.

ABSENCE OF CERTAIN LITIGATION

To the knowledge of the Authority, there is no controversy or litigation of any nature now pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Series 2026-1 Bonds, or in any way contesting or affecting the validity of the Series 2026-1 Bonds, any proceedings of the Authority taken with respect to the issuance or sale thereof, the pledge or application of any moneys or security provided for the payment of the Series 2026-1 Bonds or the due existence of powers of the Authority.

LEGALITY

The legality of the authorization, issuance and sale of the Series 2026-1 Bonds is subject to the approving opinions of the Attorney General of the State of Texas and the legal opinion of McCall, Parkhurst & Horton LLP, Bond Counsel. The opinion of Bond Counsel will be delivered substantially in the form attached hereto as Appendix B. Certain additional legal matters will be passed upon for the Authority by its internal counsel and by Kutak Rock LLP, as Special Tax Counsel to the Authority. The opinion of Special Tax Counsel will be delivered substantially in the form attached hereto as Appendix C. Certain legal matters will be passed upon for the Underwriter by its counsel, Kutak Rock LLP.

UNDERWRITING

The Series 2026-1 Bonds are being purchased by RBC Capital Markets, LLC, as underwriter (the "Underwriter") pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement") between the Authority and the Underwriter. The Underwriter will purchase the Series 2026-1 Bonds at a price equal to $144,557,006 (which is equal to the par amount of the Series 2026-1 Bonds, plus a net original issue premium of $5,210,225 and less an underwriting discount of $988,219). The Bond Purchase Agreement provides that the Underwriter will purchase all of the Series 2026-1 Bonds if any are purchased. The obligation of the Underwriter to purchase the Series 2026-1 Bonds is subject to certain terms and conditions set forth in the Bond Purchase Agreement.

The initial public offering prices of the Series 2026-1 Bonds set forth on the inside front cover page may be changed without notice by the Underwriter. The Underwriter may offer and sell the Series 2026-1 Bonds to certain dealers (including dealers depositing Series 2026-1 Bonds into investment trusts, certain of which may be sponsored or managed by the Underwriter) and others at prices lower than the offering prices set forth on the inside front cover page hereof.

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The Underwriter may from time to time perform investment banking services for, or solicit investment banking business from, any person named in this Official Statement. The Underwriter and/or its employees or customers may from time to time have a long or short position in the Series 2026-1 Bonds. These long or short positions may be as a result of any market making activities with respect to the Series 2026-1 Bonds. The Underwriter and/or its employees or customers may from time to time enter into hedging positions with respect to the Series 2026-1 Bonds.

The Underwriter of the Series 2026-1 Bonds has entered into a distribution arrangement with its affiliate RBC Securities, Inc. ("RBC Securities") (formerly known as City National Securities, Inc.). As part of this arrangement, the Underwriter may distribute municipal securities to investors through the financial advisor network of RBC Securities. As part of this arrangement, the Underwriter may compensate RBC Securities for its selling efforts with respect to the Series 2026-1 Bonds.

RATINGS

Prior to the issuance and delivery of the Series 2026-1 Bonds, S&P Global Ratings ("S&P"), is expected to assign its bond rating of "AA(sf)" to the Series 2026-1A Senior Tax-Exempt Bonds and its bond rating of "BBB(sf)" to the Series 2026-1B Subordinate Tax-Exempt Bonds.

Such ratings reflect only the views of S&P at the time such ratings were given and the Authority makes no representation as to the appropriateness of the ratings. An explanation of the significance of such ratings can only be obtained from S&P. There is no assurance that a particular rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2026-1 Bonds. The ratings are not a recommendation to buy or sell the Series 2026-1 Bonds and are not a comment as to the suitability of the Series 2026-1 Bonds for any investor. See the caption "CERTAIN RISK FACTORS—Certain Actions May Be Permitted Without Registered Owner Approval" herein.

RELATIONSHIP AMONG FINANCING PARTICIPANTS

The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Authority. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Authority.

FINANCIAL ADVISOR

S L Capital Strategies LLC has served as financial advisor to the Authority in connection with the issuance of the Series 2026-1 Bonds. S L Capital Strategies LLC is not obligated to undertake, and has not undertaken, an independent verification of nor does S L Capital Strategies LLC assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

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CONTINUING DISCLOSURE AND INVESTOR REPORTING

In order to assist the Underwriter in complying with Rule 15c2 12 promulgated by the Securities and Exchange Commission, the Authority will enter into a continuing disclosure agreement with respect to the Series 2026-1 Bonds (a "Continuing Disclosure Agreement") setting forth the undertaking of the Authority regarding continuing disclosure with respect to the Series 2026-1 Bonds. The proposed form of the Continuing Disclosure Agreement is set forth in Appendix D attached hereto. During the last five years, the Authority has, to the best of its knowledge, complied in all material respects with its continuing disclosure obligations, except that in 2024 (i) audited financial statements and operating data timely filed for the Outstanding Bonds were not properly linked to the CUSIPs for the Series 2023 1 Bonds and (ii) the timely filed information regarding the Financed Eligible Loans did not include tables for interest rate type and repayment type. The Authority has since linked such information on EMMA, along with a notice to the owners of the Series 2023-1 Bonds, and the information regarding the Financed Eligible Loans included in the 2025 annual filing included tables for interest rate type and repayment type.

In addition to the Monthly Report made available as described herein (see "THE TRUSTEE" herein), semi-annual reports concerning the Bonds and the Financed Eligible Loans will be made available to Registered Owners as described in "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—PROVISIONS APPLICABLE TO THE BONDS; DUTIES OF THE AUTHORITY—Monthly Reports; Periodic Information on the Financed Eligible Loans" attached hereto. These semi-annual reports will contain information concerning the Bonds and the Financed Eligible Loans during the period since the previous report. The Authority initially intends to post these reports on the Administrator's website, the address of which is currently https://studentloans.com/investor-home/bhea/. The Authority reserves the right (a) to alter the format in which such periodic information is presented, (b) to make such periodic information available either by posting as part of, or in the same manner as, annual reports filed pursuant to the Continuing Disclosure Agreement or, subject to compliance with such Continuing Disclosure Agreement, by posting on a publicly accessible website, or (c) to make such periodic information available by including it as part of the Monthly Report that is delivered during that period.

Rule 15Ga-1 promulgated by the Securities and Exchange Commission requires "securitizers" of "asset-backed securities" as such terms are defined for purposes of the rule (including, with respect to the Series 2026-1 Bonds, the Authority), for which the underlying transaction documents contain a covenant to repurchase or replace underlying assets for breaches of representations or warranties, to periodically file specified information regarding securitized assets that were the subject of a demand for repurchase or replacement due to a breach of a representation or warranty. The Authority intends to file such reports on the Electronic Municipal Market Access (EMMA) website of the Municipal Securities Rulemaking Board located at http://emma.msrb.org.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or owners of any of the Series 2026-1 Bonds.

The Indenture provides that all covenants, stipulations, promises, agreements and obligations of the Authority contained in the Indenture shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Authority and not of any officer, director or employee of the Authority in his individual capacity, and no recourse shall be had for the payment of the principal of or interest on the Series 2026-1 Bonds or for any claim based thereon or on the Indenture against any officer or employee of the Authority or against any person executing the Series 2026-1 Bonds.

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

BRAZOS HIGHER EDUCATION AUTHORITY, INC.

By: /s/ Ben Litle
Executive Director

Dated: August 7, 2026

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APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

Definitions

In the Indenture, the following words and terms, unless the context otherwise requires, have the following meanings:

"*Account*" means any of the accounts created and established within any Fund by the Indenture.

"*Acquisition Period*" shall mean, for each Series of Bonds, the period beginning on the Date of Issuance for such Series of Bonds and ending on the date set forth in the related Supplemental Indenture for such Series of Bonds.

"*Act*" means Chapter 53B of the Texas Education Code, as the same may be amended from time to time.

"*Administration Agreement*" means the Administration Agreement, dated as of October 1, 2019, among The Brazos Higher Education Service Corporation, Inc., the Authority and the Trustee, and any other administration agreement with any successor Administrator, each as amended from time to time.

"*Administration Fees*" means the fees of the Administrator under the Administration Agreement.

"*Administrator*" means The Brazos Higher Education Service Corporation, Inc., and also means any other Person (a) with which the Authority has entered into an Administration Agreement, and (b) for which the Authority shall have satisfied a Rating Agency Notification.

"*Administrator Default*" means an event designated as such in the Administration Agreement.

"*Aggregate Value*" means, on any calculation date, the sum of the Values of all assets of the Trust Estate, and excluding purpose and non-purpose arbitrage liability amounts which, as of any date of calculation, have not been deposited into the Rebate Fund.

"*Approved Undisbursed Loans*" means those Eligible Loans for which the acquisition or funding of such Eligible Loans has been approved, but such Eligible Loans have not been fully disbursed prior to the end of the Recycling Period or Acquisition Period with respect to a Series of Bonds, as applicable, and for which amounts are available in the corresponding Account or Subaccount of the Student Loan Fund to acquire or fund such Eligible Loan.

"*Authority*" means Brazos Higher Education Authority, Inc., a nonprofit corporation created and established pursuant to, and existing under, the laws of the State of Texas, or any successor thereto.

"*Authority Order*" means a written order signed in the name of the Authority by an Authorized Representative.

"*Authorized Denominations*" means the Authorized Denominations specified for a Series of Bonds in the Supplemental Indenture relating to such Series of Bonds. The Authorized Denominations for the Series 2026-1 Bonds are $5,000 and any integral multiple thereof.

"*Authorized Officer*" means, when used with reference to the Authority, the Administrator, the Authority's President, the Authority's Chief Financial Officer, the Authority's Executive Director and, in the case of any act to be performed or duty to be discharged, any other officer or employee of the Administrator or the Authority then authorized to perform such act or discharge such duty.

"*Authorized Representative*" means, when used with reference to the Authority, (a) an Authorized Officer, or (b) an individual designated in writing by an Authorized Officer of the Authority to act on the Authority's behalf under the Indenture.

"*Bond*" or "*Bonds*" means any bonds, notes or other debt obligations issued pursuant to the Indenture and described under the caption "BOND DETAILS—Issuance of Bonds" in this Appendix A.

"*Bond Counsel*" means counsel of nationally recognized standing in the field of law relating to municipal, state and public agency financing selected by the Authority.

"*Bond Payment Date*" means, for any Bond, any Interest Payment Date, its Stated Maturity or the date of any debt service payment with respect thereto designated in a Supplemental Indenture.

"*Bond Yield*" means, with respect to any Bonds issued as Tax-Exempt Bonds, the yield on such Tax-Exempt Bonds computed in accordance with the Code.

"*Brazos Private Loan Programs*" means the Brazos Refinance Loan Program, the Brazos Parent Loan Program and the Brazos Student Loan Program.

"*Business Day*" shall have the meaning, with respect to any Series of Bonds, set forth in the Supplemental Indenture pursuant to which such Series of Bonds is issued. With respect to the Series 2026-1 Bonds, the term "Business Day" means any day on which banks located in the cities in which the principal corporate trust offices of the Trustee are located (presently, Cincinnati, Ohio and St. Paul, Minnesota) are generally open for business.

"*Capitalized Interest Fund*" means the Fund by that name created pursuant to the Indenture and further described under the caption "FUNDS—Capitalized Interest Fund" in this Appendix A, including any Accounts and Subaccounts created therein.

"*City*" means the City of Waco, Texas.

"*Code*" means the Internal Revenue Code of 1986, as amended from time to time. Each reference to a section of the Code in this Appendix A is deemed to include the United States Treasury Regulations, including applicable temporary and proposed regulations relating to such section which are applicable to the Tax-Exempt Bonds or the use of the proceeds thereof. A reference to any specific section of the Code is deemed also to be a reference to the comparable provisions of any enactment which supersedes or replaces the Code thereunder from time to time.

"*Computation Date*" means each date described as such in any Tax Document.

"*Continuing Disclosure Agreement*" means any Continuing Disclosure Agreement or Continuing Disclosure Certificate entered into or executed by the Authority pursuant to Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as such rule may be amended from time to time. The proposed form of the Continuing Disclosure Agreement is set forth in Appendix D attached to this Official Statement.

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"*Date of Issuance*" means the date of original issuance and delivery of any Bonds to an Underwriter or other initial purchaser of Bonds from the Authority. The "Date of Issuance" for the Series 2026-1 Bonds is August 26, 2026.

"*Debt Service Fund*" means the Fund by that name created pursuant to the Indenture and further described under the caption "FUNDS—Debt Service Fund" in this Appendix A, including any Accounts and Subaccounts created therein.

"*Debt Service Reserve Fund*" means the Fund by that name created pursuant to the Indenture and further described under the caption "FUNDS—Debt Service Reserve Fund" in this Appendix A, including any Accounts and Subaccounts created therein.

"*Debt Service Reserve Fund Requirement*" has the meaning set forth in a Supplemental Indenture; provided, however, any such requirement may be reduced if the Authority shall have satisfied the Rating Agency Notification. Pursuant to the Series 2026-1 Supplemental Indenture, "Debt Service Reserve Fund Requirement" means an amount equal to 2.00% of the aggregate principal amount of the Bonds then Outstanding (calculated semi-annually on each April 1 and October 1), with a minimum balance of $1,388,713.

"*Defaulted Loan*" means, except as otherwise provided in a Supplemental Indenture, an Eligible Loan which has reached 120 days of delinquency and has been classified in the Authority's loan files as a Defaulted Loan.

"*Eligible Account*" means, at any time, a segregated account with an Eligible Institution, which will be a segregated account with the corporate trust department of a depository institution organized under the laws of the United States of America or any one of the States or the District of Columbia (or any domestic branch of a foreign bank), having corporate trust powers and acting as trustee or paying agent for funds deposited in such account.

"*Eligible Institution*" means a depository institution organized under the laws of the United States of America or any one of the States or the District of Columbia (or any domestic branch of a foreign bank) (a) whose deposits are insured by the FDIC, and (b) which has (i) a long-term unsecured debt rating of at least "A" by S&P, so long as S&P maintains a rating on the Bonds, and (ii) carries a rating from each other Rating Agency at any time rating the Bonds in one of their generic rating categories which signifies investment grade. If so qualified, the Paying Agent or the Trustee may be considered an Eligible Institution.

"*Eligible Loan*" means any loan made to finance or refinance post-secondary education that is (a) authorized to be made under the Act and made or acquired by the Authority pursuant to the Program Guidelines, the Student Loan Purchase Agreement and any Supplemental Indenture or (b) if the Authority shall have satisfied the Rating Agency Notification, otherwise permitted to be acquired by the Authority pursuant to its Program as authorized under the Act.

"*Event of Bankruptcy*" means (a) the Authority has commenced a voluntary case or other proceeding seeking liquidation, reorganization, or other relief with respect to itself or its debts under any bankruptcy, insolvency, or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, or other similar official of it or any substantial part of its property, or has made a general assignment for the benefit of creditors, or has declared a moratorium with respect to its debts or shall have failed generally to pay its debts as they become due, or has taken any action to authorize any of the foregoing; or (b) an involuntary case or other proceeding has been commenced against the Authority seeking liquidation, reorganization, or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a

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trustee, receiver, liquidator, custodian, or other similar official of it or any substantial part of its property provided such action or proceeding is not dismissed within 60 days.

"*Event of Default*" has the meaning specified under the caption "DEFAULTS AND REMEDIES—Events of Default Defined" in this Appendix A.

"*Excess Earnings*" means, with respect to Financed Eligible Loans held in the Student Loan Fund and Financed with the proceeds of Tax-Exempt Bonds, the amount by which the earnings on such Financed Eligible Loans exceeds the applicable materially higher spread pursuant to § 1.148-2(d)(2) of the Treasury Regulations.

"*Excess Taxable Revenue*" means any funds remaining in the Taxable Account of the Revenue Fund after all prior transfers required or permitted by paragraphs (a) through (j) described under the caption "FUNDS—Revenue Fund—*Taxable Account*" in this Appendix A and all prior transfers, if any, required or permitted by paragraph (k) described under the caption "FUNDS—Revenue Fund—*Taxable Account*" in this Appendix A have been made.

"*Excess Tax-Exempt Revenue*" means any funds remaining in the Tax-Exempt Account of the Revenue Fund after all prior transfers required or permitted by paragraphs (a) through (j) described under the caption "FUNDS—Revenue Fund—*Tax-Exempt Account*" in this Appendix A and all prior transfers, if any, required or permitted by paragraph (k) described under the caption "FUNDS—Revenue Fund—*Tax-Exempt Account*" in this Appendix A have been made.

"*Extraordinary Expenses*" means (a) with respect to the Trustee, indemnification payments, legal fees and other expenses incurred with respect to the Trust Estate or in connection with the enforcement of remedies, and other amounts payable to the Trustee under the Indenture that are not included in the Trustee Fees; (b) with respect to the Administrator, any indemnification payments and other amounts payable to the Administrator under the Administration Agreement in excess of the Administration Fee; and (c) with respect to the Servicers, any amounts payable to a Servicer under the related Servicing Agreement in excess of the Standard Servicing Fees.

"*Favorable Opinion*" means an opinion of Bond Counsel addressed to the Authority and the Trustee to the effect that the action proposed to be taken is authorized or permitted by the Indenture and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Tax-Exempt Bonds.

"*Financed*" or "*Financing*" shall, when used with respect to Eligible Loans, mean or refer to (a) Eligible Loans acquired, financed or refinanced by the Authority with balances in the Student Loan Fund or otherwise deposited in or accounted for in the Student Loan Fund or otherwise constituting a part of the Trust Estate and (b) Eligible Loans substituted or exchanged for Financed Eligible Loans; but does not include Eligible Loans released from the lien of the Indenture and sold or transferred, to the extent permitted by the Indenture.

"*Fiscal Year*" means the fiscal year of the Authority as established from time to time; currently, the Fiscal Year of the Authority commences each July 1 and ends on the following June 30.

"*Funds*" means each of the Funds created pursuant to the Indenture and described under the caption "FUNDS—Creation and Continuation of Funds and Accounts" in this Appendix A.

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"*Highest Priority Bonds*" means, (a) at any time when Senior Bonds are Outstanding, the Senior Bonds; (b) at any time when no Senior Bonds are Outstanding, the Senior-Subordinate Bonds; and (c) at any time when no Senior Bonds or Senior-Subordinate Bonds are Outstanding, the Subordinate Bonds.

"*Indenture*" means the Indenture of Trust, dated as of October 1, 2019, between the Authority and the Trustee, including all supplements and amendments thereto.

"*Interest Payment Date*" means the Interest Payment Dates specified for a Series of Bonds in the Supplemental Indenture relating to such Series of Bonds. The Interest Payment Dates for the Series 2026-1 Bonds are each April 1 and October 1, commencing April 1, 2027.

"*Investment Securities*" means, to the extent permitted by the Public Funds Investment Act (Chapter 2256 of the Texas Government Code):

(a) U.S. Treasury obligations (all direct or fully guaranteed obligations); U.S. Department of Housing and Urban Development public housing agency bonds (previously known as local authority bonds); Federal Housing Administration debentures; Government National Mortgage Association (GNMA) guaranteed mortgage backed securities (MBS) or participation certificates; Resolution Funding Corporation (RefCorp) debt obligations; or Small Business Association guaranteed participation certificates and guaranteed pool certificates, each with a maturity of 12 months or less;

(b) interest-bearing time or demand deposits, certificates of deposit or other similar banking arrangements with a maturity of 12 months or less with banks, including the Trustee and any of its affiliates, which are members of the Federal Deposit Insurance Corporation; provided, that at all times such depository institution has commercial paper which is rated at least "AA" and "A-1+" by S&P;

(c) bonds, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following agencies: Federal Farm Credit Banks, Federal Home Loan Mortgage Corporation; the Federal National Mortgage Association; Federal Home Loan Banks provided such obligation is rated "AAA" by S&P;

(d) repurchase agreements and reverse repurchase agreements, other than overnight repurchase agreements and overnight reverse repurchase agreements, with banks, including the Trustee and any of its affiliates, which are members of the Federal Deposit Insurance Corporation, in each case whose outstanding, short term debt obligations are rated no lower than "A 1+" by S&P; provided further that if there is a downgrade below a long term rating of "A-" by S&P, the Authority shall replace or cause to be replaced the provider within 90 days of such downgrade at no cost to the Trust Estate;

(e) guaranteed investment contracts providing for the investment of funds in an account or insuring a minimum rate of return on investments of such funds, which contract shall:

(i) be an obligation of or guaranteed by an insurance company or other corporation or financial institution with a long-term unsecured debt rating of at least "A-" by S&P, so long as S&P maintains a Rating on the Bonds, and the agreement provides if during its term the provider's rating by S&P falls below "A-," the provider shall, within sixty (60) days of such occurrence, either (i) provide a written guarantee acceptable to the Authority from a guarantor meeting the S&P guarantor criteria with a long-term debt rating of "A-" or better, by S&P, (ii) assign the agreement to a domestic or foreign bank or

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corporation the long-term debt of which is rated at least "A-," and which is acceptable to the Authority, or (iii) repay the principal of and accrued but unpaid interest on the investment, in either case with no termination penalty or premium to the Authority or Trustee; and

(ii) provide that the Trustee may exercise all of the rights of the Authority under such contract without the necessity of the taking of any action by the Authority;

(f) investment agreements or guaranteed investment contracts that are entered into on the Date of Issuance for a Series of Bonds;

(g) commercial paper, including that of the Trustee and any of its affiliates, which is rated in the single highest classification, "A-1+" by S&P, and which matures not more than 270 days after the date of purchase;

(h) investments in a money market fund rated "AAAm" or "AAAm-G" by S&P, including funds for which the Trustee or an affiliate thereof acts as an investment advisor or provides other similar services for a fee; and

(i) any other investment for which the Authority shall have satisfied the Rating Agency Notification.

"*Maturity*" when used with respect to any Bond, means the date on which the principal thereof becomes due and payable as provided therein or in the Indenture, whether at its Stated Maturity, by earlier redemption, by declaration of acceleration, or otherwise.

"*Monthly Report*" means a report prepared by the Administrator on behalf of the Authority setting forth collection activity with respect to the Financed Eligible Loans and investment earnings with respect to the pledged Funds and Accounts during such specified period and the application of Revenues on the last Business Day of each calendar month as described under the caption "FUNDS—Revenue Fund" in this Appendix A.

"*Net Asset Requirement*" means, the Net Asset Requirement set forth in the most recent Supplemental Indenture containing such definition; provided, any such requirement may be reduced, removed or modified if the Authority is to have satisfied the Rating Agency Notification. For purposes of the Series 2026-1 Supplemental Indenture "Net Asset Requirement" means, and shall be satisfied when, the Value of assets constituting the Trust Estate exceeds the amount of Bonds Outstanding and other accrued but unpaid liabilities incurred under the Indenture that are Senior Transaction Fees by at least $15,000,000; provided, any such requirement may be reduced, removed or modified if the Authority shall have satisfied the Rating Agency Notification.

"*Nexus Loan*" means an Eligible Loan made for or on behalf of a student who was at the time the Eligible Loan was made a resident of the State of Texas and/or who was, at the time the Eligible Loan was made, enrolled at an educational institution located in the State of Texas, as determined pursuant to the Code and related regulations.

"*Operating Fund*" means the fund by that name described under the caption "FUNDS—Operating Fund" in this Appendix A.

"*Opinion of Counsel*" means (a) with respect to the Authority, one or more written opinions of counsel who may be counsel (including in-house counsel) to the Authority or the Administrator; (b) with

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respect to the Seller, the Administrator or a Servicer, one or more written opinions of counsel who may be counsel (including in-house counsel) to the Seller, the Administrator or a Servicer; and (c) with respect to the Trustee one or more written opinions of counsel who may be counsel (including in-house counsel) to the Trustee, the Authority or the Administrator and who is reasonably satisfactory to the Trustee.

"*Outstanding*" means, when used in connection with any Bond, a Bond which has been executed and delivered pursuant to the Indenture which at such time remains unpaid as to principal or interest, unless in all cases provision has been made for such payment as described under the caption "PAYMENT AND CANCELLATION OF BONDS AND SATISFACTION OF INDENTURE" in this Appendix A, excluding Bonds which have been exchanged for or replaced pursuant to the Indenture.

"*Overall Parity Percentage*" means the ratio, expressed as a percentage, of (a) the Aggregate Value to (b) the aggregate principal amount of and accrued interest on all Bonds then Outstanding, plus any allocable accrued but unpaid Senior Transaction Fees, if any, as of the date of such calculation.

"*Participant*" means a broker-dealer, bank or other financial institution from time to time for which the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository.

"*Paying Agent*" means the Trustee, in its capacity as paying agent pursuant to the Indenture.

"*Person*" means an individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or agency or political subdivision thereof.

"*Portfolio Yield*" means, with respect to Financed Eligible Loans allocable to particular Tax-Exempt Bonds, the composite yield on the date of calculation of the portfolio of such Financed Eligible Loans computed in accordance with the Code, assuming no additional Eligible Loans are financed and allocable to such Tax-Exempt Bonds.

"*Principal Office*" means the office of the party indicated in the Indenture.

"*Principal Reduction Payment Date*" means, for any Bond, any date described in a Supplemental Indenture for the payment of Principal Reduction Payments.

"*Principal Reduction Payments*" means principal payments on Bonds, other than mandatory sinking fund payments (with the exception of cumulative mandatory sinking fund installment payments due on cumulative sinking fund redemption dates other than the final maturity of the related term bond), made prior to a Stated Maturity, as set forth in a Supplemental Indenture.

"*Program*" means the Authority's program for the acquisition and financing or refinancing of Eligible Loans pursuant to the Indenture, any Supplemental Indenture and the Program Guidelines, as the same may be modified from time to time.

"*Program Guidelines*" means the Program Guidelines relating to the Program, and all documentation adopted or used in connection with the Program, and the origination and servicing standards for the Program as in effect on the date of execution of the Indenture and as revised, amended, altered, or supplemented from time to time.

"*Proposed Action*" means any proposed action, failure to act or other event which, under the terms of the Indenture, is conditional upon a Rating Agency Notification or a Rating Agency Confirmation.

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"*Rating*" means one of the rating categories of a Rating Agency.

"*Rating Agency*" means any one or more nationally recognized statistical rating organizations or other comparable Persons, designated by the Authority to assign Ratings to any of the Bonds. S&P is the Rating Agency designated by the Authority with respect to the Series 2026-1 Bonds.

"*Rating Agency Confirmation*" means a letter or press release or other written release from each Rating Agency rating any of the Bonds confirming that its Ratings on the Bonds will not be reduced, withdrawn, conditioned or placed under review with negative implications as a result of a Proposed Action to be taken by the Authority.

"*Rating Agency Fees*" means the surveillance fees payable to the Rating Agencies to maintain ratings on the Bonds, as set forth in the applicable fee letter.

"*Rating Agency Notification*" means, with respect to a Proposed Action, that the Authority shall have given written notice of such Proposed Action to each Rating Agency then rating any of the Bonds at least 20 Business Days prior to the proposed effective date thereof.

"*Rebate Amount*" means the amount computed as of a Computation Date in accordance with the Code.

"*Rebate Fund*" means the Fund by that name created pursuant to the Indenture and further described under the caption "FUNDS—Rebate Fund" in this Appendix A, including any Accounts and Subaccounts created therein.

"*Record Date*" means the Record Date established for any Bonds pursuant to the Supplemental Indenture relating to such Bonds. The Series 2026-1 Supplemental Indenture establishes the Business Day immediately preceding an Interest Payment Date as the "Record Date" with respect to the Series 2026-1 Bonds.

"*Recoveries of Principal*" means all amounts received by the Trustee from or on account of any Financed Eligible Loan as a recovery of the principal amount thereof, including scheduled, delinquent and advance payments; payouts or prepayments and proceeds from the sale, repurchase, assignment, transfer, reallocation or other disposition of a Financed Eligible Loan.

"*Recycling Period*" has the meaning ascribed to such term in any Supplemental Indenture. There is currently no Recycling Period. See the caption "PROVISIONS APPLICABLE TO THE BONDS; DUTIES OF THE AUTHORITY—Recycling Period" in this Appendix A.

"*Redemption Date*" means, when used with respect to any Bonds to be redeemed, the date fixed for such redemption by or pursuant to the Indenture (including the applicable Supplemental Indenture).

"*Redemption Price*" means the total of principal, premium (if any) and interest due on any Bond redeemed pursuant to any applicable redemption provision of the Indenture and any Supplemental Indenture. See the caption "THE SERIES 2026-1 BONDS—Redemption Provisions" in the body of this Official Statement.

"*Registered Owner*" means the Person in whose name a Bond is registered on the Bond registration records maintained by the Trustee, unless the context otherwise requires.

"*Registrar*" means the Trustee, in its capacity as registrar pursuant to the Indenture.

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"*Required Overall Parity Percentage*" means 122.75%; provided, however, that the Required Overall Parity Percentage may be reduced if the Authority shall have satisfied the Rating Agency Notification.

"*Required Senior Parity Percentage*" means 127.0%; provided, however, that the Required Senior Parity Percentage may be reduced if the Authority shall have satisfied the Rating Agency Notification.

"*Responsible Officer*" means, with respect to the Trustee, any officer within the Principal Office of the Trustee including any vice president, assistant vice president, assistant treasurer, assistant secretary, trust officer, or any other officer of the Trustee, customarily performing functions similar to those performed by any of the above designated officers, in each case with direct responsibility for the administration of the Indenture on behalf of the Trustee.

"*Revenue*" or "*Revenues*" means all Recoveries of Principal, payments, proceeds, charges and other income received by the Trustee or the Authority from or on account of any Financed Eligible Loan (including scheduled, delinquent and advance payments of interest) and all interest earned or gain realized from the investment of amounts in any Fund or Account (other than the Rebate Fund and the Operating Fund).

"*Revenue Fund*" means the Fund by that name created pursuant to the Indenture and further described under the caption "FUNDS—Revenue Fund" in this Appendix A, including any Accounts and Subaccounts created therein.

"*S&P*" means S&P Global Ratings, and its successors and assigns, but only if S&P has been requested by the Authority to assign Ratings to any of the Bonds.

"*Securities Depository*" means The Depository Trust Company, New York, New York, and its successors and assigns, or any additional or other securities depository designated in a Supplemental Indenture; the then Securities Depository if The Depository Trust Company resigns from its functions as depository of the Bonds; or, if the Authority discontinues use of the Securities Depository, any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the Bonds and which is selected by the Authority with the consent of the Trustee.

"*Seller*" means, as the context requires, (i) Brazos Education Lending Corporation, a nonprofit corporation organized under the laws of the State of Texas, and its successors and assigns, and (ii) Brazos Higher Education Authority, Inc., a nonprofit corporation created and established pursuant to, and existing under, the laws of the State of Texas, or any successor thereto.

"*Senior Bonds*" means all Bonds secured on a priority senior to the Senior-Subordinate Bonds and the Subordinate Bonds.

"*Senior Parity Percentage*" means the ratio, expressed as a percentage, of (a) the Aggregate Value to (b) the aggregate principal amount of and accrued interest on all Senior Bonds then Outstanding, plus any allocable accrued but unpaid Senior Transaction Fees, if any, as of the date of such calculation.

"*Senior Taxable Bonds*" means Senior Bonds that are Taxable Bonds.

"*Senior Tax-Exempt Bonds*" means Senior Bonds that are Tax-Exempt Bonds.

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"*Senior Transaction Fees*" means (a) the Trustee Fees, (b) the Administration Fees, (c) the Standard Servicing Fees (subject to the provisions described under the caption "PROVISIONS APPLICABLE TO THE BONDS; DUTIES OF THE AUTHORITY—Senior Transaction Fees" in this Appendix A), (d) the Rating Agency Fees and (e) Extraordinary Expenses (including any rebate analyst fees, counsel fees, audit and tax return fees and expenses of the Authority) (subject to any limitations set forth in any Supplemental Indenture, including the limitations set forth in the Series 2026-1 Supplemental Indenture that are described under the caption "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS—Senior Transaction Fees" in the body of this Official Statement).

"*Senior-Subordinate Bonds*" means all Bonds secured on a priority subordinate to the Senior Bonds and on a priority senior to the Subordinate Bonds.

"*Senior-Subordinate Parity Percentage*" means the ratio, expressed as a percentage, of (a) the Aggregate Value to (b) the aggregate principal amount of and accrued interest on all Senior Bonds and Senior-Subordinate Bonds then Outstanding, plus any allocable accrued but unpaid Senior Transaction Fees, if any, as of the date of such calculation.

"*Senior-Subordinate Taxable Bonds*" means Senior-Subordinate Bonds that are Taxable Bonds.

"*Senior-Subordinate Tax-Exempt Bonds*" means Senior-Subordinate Bonds that are Tax-Exempt Bonds.

"*Series*" means all Bonds authenticated and delivered pursuant to a Supplemental Indenture and designated therein as a Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for (but not to refund) such Bonds pursuant the Indenture.

"*Series 2025-1 Acquisition Period*" means, with respect to the Series 2025-1 Bonds and as used in the Series 2026-1 Supplemental Indenture, the period commencing on the Date of Issuance and ending on March 1, 2027; except that such period may be extended as set forth in an Authority Order delivered to the Trustee if the Authority shall have satisfied the Rating Agency Notification.

"*Series 2026-1 Acquisition Period*" means, with respect to the Series 2026-1 Bonds, the period commencing on the Date of Issuance and ending on March 1, 2028; except that such period may be extended as set forth in an Authority Order delivered to the Trustee if the Authority shall have satisfied the Rating Agency Notification.

"*Series 2025-1 Bonds*" means the $97,975,000 Brazos Higher Education Authority, Inc., Tax-Exempt Student Loan Program Revenue Bonds, Senior Series 2025-1A (AMT).

"*Series 2026-1 Bonds*" means, collectively, the Series 2026-1A Senior Tax-Exempt Bonds and the Series 2026-1B Subordinate Tax-Exempt Bonds.

"*Series 2026-1A Senior Tax-Exempt Bonds*" means the $125,335,000 Brazos Higher Education Authority, Inc., Tax-Exempt Student Loan Program Revenue Bonds, Senior Series 2026-1A (AMT).

"*Series 2026-1B Subordinate Tax-Exempt Bonds*" means the $15,000,000 Brazos Higher Education Authority, Inc., Tax-Exempt Student Loan Program Revenue Bonds, Subordinate Series 2026-1B (AMT).

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"*Series 2026-1 Premium Bonds*" means those Series 2026-1A Senior Tax-Exempt Bonds which were initially sold at offering prices in excess of 100% of the principal amount thereof, which are the Series 2026-1A Senior Tax-Exempt Bonds maturing on April 1, 2028 through April 1, 2036.

"*Series 2026-1A Senior Term Bonds*" means those Series 2026-1A Senior Tax-Exempt Bonds maturing on April 1, 2047.

"*Series 2026-1 Supplemental Indenture*" means the Series 2026-1 Supplemental Indenture of Trust, dated as of August 1, 2026, between the Authority and the Trustee, authorizing the Series 2026-1 Bonds, as supplemented and amended.

"*Series 2026-1 Unamortized Premium*" means the unamortized portion of the Redemption Price for the Series 2026-1 Premium Bonds for purposes of the Series 2026-1 Supplemental Indenture, which shall be a price equal to the excess amount over 100% using the applicable yield of the Series 2026-1 Premium Bonds, as applicable, the Redemption Date, semi-annual compounding and a 360-day year consisting of twelve 30-day months, as determined by the Authority.

"*Servicer*" means (a) Nelnet Servicing, LLC (d/b/a Firstmark Services) and its successors and assigns, (b) Pennsylvania Higher Education Loan Agency and its successors and assigns, and (c) shall also mean any additional Person with which the Authority or the Administrator has entered into a Servicing Agreement with respect to Financed Eligible Loans and for which the Authority shall have satisfied a Rating Agency Notification; provided, however, a collection agency hired by the Authority, the Administrator or a Servicer to collect on Defaulted Loans shall not be deemed to be a Servicer under the Indenture.

"*Servicing Agreement*" means (a) the Private Student Loan Origination and Servicing Agreement, dated as of July 11, 2017, between The Brazos Higher Education Service Corporation, Inc. and Nelnet Servicing, LLC (d/b/a Firstmark Servicing), (b) the Private Loan Program Servicing Agreement, dated as of December 7, 2021, between The Brazos Higher Education Service Corporation, Inc and the Pennsylvania Higher Education Assistance Agency, and (c) any additional servicing agreements with any other Servicer, in each case relating to the Financed Eligible Loans, as amended from time to time.

"*Standard Servicing Fees*" means any fees and expenses payable to the Servicers with respect to the servicing and collection of the Financed Eligible Loans consisting of periodic unit fees, default related fees, delinquency fees, and annual privacy mailing fees, but shall not include fees due as a result of the termination of a Servicing Agreement (including any deconversion fees related to Financed Eligible Loans resulting from such termination), indemnification or other extraordinary expense items (all of which are Extraordinary Expenses).

"*Stated Maturity*" means, with respect to any Bonds, the date specified in the Supplemental Indenture relating to such Bonds as the fixed date on which principal of such Bonds is due and payable. "Stated Maturity" has the meaning, with respect to the Series 2026-1 Bonds, set forth in the Series 2026-1 Supplemental Indenture and as described in the maturity schedule on the inside cover of this Official Statement.

"*Student Loan Fund*" means the Fund by that name created pursuant to the Indenture and further described under the caption "FUNDS—Student Loan Fund" in this Appendix A, including any Accounts and Subaccounts created therein.

"*Student Loan Purchase Agreement*" means each of (i) the Transfer and Sale Agreement, dated as of October 1, 2019, between the Authority and Brazos Education Lending Corporation, as amended and supplemented pursuant to the terms thereof and of the Indenture; and (ii) the Assignment and Pledge

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Agreement, dated as of May 17, 2024, between the Authority and the Trustee, as amended and supplemented pursuant to the terms thereof and of the Indenture.

"*Subaccount*" means any of the subaccounts which may be created and established within any Account by the Indenture.

"*Subordinate Bonds*" means any Bonds secured on a priority subordinate to the Senior Bonds and the Senior-Subordinate Bonds.

"*Subordinate Taxable Bonds*" means Subordinate Bonds that are Taxable Bonds.

"*Subordinate Tax-Exempt Bonds*" means Subordinate Bonds that are Tax-Exempt Bonds.

"*Subordinate Transaction Fees*" means Extraordinary Expenses that are in excess of the amounts that can be paid as Senior Transaction Fees as provided in the definition thereof.

"*Supplemental Indenture*" means an agreement supplemental to the Indenture executed pursuant to the provisions described under the caption "SUPPLEMENTAL INDENTURES" in this Appendix A.

"*Tax Documents*" means, collectively, the tax certificates and agreements of the Authority and instructions to the Authority and the Trustee, all dated the applicable Date of Issuance, relating to the use of proceeds of the Tax-Exempt Bonds and which set forth the grounds for the Authority's belief that such Tax-Exempt Bonds are not "arbitrage bonds" within the meaning of the Code, including the exhibits and schedules attached thereto.

"*Taxable Bonds*" means any Bonds issued and delivered pursuant to the Indenture, the interest on which does not purport to be excluded from the federal gross income of the Registered Owners thereof.

"*Tax-Exempt Bonds*" means any Bonds issued and delivered pursuant to the Indenture, the interest on which purports to be excluded from the federal gross income of the Registered Owners thereof.

"*Transfer Agent*" means the Trustee, in its capacity as transfer agent pursuant to the Indenture.

"*Trust Estate*" means the property described under the caption "PARITY AND PRIORITY OF LIEN; OTHER OBLIGATIONS—Trust Estate" in this Appendix A.

"*Trustee*" means U.S. Bank Trust Company, National Association (as successor-in-interest to U.S. Bank National Association), a national banking association, acting in its capacity as Trustee under the Indenture, or any successor Trustee designated pursuant to the Indenture.

"*Trustee Fees*" means the regular fees and expenses of the Trustee under the Indenture.

"*Underwriter*" means the underwriter or underwriters of any of the Bonds as may be specified in a Supplemental Indenture. The Underwriter for the Series 2026-1 Bonds is RBC Capital Markets, LLC.

"*Value*" on any calculation date when required under the Indenture means the value of the Trust Estate calculated by the Authority as to paragraph (a) below and by the Trustee as to paragraphs (b) through (e), inclusive, below, as follows:

(a) with respect to any Eligible Loan, the unpaid principal amount thereof plus any accrued but unpaid interest; provided, however, a Defaulted Loan shall have a Value of zero;

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(b) with respect to any funds of the Authority held under the Indenture and on deposit in any commercial bank or as to any banker's acceptance or repurchase agreement or investment contract, the amount thereof plus accrued but unpaid interest;

(c) with respect to any Investment Securities of an investment company, the bid price of the shares as reported by the investment company plus accrued but unpaid interest;

(d) as to investment agreements, including investment agreements holding United States Treasury obligations, par plus accrued interest; and

(e) as to other investments (other than those required by an irrevocable escrow to be held to maturity, which investment shall be valued at par plus accrued interest): (i) the lower of the bid prices at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Authority in its absolute discretion) at the time making a market in such investments, or (ii) the bid price published by a nationally recognized pricing service.

BOND DETAILS

Bond Details

The details of each Series of Bonds authorized pursuant to the Indenture and a Supplemental Indenture are required to be contained in the applicable Supplemental Indenture. Such details are required to include, but are not limited to, the principal amount, Series, Authorized Denomination, dated date, interest rate, Stated Maturity, redemption provisions and registration provisions.

Issuance of Bonds

The Authority has the authority, upon complying with the provisions described below, to authenticate and deliver from time to time Bonds secured by the Trust Estate on a parity with the Senior Bonds, the Senior-Subordinate Bonds or the Subordinate Bonds, if any, secured under the Indenture as determined by the Authority.

No Bonds may be authenticated and delivered pursuant to the Indenture until the following conditions have been satisfied:

(a) The Authority and the Trustee have entered into a Supplemental Indenture (which Supplemental Indenture does not require the approval of the Registered Owners of any of the Outstanding Bonds) providing the terms and forms of the proposed Series of Bonds as described under the caption "Bond Details" above, including the designation of such Series of Bonds as Senior Bonds, Senior-Subordinate Bonds or Subordinate Bonds, whether such Series of Bonds constitutes Taxable Bonds or Tax-Exempt Bonds (or a combination thereof), the redemption and selection for redemption provisions applicable to such Series of Bonds, and the application of the proceeds of the Bonds and any Authority contribution;

(b) A Rating Agency Confirmation is required to have been received with respect to the issuance of such Series of Bonds;

(c) Upon the issuance of the proposed Series of Bonds, an amount equal to the Debt Service Reserve Fund Requirement with respect to such Series of Bonds, if any, must be deposited into the Debt Service Reserve Fund; and

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(d) If then required under applicable State law, the written opinion of the Attorney General of the State of Texas with respect to the validity of the Bonds of such Series, together with the registration certificate issued by the Comptroller of Public Accounts.

The Trustee is authorized to set up any additional Funds or Accounts or Subaccounts under the Indenture which it deems necessary or convenient in connection with the issuance and delivery of any Series of Bonds.

Redemption of Bonds.

Bonds subject to redemption prior to maturity pursuant to a Supplemental Indenture with respect to a Series are redeemable at such times, at such Redemption Prices and upon such terms as may be specified in the Supplemental Indenture authorizing such Series. See the caption "THE SERIES 2026-1 BONDS—Redemption Provisions" in the body of this Official Statement.

PARITY AND PRIORITY OF LIEN; OTHER OBLIGATIONS

Trust Estate

Pursuant to the Indenture, the Authority grants a security interest to the Trustee for the benefit and security of the Registered Owners of the Bonds in the following (the "Trust Estate"):

(a) The Revenues (other than Revenues deposited in the Rebate Fund or the Operating Fund or otherwise released from the lien of the Trust Estate as provided in the Indenture);

(b) All moneys and investments held in the Funds (other than the Operating Fund and the Rebate Fund);

(c) The Financed Eligible Loans and any notes and documents evidencing the same and all extensions and renewals thereof;

(d) The rights of the Authority in and to the Administration Agreement, the Student Loan Purchase Agreement and any and all Servicing Agreements, as the same relate to the Financed Eligible Loans; and

(e) Any and all other property, rights and interests of every kind or description from time to time hereafter granted, conveyed, pledged, transferred, assigned or delivered to the Trustee as additional security under the Indenture.

Parity and Priority of Lien

As they relate to the Bonds and the Registered Owners, the provisions, covenants and agreements in the Indenture set forth to be performed by or on behalf of the Authority are for the equal benefit, protection and security of the Registered Owners of any and all of the Bonds, all of which, regardless of the time or times of their issuance or maturity, are of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided in the Indenture with respect to certain payment and other priorities.

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Other Obligations

The Authority reserves the right to issue other bonds or obligations which do not constitute or create a lien on the Trust Estate.

The Authority is not permitted to commingle the Funds established by the Indenture with funds, proceeds, or investment of funds relating to other issues or series of bonds heretofore or hereafter issued.

The Revenues and other moneys, Financed Eligible Loans, securities, evidences of indebtedness, interests, rights and properties pledged under the Indenture are and will be owned by the Authority free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, of equal rank with or subordinate to the respective pledges created by the Indenture, except as otherwise expressly provided in the Indenture, and all action on the part of the Authority to that end has been duly and validly taken. If any Financed Eligible Loan is found to have been subject to a lien at the time such Financed Eligible Loan was financed, the Authority is required to cause such lien to be released, purchase such Financed Eligible Loan from the Trust Estate for a purchase price equal to its principal amount plus any accrued unpaid interest thereon, or replace such Financed Eligible Loan with another Eligible Loan with substantially identical characteristics which replacement Eligible Loan is required to be free and clear of liens at the time of such replacement. Except as otherwise provided in the Indenture, the Authority is not permitted to create or voluntarily permit to be created any debt, lien, or charge on the Financed Eligible Loans which would be on a parity with, subordinate to, or prior to the lien of the Indenture; can not do or omit to do or suffer to be done or omitted to be done any matter or things whatsoever whereby the lien of the Indenture or the priority of such lien for the Bonds might or could be lost or impaired; and is required to pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence to or any equality with the Indenture as a lien or charge upon the Financed Eligible Loans; provided, however, that nothing described in this paragraph requires the Authority to pay, discharge, or make provision for any such lien, charge, claim, or demand so long as the validity thereof is contested in good faith, unless thereby, in the opinion of the Trustee, the same will endanger the security for the Bonds; and provided further that any lien on the Trust Estate subordinate to the lien of the Indenture (i.e., subordinate to the lien securing the Senior Bonds, the Senior-Subordinate Bonds and the Subordinate Bonds) will be entitled to no payment from the Trust Estate, nor may any remedy be exercised with respect to such subordinate lien against the Trust Estate until all Bonds have been paid or deemed paid under the Indenture.

PROVISIONS APPLICABLE TO THE BONDS; DUTIES OF THE AUTHORITY

Payment of Bonds

The Authority covenants in the Indenture that it will promptly pay, but solely from the Trust Estate, the principal of and interest, if any, on each and every Bond issued under the provisions of the Indenture at the places, on the dates and in the manner specified in the Indenture and in said Bonds and any premium required for the retirement of said Bonds by purchase or redemption according to the true intent and meaning thereof.

The Authority is required at all times to maintain an office or agency where Bonds may be presented for registration, transfer or exchange, and where notices, presentations and demands upon the Authority in respect of the Bonds or of the Indenture may be served. The Authority has appointed the Trustee as its agent to maintain such office or agency for the registration, transfer or exchange of Bonds, and for the service of such notices, presentations and demands upon the Authority.

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Covenant to Perform Obligations Under the Indenture

The Authority covenants in the Indenture that it will faithfully perform at all times and at all places all covenants, undertakings, stipulations, provisions and agreements contained in the Indenture, in any and every Bond executed, authenticated and delivered under the Indenture and in all proceedings of the Authority pertaining thereto. The Authority covenants in the Indenture that it is duly authorized to issue the Bonds authorized thereunder and to enter into the Indenture and that all action on its part for the issuance of the Bonds issued under the Indenture and the execution and delivery of the Indenture has been duly and effectively taken; and that such Bonds in the hands of the Registered Owners thereof are and will be valid and enforceable special, limited obligations of the Authority according to the tenor and import thereof.

In consideration of the purchase and acceptance of the Bonds by those who hold the same from time to time, the provisions of the Indenture will be a part of the contract of the Authority with the Registered Owners of the Bonds and is deemed to be and constitutes a contract among the Authority, the Trustee and the Registered Owners from time to time.

Further Instruments and Actions

The Authority covenants in the Indenture that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indentures supplemental to the Indenture and such further acts, instruments and transfers as the Trustee may reasonably require for the better pledging all and singular of the Trust Estate to the payment of the principal of, premium, if any, and the interest on the Bonds and other amounts owed under the Indenture to the Registered Owners.

Administration of the Program

The Authority is required to administer, operate and maintain the Program in such manner as to ensure that the Financed Eligible Loans will conform to the requirements of the Program Guidelines and any Supplemental Indenture.

Financing, Collection and Assignment of Eligible Loans

The Authority is required to acquire, finance and refinance only Eligible Loans with moneys in the Student Loan Fund and to diligently cause to be collected all principal and interest payments (subject to the provisions described under the caption "Enforcement of Financed Eligible Loans" below) on all the Financed Eligible Loans and all defaulted payments which relate to such Financed Eligible Loans. The Authority is required to, and will direct each Servicer to, transmit all principal and interest payments on all the Financed Eligible Loans to the Trustee for deposit to the Revenue Fund within two (2) Business Days of identification of the related Financed Eligible Loans. The Authority is required to comply with all United States and state statutes, rules and regulations which apply to the Program and to such Financed Eligible Loans.

Enforcement of Financed Eligible Loans

The Authority will, subject to the succeeding paragraph and the last sentence of this paragraph, cause to be diligently enforced, and take all steps, actions and proceedings reasonably necessary for the enforcement of, all terms, covenants and conditions of all Financed Eligible Loans, the Program Guidelines, the Student Loan Purchase Agreement and agreements in connection therewith, including the prompt payment of all principal and interest payments and all other amounts due the Authority thereunder. The

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Authority will not, except as permitted by the succeeding paragraph and the last sentence of this paragraph, permit the release of the obligations of any borrower under any Financed Eligible Loan and will, subject to the succeeding paragraph and the last sentence of this paragraph, at all times, to the extent permitted by law, cause to be defended, enforced, preserved and protected the rights and privileges of the Authority and the Trustee under the Indenture or with respect to each Financed Eligible Loan and agreement in connection therewith. The Authority will not, except as permitted by the succeeding paragraph and the last sentence of this paragraph, consent or agree to or permit any amendment or modification of any Financed Eligible Loan or agreement in connection therewith which will in any manner materially adversely affect the rights or security of the Registered Owners under the Indenture. Nothing in the Indenture is to be construed to prevent the Authority from (i) granting a reasonable forbearance to a borrower (unless such forbearance will, in the reasonable judgment of the Authority, have a material adverse impact on the Authority's ability to meet its obligations under the Indenture); (ii) settling a default or curing a delinquency on any Financed Eligible Loan on such terms as permitted by law and as permitted by the Program Guidelines; (iii) forgiving the repayment of any Financed Eligible Loan upon the death or permanent disability of a borrower or benefiting student; (iv) offering borrower benefits that are permitted under the Program Guidelines; (v) settling or curing a delinquency on any Financed Eligible Loan or otherwise settling any dispute with a borrower on such terms as required by law or as the Authority may deem to be in the best interest of the Program; (vi) providing any deferral, forbearance or other similar benefits in accordance with the standards and requirements of the Program; (vii) with respect to any Defaulted Loan, rescheduling, revising, deferring, selling or otherwise compromising payments or taking other reasonable actions with respect to Defaulted Loans in connection with maximizing the recovery on such Defaulted Loans as further set forth below; (viii) ceasing collection and servicing efforts with respect to any small balance Financed Eligible Loan when and if the Authority determines that the probable costs of collection and servicing exceed the expected proceeds of collection (including having a write-off policy that is consistent with the standards and requirements of the applicable Servicer); (ix) if the Authority is to have satisfied the Rating Agency Notification, charging interest at a lower rate than is required by the Program Guidelines or any Supplemental Indenture; or (x) if the Authority is to have satisfied the Rating Agency Notification, establishing discounts or granting forgiveness of principal of or interest on Financed Eligible Loans.

Notwithstanding the foregoing, the Authority may also forgive the principal of and/or interest and other fees and charges on all or a portion of the Financed Eligible Loans to prevent interest on any Tax-Exempt Bonds from being includable in the gross income of the owners thereof for federal income tax purposes, or take such other action as may be provided in the written opinion of Bond Counsel (including, but not limited to, the payment of "yield reduction payments" under § 1.148-5(c) of the Treasury Regulations), and may forgive the remaining indebtedness on any Financed Eligible Loan if, in the reasonable judgment of the Authority evidenced by a certificate delivered to the Trustee, the cost of collection of the remaining indebtedness of such Financed Eligible Loan would exceed such remaining indebtedness.

The Authority, or its designated agent (which designated agent may be the Administrator, a Servicer or any third-party collection agent), is required to undertake reasonable collection efforts with respect to any Defaulted Loans in accordance with customary industry standards and practices. All such collection efforts are required to be conducted in material compliance with all applicable federal, state and local laws, including any applicable consumer protection laws. Any such designated agent of the Authority that successfully collects amounts owed from borrowers on Defaulted Loans may be compensated for such collection efforts by deducting and retaining a customary percentage of amounts collected from borrowers, as well as any related collection expenses, on Defaulted Loans that is approved by the Authority with all remaining amounts collected from borrowers on Defaulted Loans being promptly deposited to the applicable Account of the Revenue Fund, regardless of whether any such borrower payments result in a reduction in the outstanding principal balance of any such Defaulted Loans. Notwithstanding anything set forth in the Indenture to the contrary, such designated agent of the Authority may directly collect amounts

received from borrowers with respect to Defaulted Loans for deposit with the Trustee and any deductions from amounts collected on Defaulted Loans by designated agents of the Authority as compensation for performing collection efforts, as well as any related collection expenses, are not deemed to be Revenue or a Senior Transaction Fee or Subordinate Transaction Fee under the Indenture. To the extent that the Administrator pays or advances collection expenses on behalf of a collection agent for Defaulted Loans, the Administrator may be reimbursed from collections prior to the deposit of such amounts in the Revenue Fund to the same extent as if such collection expenses had been directly paid, and deducted from such collections, by the collection agent. The Authority, or its designated agent serving as collection agent, may act as custodian for any Defaulted Loans. The Authority, or its designated agent, is permitted to reschedule, revise, defer or otherwise compromise payments or take other reasonable actions with respect to Financed Eligible Loans that are Defaulted Loans in connection with maximizing the recovery on such Financed Eligible Loans. The Authority, or its designated agent, is also permitted to cease collection and servicing efforts with respect to any Financed Eligible Loans when and if the Authority determines that the probable costs of collection and servicing exceed the expected proceeds of collection or that the Financed Eligible Loan is unsuitable for continued collection efforts.

Administration and Servicing

The Authority covenants that it will keep in force and effect an Administration Agreement whereby the Administrator will be responsible for the performance of certain administrative functions in connection with the Indenture and pursuant to which the Administrator is required to cause there to be provided, loan servicing services for the Financed Eligible Loans in accordance with all applicable requirements of the Program and the Indenture. The Authority and/or the Administrator may enter into Servicing Agreements with Servicers; provided that, with respect to any Servicer appointed with respect to the Financed Eligible Loans after the initial Date of Issuance, the Rating Agency Notification must first be satisfied.

The Authority is required to cause to be diligently enforced, and to take all reasonable steps, actions and proceedings necessary for the enforcement of, all terms, covenants and conditions of the Administration Agreement, including the prompt payment of all principal and interest payments and all other amounts due the Authority or the Trustee thereunder, which relate to any Financed Eligible Loans, and maintaining Servicing Agreements with Servicers with respect to the servicing of the Financed Eligible Loans. The Authority is not permitted to release any of the obligations of the Administrator under the Administration Agreement and is required at all times, to the extent permitted by law, to cause to be defended, enforced, preserved and protected the rights and privileges of the Authority, the Trustee and the Registered Owners under or with respect to the Administration Agreement.

The Authority, or the Administrator on its behalf, is required to cause each Servicer to duly and properly service all Financed Eligible Loans and to enforce the payment and collection of all payments of principal and interest payments which relate to any Financed Eligible Loans. The Authority is required to cause each Servicer to enter into a Servicing Agreement providing that the Servicer will administer and collect all Financed Eligible Loans in the manner consistent with the provisions described under the captions “Enforcement of Financed Eligible Loans” above and “Administration and Collection of Financed Eligible Loans” below and perform any duties, obligations and functions imposed upon the Servicer therein. The Authority is not permitted to remove, or to permit the Administrator to remove on its behalf, any Servicer under a Servicing Agreement unless (i) the Authority has appointed a successor Servicer, (ii) the successor Servicer has executed and delivered a Servicing Agreement, and (iii) the Authority has satisfied the Rating Agency Notification.

Upon the occurrence and continuation of an Administrator Default, the Administrator may be replaced to the extent provided in the Administration Agreement.

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The Trustee, by the execution of the Indenture, covenants, represents and agrees in the Indenture that upon any termination of the Administrator pursuant to the Administration Agreement, the Trustee, pursuant to the Administration Agreement, (i) may perform the duties of the Administrator specified in the Administration Agreement, (ii) will appoint a successor administrator to perform such duties as provided in the Administration Agreement, or (iii) will petition a court for the appointment of a successor administrator as provided in the Administration Agreement. The Trustee has no duty to assume any responsibilities or duties of the Administrator under the Administration Agreement, unless and until, the Trustee, in its sole discretion, appoints itself in writing as the successor Administrator as provided in the Administration Agreement.

Notwithstanding the foregoing, upon an Event of Default and an acceleration of the maturity of the Bonds as described under the caption "DEFAULTS AND REMEDIES—Accelerated Maturity" in this Appendix A, the Trustee (and not the Authority) will exercise the Authority's rights and duties described above.

The Authority will not consent or agree to or permit any amendment, supplement or modification of the Administration Agreement or any Servicing Agreement unless the Rating Agency Notification has been satisfied with respect to any such amendment, supplement or modification; provided that, the Administration Agreement or any Servicing Agreement may be amended at any time upon the mutual written consent of the parties to cure any ambiguity, defect, or omission in the Administration Agreement or any Servicing Agreement without a Rating Agency Notification upon receipt of an Opinion of Counsel that any such amendment or modification will not materially adversely affect the rights or security of the Registered Owners, is authorized and permitted by such Administration Agreement or Servicing Agreement and all conditions precedent have been satisfied.

Administration and Collection of Financed Eligible Loans

All Financed Eligible Loans which are part of the Trust Estate are required to be administered and collected by a Servicer and/or Administrator selected by the Authority in a competent, diligent and orderly fashion and in accordance with all applicable requirements of the Indenture, any Supplemental Indenture and the Program Guidelines.

The promissory notes evidencing Financed Eligible Loans are required to be held or, with respect to electronically executed promissory notes, maintained by the Servicer pursuant to a Servicing Agreement. Subject to the foregoing, the Authority covenants and agrees in the Indenture as follows with respect to all Financed Eligible Loans:

(a) The Servicer holds promissory notes evidencing Financed Eligible Loans and related documentation as bailee for and on behalf of the Trustee for purposes of perfecting the security interests of the Trustee therein.

(b) All sums received by the Authority or the Servicer with respect to Financed Eligible Loans will be held on behalf of the Trustee including, but not limited to, all payments of principal and interest and proceeds of the sale thereof. All such amounts are required to be held in a segregated account and not commingled with any of the Authority's or Servicer's other funds.

Tax Covenants

The Authority is required at all times to do and perform all acts and things necessary or desirable in order to assure that interest paid on the Tax-Exempt Bonds will, for purposes of federal income taxation,

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be excludable from the gross income of the recipients thereof, including, but not limited to, such actions as are required to be taken pursuant to any Tax Documents and the Indenture.

The Authority will not permit at any time or times any of the proceeds of the Bonds or any other funds of the Authority to be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause any Tax-Exempt Bond to be or become an "arbitrage bond" as defined in Section 148 of the Code.

The Authority is required to take such action as may be necessary to assure that the Portfolio Yield as of the date of final payment of related Tax-Exempt Bonds does not exceed the related Bond Yield by an amount greater than may be consistent with any Tax Documents, including paying any required amounts to the Internal Revenue Service and/or the forgiveness and discharge of borrower payment obligations with respect to the outstanding principal amounts of and any interest and other fees due upon any or all of such Financed Eligible Loans upon any such payment date.

The foregoing covenants remain in full force and effect notwithstanding the defeasance of the Bonds as described under the caption "PAYMENT AND CANCELLATION OF BONDS AND SATISFACTION OF INDENTURE" in this Appendix A or any other provision of the Indenture, and notwithstanding any provision of the Indenture, the Authority is required to observe its covenants and agreements contained in the Tax Documents, to the extent that, and for so long as, such covenants and agreements are required by law.

No Waiver of Laws

The Authority is not to at any time insist upon or plead in any manner whatsoever, or claim to take the benefit or advantage of any stay or extension of law now or at any time hereafter in force which may affect the covenants and agreements contained in the Indenture or in the Bonds and all benefit or advantage of any such law or laws is expressly waived by the Authority.

Pledge of Trust Estate

The Authority is required to, at its own expense, execute and deliver such instruments and documents as may be required in order to maintain in favor of the Trustee a perfected, first-priority security interest in the Financed Eligible Loans and related Revenues and the pledged Funds pursuant to the Uniform Commercial Code of the State of Texas. Without limiting the generality of the foregoing, the Authority is required to execute, deliver and file all such financing and continuation statements and amendments thereto and such other instruments, endorsements and notices as may be necessary in order to perfect and preserve the lien and pledge of the Indenture.

The Authority is required to warrant and defend its title to the Financed Eligible Loans, the related Revenues and the pledged Funds against the claims and demands of all Persons other than the Trustee and the Registered Owners of the Bonds.

Except for the lien and pledge of the Indenture, and any other liens expressly authorized under the Indenture, the Authority will not cause or permit all or any part of the Trust Estate, including but not limited to the Financed Eligible Loans and related Revenues and the pledged Funds, to become subject to any consensual or non-consensual lien or encumbrance.

Except for the lien and pledge of the Indenture, (a) the Authority has no knowledge, and has not received any notice, that any party other than the Trustee, on behalf of the Registered Owners of the Bonds, has or claims to have any security interest or other lien on all or any part of the Trust Estate; and (b) no

party, other than the Authority and the Trustee, on behalf of the Registered Owners of the Bonds, has or claims to have any interest whatsoever in all or any part of the Trust Estate.

The Authority represents and warrants in the Indenture for the benefit of the Trustee and the Registered Owners of the Bonds as follows:

(a) Notwithstanding any other provision of the Indenture, pursuant to the Act, a security interest in the Trust Estate granted by the Authority is attached and perfected at the time the security interest is executed and delivered by the Authority. The security interest grants to the Trustee a first prior perfected security interest in the Trust Estate for the benefit of the Trustee without regard to the location of the assets that constitute the Trust Estate.

(b) The Authority owns and has good and marketable title to the Financed Eligible Loans free and clear of any lien, charge, security interest or other encumbrance of any Person, other than those granted pursuant to the Indenture.

(c) Other than the pledge to the Trustee pursuant to the Indenture, the Authority has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Financed Eligible Loans. The Authority has not authorized the filing of and is not aware of any financing statements against the Authority that include a description of collateral covering the Financed Eligible Loans other than any financing statement relating to the pledge granted to the Trustee under the Indenture and such financing statements that have been terminated. The Authority is not aware of any judgment or tax lien filings against the Authority.

The Authority is required to assure that its Program's electronic loan processes comply with applicable law.

The Authority is required to take all steps necessary to maintain the pledge and priority of the Trustee's interest in the Financed Eligible Loans.

Amendment of Student Loan Purchase Agreement

The Authority will not consent or agree to or permit any amendment, supplement or modification of the Student Loan Purchase Agreement unless the Rating Agency Notification has been satisfied with respect to any such amendment, supplement or modification; provided that, the Student Loan Purchase Agreement may be amended at any time upon the mutual written consent of the parties to cure any ambiguity, defect, or omission in the Student Loan Purchase Agreement without a Rating Agency Notification upon receipt of an Opinion Counsel that any such amendment or modification will not materially adversely affect the rights or security of the Registered Owners, is authorized and permitted by the Student Loan Purchase Agreement and all conditions precedent have been satisfied.

Senior Transaction Fees

The amount of the Senior Transaction Fees may be increased at any time upon satisfaction of the Rating Agency Notification. The Standard Servicing Fees payable to the Servicers servicing Financed Eligible Loans on the Date of Issuance that are payable as Senior Transaction Fees may not exceed the existing amounts of Standard Servicing Fees payable pursuant to the applicable Servicing Agreements in existence on the Date of Issuance (including any currently contemplated increases to those amounts pursuant to existing inflationary escalator clauses relating to such Standard Servicing Fees as set forth in the Servicing Agreements on the Date of Issuance). After the Date of Issuance, to the extent that any

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Financed Eligible Loans are serviced by any other Servicer, the amount of Standard Servicing Fees payable to such other Servicer as Senior Transaction Fees must not exceed the amounts payable pursuant to the initial Servicing Agreements (including any increases and contemplated increases to those amounts pursuant to existing inflationary escalator clauses relating to such Standard Servicing Fees as set forth in the Servicing Agreements on the Date of Issuance) in effect on the Date of Issuance unless the Rating Agency Notification has been satisfied. The Standard Servicing Fees payable to a Servicer may be increased at any time upon satisfaction of the Rating Agency Notification. Additional limitations relating to the payment of Senior Transaction Fees are described under the caption "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS—Senior Transaction Fees" in the body of this Official Statement.

Monthly Reports; Periodic Information on the Financed Eligible Loans

Except as provided below, the Authority will cause the Administrator to prepare and furnish to the Trustee a Monthly Report at least two (2) Business Days prior to the last Business Day of each calendar month. The Trustee is required to make available a copy of each Monthly Report or portion thereof (as provided in the last paragraph of this caption) promptly after receipt thereof via its website at https://pivot.usbank.com, or such other internet address as the Trustee may specify from time to time, to each Registered Owner requesting a copy thereof, and to each Rating Agency then rating Outstanding Bonds.

The Trustee may cease making such Monthly Reports available on its website; provided that it provides an alternate means of delivery.

In addition, the Authority is required to make periodic information on the Financed Eligible Loans publicly available at least semi-annually. The Authority reserves the right, however, (a) to alter the format in which such periodic information is presented, (b) to make such periodic information available either by posting as part of, or in the same manner as, annual reports filed pursuant to the Continuing Disclosure Agreement or, subject to compliance with such Continuing Disclosure Agreement, by posting on a publicly accessible website, or (c) to make such periodic information available by including it as part of the Monthly Report that is delivered during that period.

General Terms of the Program

The Program Guidelines with respect to the Eligible Loans to be acquired with the amounts deposited to the Taxable Account or the Tax-Exempt Account, as applicable, of the Student Loan Fund are described under the caption "THE BRAZOS PRIVATE LOAN PROGRAMS" in the body of this Official Statement. The Authority is permitted to make changes to such Program Guidelines that do not adversely affect the security for the Registered Owners of the Bonds.

Restrictions on the Financing of Certain Eligible Loans During the Series 2026-1 Acquisition Period

Other than (a) the portion of the portfolio of Eligible Loans Financed on the Date of Issuance that were included in the cash flow modeling presented to the Rating Agency in connection with the initial rating of the Series 2026-1 Bonds, if any, and (b) the more specifically identified pools of Eligible Loans Financed during the Series 2026-1 Acquisition Period which are described under "—Commitment to Acquire Eligible Loans" below and funded with amounts deposited in the Tax-Exempt Account of the Student Loan Fund and the Taxable Account of the Student Loan Fund related to the Series 2026-1 Bonds, the following restrictions apply to the remaining aggregate portfolio of Eligible Loans Financed during the

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Series 2026-1 Acquisition Period with money on deposit in the Tax-Exempt Account of the Student Loan Fund and the Taxable Account of the Student Loan Fund related to the Series 2026-1 Bonds:

(a) With respect to those remaining Eligible Loans Financed during the Series 2026-1 Acquisition Period:

(i) At least 10% of the principal balance of such Eligible Loans shall be originated pursuant to the Parent Loan Program and/or the Refinance Loan Program and (a) not more than 5% of the principal balance of such Eligible Loans made pursuant to the Parent Loan Program and the Refinance Loan Program shall have FICO Scores less than 700, and (b) at least 80% of the principal balance of such Eligible Loans made pursuant to the Parent Loan Program and/or the Refinance Loan Program shall have FICO Scores equal to or greater than 740, and (c) at least 10% of the principal balance of such Eligible Loans made pursuant to the Parent Loan Program and/or the Refinance Loan Program shall be cosigned; and

(ii) For such Eligible Loans Financed that are originated pursuant to the Student Loan Program:

(A) At least 80% of the principal balance of such Eligible Loans made pursuant to the Student Loan Program will be cosigned;

(B) No more than 65% of the principal balance of such Eligible Loans made pursuant to the Student Loan Program will be in the in-school deferred repayment option at origination;

(C) At least 15% of the principal balance of such Eligible Loans made pursuant to the Student Loan Program will be in the immediate repayment option at origination;

(D) At least 75% of the principal balance of such Eligible Loans made pursuant to the Student Loan Program will have FICO Scores equal to or greater than 740; and

(E) No greater than 8% of the principal balance of such Eligible Loans made pursuant to the Student Loan Program will have FICO Scores equal to or less than 700.

The foregoing restrictions may be changed upon satisfaction of the Rating Agency Notification.

Commitment to Acquire Specified Eligible Loans

Pursuant to the Series 2026-1 Supplemental Indenture, the Authority commits to Finance specific pools of Eligible Loans as described below during the remaining Series 2025-1 Acquisition Period and the Series 2026-1 Acquisition Period relating to certain of the amounts deposited in the Tax-Exempt Account of the Student Loan Fund and the Taxable Account of the Student Loan Fund related to the Series 2025-1 Bonds and the Series 2026-1 Bonds, as applicable. The Authority may amend the below described provisions and Appendix A to the Series 2026-1 Supplemental Indenture upon satisfaction of the Rating Agency Notification.

On or prior to March 1, 2027, the Authority is to finance or acquire a portfolio of Eligible Loans (which may include Eligible Loans that are partially disbursed or include subsequent disbursements relating to Financed Eligible Loans) under the Indenture with an aggregate principal balance (including any accrued interest thereof) of approximately $113,000,000. In the body of this Official Statement, these Eligible Loans are referred to as the "Anticipated Acquisition Period Eligible Loans." Such Financed Eligible Loans are to be in the dollar amounts with the specific loan characteristics set forth in Appendix A attached to the Series 2026-1 Supplemental Indenture. Notwithstanding the foregoing, to the extent that the actual dollar amount of Eligible Loans financed under the Indenture for a specific loan characteristic category set forth in Appendix A attached to the Series 2026-1 Supplemental Indenture exceeds the dollar amount set forth therein, for purposes of satisfying this Section of the Series 2026-1 Supplemental Indenture, that excess may be counted against and credited against any other category that has a lower default assumption on a dollar for dollar basis. For example, if the actual dollar amount for the Brazos-In School Loans product in the deferred, co-signed and greater than 740 FICO category exceeds the committed amount set forth in Appendix A by $100,000, that excess may be counted by the Issuer towards satisfying the Brazos-In School Loans product, deferred, non co-signed and FICO between 670-699 category by $100,000. Information about the Anticipated Acquisition Period Eligible Loans is included in the body of this Official Statement. See the caption "THE FINANCED ELIGIBLE LOANS—Anticipated Acquisition Period Eligible Loans" herein.

The specified Financed Eligible Loans acquired pursuant to the Series 2026-1 Supplemental Indenture described under this caption "—Commitment to Acquire Specified Eligible Loans" are not subject to the restrictions set forth in either "—Restrictions on the Financing of Certain Eligible Loans During the Series 2026-1 Acquisition Period" above that apply to the other Eligible Loans Financed during the Series 2026-1 Acquisition Period or "—Amendment to the Series 2025-1 Supplemental Indenture" below that apply to the other Eligible Loans Financed during the remaining Series 2025-1 Acquisition Period. In addition, for purposes of the restrictions described in "—Amendment to the Series 2025-1 Supplemental Indenture" below) that apply to the aggregate portfolio of Eligible Loans Financed during the remaining Series 2025-1 Acquisition Period with money on deposit in the Tax-Exempt Account of the Student Loan Fund and the Taxable Account of the Student Loan Fund related to the Series 2025-1 Bonds and the identical restrictions set forth in "—Restrictions on the Financing of Certain Eligible Loans During the Series 2026-1 Acquisition Period" above that apply to the aggregate portfolio of Eligible Loans Financed during the Series 2026-1 Acquisition Period with money on deposit in the Tax-Exempt Account of the Student Loan Fund and the Taxable Account of the Student Loan Fund related to the Series 2026-1 Bonds, the Authority is to be permitted to aggregate and consolidate all such Eligible Loans Financed and apply such identical restrictions on a combined basis.

Recycling Period

There is currently no Recycling Period. The Authority may establish a new Recycling Period as set forth in an Authority Order delivered to the Trustee if the Authority shall have satisfied the Rating Agency Notification.

Amendment to the Series 2025-1 Supplemental Indenture

The Series 2025-1 Supplemental Indenture is being amended pursuant to the Series 2026-1 Supplemental Indenture to read as follows:

> **Restrictions on the Financing of Certain of the Eligible Loans during the remaining Series 2025-1 Acquisition Period**. Other than (a) the portion of the portfolio of Eligible Loans Financed on the Date of Issuance of the Series 2026-1 Bonds that were included in the cash flow modeling presented to the Rating Agency in connection with the

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initial rating of the Series 2026-1 Bonds, if any, and (b) the more specifically identified pools of Eligible Loans Financed during the remaining Series 2025-1 Acquisition Period which are described in "—Commitment to Acquire Specified Eligible Loans" above and funded with amounts deposited in the Tax-Exempt Account of the Student Loan Fund and the Taxable Account of the Student Loan Fund related to the Series 2025-1 Bonds, the following restrictions apply to the aggregate portfolio of Eligible Loans Financed during the remaining Series 2025-1 Acquisition Period with money on deposit in the Tax-Exempt Account of the Student Loan Fund and the Taxable Account of the Student Loan Fund related to the Series 2025-1 Bonds:

With respect to those remaining Eligible Loans Financed during the remaining Series 2025-1 Acquisition Period:

At least 10% of the principal balance of such Eligible Loans shall be originated pursuant to the Parent Loan Program and/or the Refinance Loan Program and (a) not more than 5% of the principal balance of such Eligible Loans made pursuant to the Parent Loan Program and the Refinance Loan Program shall have FICO Scores less than 700, and (b) at least 80% of the principal balance of such Eligible Loans made pursuant to the Parent Loan Program and/or the Refinance Loan Program shall have FICO Scores equal to or greater than 740, and (c) at least 10% of the principal balance of such Eligible Loans made pursuant to the Parent Loan Program and/or the Refinance Loan Program shall be cosigned; and

For such Eligible Loans Financed that are originated pursuant to the Student Loan Program:

At least 80% of the principal balance of such Eligible Loans made pursuant to the Student Loan Program shall be cosigned;

No more than 65% of the principal balance of such Eligible Loans made pursuant to the Student Loan Program shall be in the in-school deferred repayment option at origination;

At least 15% of the principal balance of such Eligible Loans made pursuant to the Student Loan Program shall be in the immediate repayment option at origination;

At least 75% of the principal balance of such Eligible Loans made pursuant to the Student Loan Program shall have FICO Scores equal to or greater than 740; and

No greater than 8% of the principal balance of such Eligible Loans made pursuant to the Student Loan Program shall have FICO Scores equal to less than 700.

The foregoing restrictions may be changed upon satisfaction of the Rating Agency Notification.

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FUNDS

Creation and Continuation of Funds and Accounts

The Indenture creates and establishes the following Funds to be held and maintained by the Paying Agent on behalf of the Trustee for the benefit of the Registered Owners:

(a) Student Loan Fund, including a Tax-Exempt Account and a Taxable Account therein;

(b) Revenue Fund, including a Tax-Exempt Account and a Taxable Account therein;

(c) Capitalized Interest Fund, including a Tax-Exempt Account and a Taxable Account therein;

(d) Debt Service Fund, including a Tax-Exempt Interest Account, a Tax-Exempt Principal Account, a Tax-Exempt Retirement Account, a Taxable Interest Account, a Taxable Principal Account and a Taxable Retirement Account; and

(e) Debt Service Reserve Fund, including a Tax-Exempt Account and a Taxable Account therein.

The Indenture also creates and establishes the Rebate Fund, to be held and maintained by the Paying Agent on behalf of the Trustee, in which neither the Authority nor the Registered Owners have any right, title or interest.

The Operating Fund does not constitute a Fund within the meaning of the Indenture, and is held by the Authority. The Registered Owners will have no right, title or interest in the Operating Fund.

The Paying Agent on behalf of the Trustee is authorized for the purpose of facilitating the administration of the Trust Estate and for the administration of any Bonds issued under the Indenture to create further Accounts or Subaccounts in any of the various Funds and Accounts established under the Indenture which are deemed necessary or desirable.

Student Loan Fund

There will be deposited into the Taxable Account or the Tax-Exempt Account, as applicable, of the Student Loan Fund moneys from proceeds of any Bonds and any other amounts to be deposited therein pursuant to a Supplemental Indenture and moneys transferred thereto from the Revenue Fund and the Capitalized Interest Fund pursuant to the Indenture. Financed Eligible Loans pledged to the Trust Estate are accounted for as a part of the Student Loan Fund.

Moneys on deposit in the Student Loan Fund are required to be used solely to pay costs of issuance of the Bonds and, during any Acquisition Period and any Recycling Period, as set forth in a Supplemental Indenture, to acquire and finance or refinance Eligible Loans. If the Authority determines that all or any portion of such moneys cannot be so used, then an Authorized Representative of the Authority may by Authority Order direct the Trustee that such moneys be transferred to the Tax-Exempt Retirement Account or the Taxable Retirement Account, as applicable, of the Debt Service Fund and used to redeem Bonds in accordance with any Supplemental Indenture. See the caption "THE SERIES 2026-1 BONDS—

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Redemption Provisions—*Mandatory Redemption from Unexpended Proceeds*" in the body of this Official Statement.

No Eligible Loan will be acquired by the Authority with amounts on deposit in the Student Loan Fund unless (a) a promissory note is to have been executed by the borrower and any required co-signer to evidence the Eligible Loan, (b) the Eligible Loan is a legal, valid and binding obligation of the borrower and any required co-signor, enforceable in accordance with its terms and conditions and free from any right of set-off, counter claim or other claim, defense or security interest, (c) the Authority or originator has complied with the requirements of applicable federal and state law in originating the Eligible Loan, (d) the payment to be made is a proper charge against the Account of the Student Loan Fund from which such payment is made, (e) the Eligible Loan constitutes an Eligible Loan within the meaning of the Indenture and the Program Guidelines, (f) such Eligible Loan is or was made to a borrower or a required co-signer who meets, if applicable, the credit requirements established by the Authority as specified in the Program Guidelines and (g) no Event of Default has occurred and is continuing under the Indenture. Amounts transferred out of the Student Loan Fund may only be used for the acquisition of Eligible Loans and to pay costs of issuance of the Bonds. If the Authority is obligated to acquire an Eligible Loan that requires a future disbursement by the Seller, the Authority is required to reserve an amount equal to the acquisition price of such Eligible Loan in the Account or Accounts of the Student Loan Fund from which such Eligible Loan is to be acquired. All Eligible Loans, or portions thereof, acquired with amounts on deposit in an Account of the Student Loan Fund from proceeds of Taxable Bonds or Tax-Exempt Bonds are required to be held in that same Account of the Student Loan Fund unless otherwise directed by Authority Order. An Eligible Loan which is financed both with amounts on deposit in the Taxable Account and the Tax-Exempt Account of the Student Loan Fund will be allocated between the Taxable Account and the Tax-Exempt Account of the Student Loan Fund based upon the percentage of such Eligible Loan funded from each such Account unless otherwise directed by Authority Order. All Eligible Loans, or portions thereof, acquired with amounts on deposit in an Account of the Student Loan Fund that are not from or derived from proceeds of Taxable Bonds or Tax-Exempt Bonds will be held in the Account of the Student Loan Fund as directed by an Authority Order.

The Authority covenants in the Indenture that no amount credited to the Tax-Exempt Account of the Student Loan Fund will be used to finance and refinance any Eligible Loans which (a) are not Nexus Loans unless the percentage of the proceeds of the applicable Series of Tax-Exempt Bonds used to finance and refinance Nexus Loans equals or exceeds the percentage required by the Tax Documents related to such Series of Tax-Exempt Bonds, without regard to amounts related to such Series of Tax-Exempt Bonds deposited in the Tax-Exempt Account of the Debt Service Reserve Fund or (b) are not permitted to be financed under the requirements set forth in the Tax Documents.

If (a) on the last Business Day of any calendar month, there are insufficient moneys in the Tax-Exempt Account or the Taxable Account of the Revenue Fund (after transfers from the Capitalized Interest Fund) to make the transfers required by paragraphs (a) through (d) under the caption "Revenue Fund—*Tax-Exempt Account*" below (or through paragraph (g) if no Senior Tax-Exempt Bonds or Senior Taxable Bonds are then Outstanding, or through paragraph (i) if no Senior Tax-Exempt Bonds, Senior Taxable Bonds, Senior-Subordinate Tax-Exempt Bonds or Senior-Subordinate Taxable Bonds are then Outstanding) or paragraphs (a) through (d) under the caption "Revenue Fund—*Taxable Account*" below (or through paragraph (g) if no Senior Tax-Exempt Bonds or Senior Taxable Bonds are then Outstanding, or through paragraph (i) if no Senior Tax-Exempt Bonds, Senior Taxable Bonds, Senior-Subordinate Tax-Exempt Bonds or Senior-Subordinate Taxable Bonds are then Outstanding) or (b) on a Bond Payment Date, there are insufficient moneys in the Tax-Exempt Account or the Taxable Account of the Revenue Fund (after transfers from the Capitalized Interest Fund) to make the payments due on Senior Tax-Exempt Bonds or Senior Taxable Bonds (or Senior-Subordinate Tax-Exempt Bonds or Senior-Subordinate Taxable Bonds if no Senior Tax-Exempt Bonds or Senior Taxable Bonds are then Outstanding, or Subordinate Tax-Exempt

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Bonds or Subordinate Taxable Bonds if no Senior Tax-Exempt Bonds, Senior Taxable Bonds, Senior-Subordinate Tax-Exempt Bonds or Senior-Subordinate Taxable Bonds are then Outstanding) on such Bond Payment Date, an amount equal to any such deficiency is required be transferred directly from the Student Loan Fund (but only from cash or Investment Securities and not from Financed Eligible Loans or from amounts necessary for the acquisition of Approved Undisbursed Loans, which aggregate principal amount, if any, of such Approved Undisbursed Loans has been certified by the Authority to the Trustee on or prior to the last day of an Acquisition Period or Recycling Period, as applicable, with respect to a Series of Bonds) to the Tax-Exempt Account or Taxable Account of the Revenue Fund, as applicable and on a pro rata basis if necessary, to make such transfers (but only from amounts on deposit in the Student Loan Fund not constituting the proceeds of a Series of Tax-Exempt Bonds unless a Favorable Opinion has been received by the Authority and the Trustee) as directed by and in accordance with the applicable Monthly Report or Authority Order. To the extent that amounts are available within an Account of the Student Loan Fund, (i) amounts on deposit in the Tax-Exempt Account of the Student Loan Fund are required to be used to make transfers to the Tax-Exempt Account of the Revenue Fund before using amounts on deposit in the Taxable Account of the Student Loan Fund and (ii) amounts on deposit in the Taxable Account of the Student Loan Fund are required to be used to make transfers to the Taxable Account of the Revenue Fund before using amounts on deposit in the Tax-Exempt Account of the Student Loan Fund.

Original proceeds of a Series of Bonds and funds of the Authority remaining in an Account or Subaccount of the Student Loan Fund at any interim date specified in a Supplemental Indenture to the extent required thereby or remaining in the Account or Subaccount of the Student Loan Fund at the end of its related Acquisition Period and required to redeem Bonds of such Series pursuant to the corresponding Supplemental Indenture are required to be transferred to the Tax-Exempt Account or Taxable Account of the Revenue Fund or the Tax-Exempt Retirement Account or the Taxable Retirement Account of the Debt Service Fund, as appropriate, and used to redeem the Bonds of such Series pursuant to the corresponding Supplemental Indenture as directed by and in accordance with the applicable Monthly Report or Authority Order. All remaining amounts on deposit in an Account or Subaccount of the Student Loan Fund corresponding to a Series of Bonds upon the termination of the Recycling Period for such Series will be transferred to the Tax-Exempt Account or Taxable Account of the Revenue Fund from which such amounts originated.

To the extent not needed during any Recycling Period, the Authority may by Authority Order transfer any recycling amounts transferred from the Taxable Account of the Revenue Fund under paragraph (j) under the caption "Revenue Fund—*Taxable Account*" below or from the Tax-Exempt Account of the Revenue Fund under paragraph (j) under the caption "Revenue Fund—*Tax-Exempt Account*" below back to the applicable Account of the Revenue Fund from which it was originally transferred.

Financed Eligible Loans will be sold, transferred or otherwise disposed of (including transfers or sales to other trust estates) by the Trustee free from the lien of the Indenture at any time pursuant to an Authority Order and if the Trustee is provided with the following:

(a) an Authority Order stating the sale price and directing that Financed Eligible Loans be sold, transferred or otherwise disposed of and delivered:

(i) to any Person, whose name is required to be specified; or

(ii) to the trustee under another indenture securing bonds issued by the Authority or another nonprofit corporation managed by the Administrator whose name is required to be specified in such Authority Order; and

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(b) a certificate, which may be incorporated in the Authority Order referred to in paragraph (a) above, signed by an Authorized Representative of the Authority to the effect that:

(i) (A) the disposition price is equal to or in excess of the principal amount thereof (plus accrued interest); or

(B) the disposition price is lower than the principal amount thereof (plus accrued interest), (1) the Authority reasonably believes that the Revenues expected to be received (after giving effect to such disposition) would be at least equal to the Revenues expected to be received assuming no such sale, transfer or other disposition occurred and the Authority has satisfied the Rating Agency Notification; or (2) the Authority is required to remain able to pay debt service on the Bonds on a timely basis (after giving effect to such sale, transfer or other disposition) whereas it would not have been able to do so on a timely basis if it had not sold, transferred or disposed of the Financed Eligible Loans at such discounted amount and the Authority has satisfied the Rating Agency Notification; and

(ii) the Authority has determined that adequate provision has been made assuring that such sale, transfer or other disposition does not impair the Authority's capacity to comply with its obligation relative to the restriction upon Portfolio Yield as such obligation would be calculated upon the date of such sale, transfer or other disposition in accordance with any Tax Documents.

The provisions of paragraphs (a) and (b) above are also subject to the limitation that the Authority may not sell or transfer Financed Eligible Loans at any one time or in a series of transactions in an aggregate principal amount (giving effect to all such sales or transfers from the most recent Date of Issuance) in excess of 10% of the highest principal amount of Financed Eligible Loans, as of the end of any calendar month, held under the Indenture following the most recent Date of Issuance at the time of any such sale or transfer unless the Authority has satisfied the Rating Agency Notification.

Further, Financed Eligible Loans will also be sold, transferred or otherwise disposed of by the Trustee (w) for transfers to the Seller pursuant to its repurchase obligation under the Student Loan Purchase Agreement, (x) the sale to a Servicer of any Financed Eligible Loans which it is required to purchase pursuant to a Servicing Agreement as a result of servicing errors, (y) a sale of all Financed Eligible Loans as described in the third paragraph under the caption "PARITY AND PRIORITY OF LIEN; OTHER OBLIGATIONS—Other Obligations" in this Appendix A and (z) pursuant to an Authority Order in which the Authority determines that such disposition of Financed Eligible Loans from the Trust Estate is necessary in order to avoid the occurrence of an Event of Default under the Indenture, in such amount and at such times and prices as may be specified in such Authority Order.

Notwithstanding the forgoing, where the Authority is obligated to acquire an Eligible Loan that is subject to a future disbursement, in lieu of retaining an amount sufficient to acquire such Eligible Loan upon its final disbursement, the Authority may acquire such Eligible Loan for an acquisition price based upon its then current outstanding principal balance and assume the obligation to make any future disbursement(s) on such Eligible Loan (which Eligible Loan will be deemed to be an Approved Undisbursed Loan for purposes of the Indenture with respect to the future disbursements), and any reference to "acquire" or "acquisition" of an Eligible Loan will be deemed to include the funding by the Authority of any future disbursement on such Eligible Loan (including the representations in any Authority Order requesting the funding of such future disbursement with moneys on deposit in the Student Loan Fund and the requirement to reserve amounts sufficient to fund any such future disbursements in the Student Loan Fund).

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Revenue Fund

There will be deposited into the Tax-Exempt Account of the Revenue Fund all Revenues derived from Financed Eligible Loans, or portions thereof, on deposit in the Tax-Exempt Account of the Student Loan Fund, Revenues derived from proceeds of Tax-Exempt Bonds on deposit in the Student Loan Fund and all other Revenue derived from moneys or assets on deposit in the Tax-Exempt Accounts of the Debt Service Reserve Fund, the Capitalized Interest Fund and the Revenue Fund and any other amounts deposited thereto upon receipt of an Authority Order or otherwise required pursuant to a Supplemental Indenture. There will be deposited into the Taxable Account of the Revenue Fund all Revenues derived from Financed Eligible Loans, or portions thereof, on deposit in the Taxable Account of the Student Loan Fund, Revenues derived from proceeds of Taxable Bonds on deposit in the Student Loan Fund, and all other Revenue derived from moneys or assets on deposit in the Taxable Accounts of the Debt Service Reserve Fund, the Capitalized Interest Fund and the Revenue Fund and any other amounts deposited thereto upon receipt of an Authority Order or otherwise required pursuant to a Supplemental Indenture.

Tax-Exempt Account. On the last Business Day of each calendar month pursuant to the corresponding Monthly Report, or more frequently or on other dates if required by a Supplemental Indenture or if directed by the Authority pursuant to an Authority Order, Revenues in the Tax-Exempt Account of the Revenue Fund are required to be used and transferred to other Funds, Accounts, Subaccounts or Persons in the following order of priority (any money not so transferred or paid to remain in the Tax-Exempt Account of Revenue Fund until subsequently applied as described under this caption):

(a) to the Rebate Fund, upon receipt of an Authority Order and if necessary to comply with any Tax Document with respect to rebate or Excess Earnings;

(b) on a pro rata basis, if necessary, to the Operating Fund for the payment of Senior Transaction Fees allocable to the Tax-Exempt Bonds to the extent and in the manner described under the caption "Operating Fund" below upon receipt of an Authority Order directing the same and, to the extent there are insufficient moneys available in the Taxable Account of the Revenue Fund for such purpose, to make the transfers required pursuant to paragraph (b) under the caption "*Taxable Account*" below;

(c) on a pro rata basis, if necessary, to the credit of the Tax-Exempt Interest Account of the Debt Service Fund to the extent and in the manner described under the caption "Debt Service Fund—*Tax-Exempt Interest Account*" below, to provide for the payment of interest on Senior Tax-Exempt Bonds and, to the extent there are insufficient moneys available in the Taxable Account of the Revenue Fund for such purpose, to make the transfers required pursuant to paragraph (c) under the caption "*Taxable Account*" below;

(d) (i) first, on a pro rata basis, if necessary, to the credit of the Tax-Exempt Principal Account of the Debt Service Fund to the extent and in the manner described under the caption "Debt Service Fund—*Tax-Exempt Principal Account*" below, to provide for the payment of principal of Senior Tax-Exempt Bonds at their Stated Maturity or on a mandatory sinking fund payment date (other than a cumulative mandatory sinking fund redemption date on which failure to make a sinking fund payment does not constitute an Event of Default under the Indenture) and, to the extent there are insufficient moneys available in the Taxable Account of the Revenue Fund for such purpose, to make the transfers required pursuant to paragraph (d)(i) under the caption "*Taxable Account*" below and (ii) second, on a pro rata basis, if necessary, to the credit of the Tax-Exempt Principal Account of the Debt Service Fund to the extent and in the manner described under the caption "Debt Service Fund—*Tax-Exempt Principal Account*" below, to provide for the payment of cumulative mandatory sinking fund installments of Senior Tax-Exempt Bonds not

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funded under paragraph (i) of this paragraph (d) on a sinking fund payment date and, to the extent there are insufficient moneys available in the Taxable Account of the Revenue Fund for such purpose, to make the transfers required pursuant to paragraph (d)(ii) under the caption "*Taxable Account*" below;

(e) on a pro rata basis, if necessary, to the Tax-Exempt Account of the Debt Service Reserve Fund the amount, if any, required to restore the Tax-Exempt Account of the Debt Service Reserve Fund to its allocable portion of the Debt Service Reserve Fund Requirement with respect thereto, with any separate Account established therein receiving its pro rata share of such replenishment, if necessary, based upon the amount disbursed from such Account and, to the extent there are insufficient moneys available in the Taxable Account of the Revenue Fund for such purpose, to make the transfers required pursuant to paragraph (e) under the caption "*Taxable Account*" below;

(f) on a pro rata basis, if necessary, to the credit of the Tax-Exempt Interest Account of the Debt Service Fund to the extent and in the manner described under the caption "Debt Service Fund—*Tax-Exempt Interest Account*" below, to provide for the payment of interest on Senior-Subordinate Tax-Exempt Bonds and, to the extent there are insufficient moneys available in the Taxable Account of the Revenue Fund for such purpose, to make the transfers required pursuant to paragraph (f) under the caption "*Taxable Account*" below;

(g) (i) first, on a pro rata basis, if necessary, to the credit of the Tax-Exempt Principal Account of the Debt Service Fund to the extent and in the manner described under the caption "Debt Service Fund—*Tax-Exempt Principal Account*" below, to provide for the payment of principal of Senior-Subordinate Tax-Exempt Bonds at their Stated Maturity or on a sinking fund payment date (other than a cumulative mandatory sinking fund redemption date on which failure to make a sinking fund payment does not constitute an Event of Default under the Indenture) and, to the extent there are insufficient moneys available in the Taxable Account of the Revenue Fund for such purpose, to make the transfers required pursuant to paragraph (g)(i) under the caption "*Taxable Account*" below and (ii) second, on a pro rata basis, if necessary, to the credit of the Tax-Exempt Principal Account of the Debt Service Fund to the extent and in the manner described under the caption "Debt Service Fund—*Tax-Exempt Principal Account*" below, to provide for the payment of cumulative mandatory sinking fund installments of Senior-Subordinate Tax-Exempt Bonds not funded under clause (i) of this paragraph (g) on a sinking fund payment date and, to the extent there are insufficient moneys available in the Taxable Account of the Revenue Fund for such purpose, to make the transfers required pursuant to paragraph (g)(ii) under the caption "*Taxable Account*" below;

(h) on a pro rata basis, if necessary, to the credit of the Tax-Exempt Interest Account of the Debt Service Fund to the extent and in the manner described under the caption "Debt Service Fund—*Tax-Exempt Interest Account*" below, to provide for the payment of interest on Subordinate Tax-Exempt Bonds and, to the extent there are insufficient moneys available in the Taxable Account of the Revenue Fund for such purpose, to make the transfers required pursuant to paragraph (h) under the caption "*Taxable Account*" below;

(i) (i) *first*, on a pro rata basis, if necessary, to the credit of the Tax-Exempt Principal Account of the Debt Service Fund to the extent and in the manner described under the caption "Debt Service Fund—*Tax-Exempt Principal Account*" below, to provide for the payment of principal of Subordinate Tax-Exempt Bonds at their Stated Maturity or on a sinking fund payment date (other than a cumulative mandatory sinking fund redemption date on which failure to make a sinking fund payment does not constitute an Event of Default under the Indenture) and, to the extent

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there are insufficient moneys available in the Taxable Account of the Revenue Fund for such purpose, to make the transfers required pursuant to paragraph (i)(i) under the caption "*Taxable Account*" below and (ii) *second*, on a pro rata basis, if necessary, to the credit of the Tax-Exempt Principal Account of the Debt Service Fund to the extent and in the manner described under the caption "Debt Service Fund—*Tax-Exempt Principal Account*" below, to provide for the payment of cumulative mandatory sinking fund installments of Subordinate Tax-Exempt Bonds not funded under clause (i) of this paragraph (i) on a sinking fund payment date and, to the extent there are insufficient moneys available in the Taxable Account of the Revenue Fund for such purpose, to make the transfers required pursuant to paragraph (i)(ii) under the caption "*Taxable Account*" below;

(j) during any applicable Recycling Period, at the option of the Authority and upon receipt by the Trustee of an Authority Order, to the Tax-Exempt Account of the Student Loan Fund;

(k) (i) at the option of the Authority and upon receipt by the Trustee of an Authority Order or (ii) as required by a Supplemental Indenture (but only on the last Business Day of the calendar months of February and August), to the Tax-Exempt Retirement Account of the Debt Service Fund for the redemption of, or distribution of principal with respect to, Bonds which by their terms are subject to redemption or principal distribution from Revenues received under the Indenture (such amounts to be applied to the payment of Bonds of a particular Series based upon the priorities established in the Supplemental Indentures pursuant to which such Bonds were issued, or if not so provided, at the direction of the Authority by Authority Order). See the caption "THE SERIES 2026-1 BONDS—Redemption Provisions" in the body of this Official Statement;

(l) to the Operating Fund for the payment of Subordinate Transaction Fees allocable to the Tax-Exempt Bonds to the extent permitted and in the manner described under the caption "Operating Fund" below upon receipt of an Authority Order directing the same; and

(m) at the option of the Authority and upon receipt by the Trustee of an Authority Order (but only on the last Business Day of the calendar months of March and September), release any remaining amounts from the Indenture to the extent described under the caption "Releases From the Indenture" below.

Taxable Account. On the last Business Day of each calendar month pursuant to the corresponding Monthly Report, or more frequently or on other dates if required by a Supplemental Indenture or if directed by the Authority pursuant to an Authority Order, Revenues in the Taxable Account of the Revenue Fund will be used and transferred to other Funds, Accounts, Subaccounts or Persons in the following order of priority (any money not so transferred or paid to remain in the Taxable Account of Revenue Fund until subsequently applied as described under this caption):

(a) to the extent there are insufficient moneys available in the Tax-Exempt Account of the Revenue Fund to make the transfers required pursuant to paragraph (a) described under the caption "*Tax-Exempt Account*" above, to the Rebate Fund, upon receipt of an Authority Order and if necessary to comply with any Tax Document with respect to rebate or Excess Earnings;

(b) on a pro rata basis, if necessary, to the Operating Fund for the payment of Senior Transaction Fees allocable to the Taxable Bonds to the extent and in the manner described under the caption "Operating Fund" below upon receipt of an Authority Order directing the same and, to the extent there are insufficient moneys available in the Tax-Exempt Account of the Revenue Fund for such purpose, to make the transfers required pursuant to paragraph (b) described under the caption "*Tax-Exempt Account*" above;

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(c) on a pro rata basis, if necessary, to the credit of the Taxable Interest Account of the Debt Service Fund to the extent and in the manner described under the caption "Debt Service Fund—*Taxable Interest Account*" below, to provide for the payment of interest on Senior Taxable Bonds and, to the extent there are insufficient moneys available in the Tax-Exempt Account of the Revenue Fund for such purpose, to make the transfers required pursuant to paragraph (c) described under the caption "*Tax-Exempt Account*" above;

(d) (i) first, on a pro rata basis, if necessary, to the credit of the Taxable Principal Account of the Debt Service Fund to the extent and in the manner described under the caption "Debt Service Fund—*Taxable Principal Account*" below, to provide for the payment of principal of Senior Taxable Bonds at their Stated Maturity or on a mandatory sinking fund payment date (other than a cumulative mandatory sinking fund redemption date on which failure to make a sinking fund payment does not constitute an Event of Default under the Indenture) and, to the extent there are insufficient moneys available in the Tax-Exempt Account of the Revenue Fund for such purpose, to make the transfers required pursuant to paragraph (d)(i) described under the caption "*Tax-Exempt Account*" above and (ii) second, on a pro rata basis, if necessary, to the credit of the Taxable Principal Account of the Debt Service Fund to the extent and in the manner described under the caption "Debt Service Fund—*Taxable Principal Account*" below, to provide for the payment of cumulative mandatory sinking fund installments of Senior Taxable Bonds not funded under clause (i) of this paragraph (d) on a sinking fund payment date and, to the extent there are insufficient moneys available in the Tax-Exempt Account of the Revenue Fund for such purpose, to make the transfers required pursuant to paragraph (d)(ii) described under the caption "*Tax-Exempt Account*" above;

(e) on a pro rata basis, if necessary, to the Taxable Account of the Debt Service Reserve Fund the amount, if any, required to restore the Taxable Account of the Debt Service Reserve Fund to its allocable portion of the Debt Service Reserve Fund Requirement with respect thereto, with any separate Account established therein receiving its pro rata share of such replenishment, if necessary, based upon the amount disbursed from such Account and, to the extent there are insufficient moneys available in the Tax-Exempt Account of the Revenue Fund for such purpose, to make the transfers required pursuant to paragraph (e) described under the caption "*Tax-Exempt Account*" above;

(f) on a pro rata basis, if necessary, to the credit of the Taxable Interest Account of the Debt Service Fund to the extent and in the manner described under the caption "Debt Service Fund—*Taxable Interest Account*" below, to provide for the payment of interest on Senior-Subordinate Taxable Bonds and, to the extent there are insufficient moneys available in the Tax-Exempt Account of the Revenue Fund for such purpose, to make the transfers required pursuant to paragraph (f) described under the caption "*Tax-Exempt Account*" above;

(g) (i) first, on a pro rata basis, if necessary, to the credit of the Taxable Principal Account of the Debt Service Fund to the extent and in the manner described under the caption "Debt Service Fund—*Taxable Principal Account*" below, to provide for the payment of principal of Senior-Subordinate Taxable Bonds at their Stated Maturity or on a sinking fund payment date (other than a cumulative mandatory sinking fund redemption date on which failure to make a sinking fund payment does not constitute an Event of Default under the Indenture) and, to the extent there are insufficient moneys available in the Tax-Exempt Account of the Revenue Fund for such purpose, to make the transfers required pursuant to paragraph (g)(i) described under the caption "*Tax-Exempt Account*" above and (ii) second, on a pro rata basis, if necessary, to the credit of the Taxable Principal Account of the Debt Service Fund to the extent and in the manner described under the caption "Debt Service Fund—*Taxable Principal Account*" below, to provide for the

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payment of cumulative mandatory sinking fund installments of Senior-Subordinate Taxable Bonds not funded under clause (i) of this paragraph (g) on a sinking fund payment date and, to the extent there are insufficient moneys available in the Tax-Exempt Account of the Revenue Fund for such purpose, to make the transfers required pursuant to paragraph (g)(ii) described under the caption "*Tax-Exempt Account*" above;

(h) on a pro rata basis, if necessary, to the credit of the Taxable Interest Account of the Debt Service Fund to the extent and in the manner described under the caption "Debt Service Fund—*Taxable Interest Account*" below, to provide for the payment of interest on Subordinate Taxable Bonds and, to the extent there are insufficient moneys available in the Tax-Exempt Account of the Revenue Fund for such purpose, to make the transfers required pursuant to paragraph (h) described under the caption "*Tax-Exempt Account*" above;

(i) (i) *first*, on a pro rata basis, if necessary, to the credit of the Taxable Principal Account of the Debt Service Fund to the extent and in the manner described under the caption "Debt Service Fund—*Taxable Principal Account*" below, to provide for the payment of principal of Subordinate Taxable Bonds at their Stated Maturity or on a sinking fund payment date (other than a cumulative mandatory sinking fund redemption date on which failure to make a sinking fund payment does not constitute an Event of Default under the Indenture) and, to the extent there are insufficient moneys available in the Tax-Exempt Account of the Revenue Fund for such purpose, to make the transfers required pursuant to paragraph (i)(i) described under the caption "*Tax-Exempt Account*" above and (ii) *second*, on a pro rata basis, if necessary, to the credit of the Taxable Principal Account of the Debt Service Fund to the extent and in the manner described under the caption "Debt Service Fund—*Taxable Principal Account*" below, to provide for the payment of cumulative mandatory sinking fund installments of Subordinate Taxable Bonds not funded under clause (i) of this paragraph (i) on a sinking fund payment date and, to the extent there are insufficient moneys available in the Tax-Exempt Account of the Revenue Fund for such purpose, to make the transfers required pursuant to paragraph (i)(ii) described under the caption "*Tax-Exempt Account*" above;

(j) during any applicable Recycling Period, at the option of the Authority and upon receipt by the Trustee of an Authority Order, to the Taxable Account of the Student Loan Fund;

(k) (i) at the option of the Authority and upon receipt by the Trustee of an Authority Order or (ii) as required by a Supplemental Indenture (but only on the last Business Day of the calendar months of February and August), to the Taxable Retirement Account or the Tax-Exempt Retirement of the Debt Service Fund, as directed by an Authority Order, for the redemption of, or distribution of principal with respect to, Bonds which by their terms are subject to redemption or principal distribution from Revenues received under the Indenture (such amounts to be applied to the payment of Bonds of a particular Series based upon the priorities established in the Supplemental Indentures pursuant to which such Bonds were issued, or if not so provided, at the direction of the Authority by Authority Order). See the caption "THE SERIES 2026-1 BONDS—Redemption Provisions" in the body of this Official Statement;

(l) to the Operating Fund for the payment of Subordinate Transaction Fees allocable to the Taxable Bonds to the extent permitted and in the manner described under the caption "Operating Fund" below upon receipt of an Authority Order directing the same; and

(m) at the option of the Authority and upon receipt by the Trustee of an Authority Order (but only on the last Business Day of the calendar months of March and September), release any

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remaining amounts from the Indenture to the extent described under the caption "Releases From the Indenture" below.

Capitalized Interest Fund

There will be deposited to the Tax-Exempt Account or the Taxable Account of the Capitalized Interest Fund the amount, if any, specified in each Supplemental Indenture, and any other moneys of the Authority designated by the Authority for deposit therein pursuant to an Authority Order. If (a) on the last Business Day of any calendar month, there are insufficient moneys in the Tax-Exempt Account or the Taxable Account of the Revenue Fund to make the transfers required by paragraphs (a) through (d) under the caption "Revenue Fund—*Tax-Exempt Account*" above (or through paragraph (g) if no Senior Tax-Exempt Bonds or Senior Taxable Bonds are then Outstanding, or through paragraph (i) if no Senior Tax-Exempt Bonds, Senior Taxable Bonds, Senior-Subordinate Tax-Exempt Bonds or Senior-Subordinate Taxable Bonds are then Outstanding) or paragraphs (a) through (d) under the caption "Revenue Fund—*Taxable Account*" above (or through paragraph (g) if no Senior Tax-Exempt Bonds or Senior Taxable Bonds are then Outstanding, or through paragraph (i) if no Senior Tax-Exempt Bonds, Senior Taxable Bonds, Senior-Subordinate Tax-Exempt Bonds or Senior-Subordinate Taxable Bonds are then Outstanding) or (b) on a Bond Payment Date, there are insufficient moneys in the Tax-Exempt Account or the Taxable Account of the Revenue Fund to make the payments due on Senior Tax-Exempt Bonds or Senior Taxable Bonds (or Senior-Subordinate Tax-Exempt Bonds or Senior-Subordinate Taxable Bonds if no Senior Tax-Exempt Bonds or Senior Taxable Bonds are then Outstanding, or Subordinate Tax-Exempt Bonds or Subordinate Taxable Bonds if no Senior Tax-Exempt Bonds, Senior Taxable Bonds, Senior-Subordinate Tax-Exempt Bonds or Senior-Subordinate Taxable Bonds are then Outstanding) on such Bond Payment Date, an amount equal to any such deficiency will be transferred directly from the Capitalized Interest Fund to the Tax-Exempt Account or Taxable Account of the Revenue Fund, as applicable and on a pro rata basis if necessary, to make such transfers (but only from amounts on deposit in the Tax-Exempt Account of the Capitalized Interest Fund not constituting the proceeds of a Series of Tax-Exempt Bonds unless a Favorable Opinion is received by the Authority and the Trustee). To the extent that amounts are available within an Account of the Capitalized Interest Fund, (a) amounts on deposit in the Tax-Exempt Account of the Capitalized Interest Fund are required to be used to make transfers to the Tax-Exempt Account of the Revenue Fund before using amounts on deposit in the Taxable Account of the Capitalized Interest Fund and (b) amounts on deposit in the Taxable Account of the Capitalized Interest Fund are required to be used to make transfers to the Taxable Account of the Revenue Fund before using amounts on deposit in the Tax-Exempt Account of the Capitalized Interest Fund.

If a Supplemental Indenture specifies an amount to be deposited into an Account of the Capitalized Interest Fund, such Supplemental Indenture may also (i) specify a time period for such amount to be used as described above; (ii) specify other uses for such amount (including, without limitation, making deposits to the Student Loan Fund, the Operating Fund or Revenue Fund or transfers to the Authority); and (iii) establish Subaccounts within the Capitalized Interest Fund in which such amount will be deposited.

Debt Service Fund

The Debt Service Fund will only be used for the payment of principal, premium, if any, and interest on the Bonds. The Paying Agent on behalf of the Trustee may establish separate Subaccounts within the Tax-Exempt Interest Account, the Tax-Exempt Principal Account, the Tax-Exempt Retirement Account, the Taxable Interest Account, the Taxable Principal Account or the Taxable Retirement Account of the Debt Service Fund, as applicable, for each Series of Bonds or source of deposit (including any investment income thereon) made therein as directed by an Authority Order so that the Administrator can at all times ascertain the date of deposit, the amounts and the source of the funds therein. All references under this caption to mandatory sinking fund redemption dates or to principal installments due on such dates are

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deemed to include all cumulative mandatory sinking fund redemption dates and the correlative cumulative mandatory sinking fund installments.

Tax-Exempt Interest Account. The Trustee will credit to the Tax-Exempt Interest Account the amount, if any, specified in a Supplemental Indenture. The Trustee will also deposit in the Tax-Exempt Interest Account (a) that portion of the proceeds from the sale of the Authority's refunding bonds, if any, to be used to pay interest on Tax-Exempt Bonds if so directed by the Authority; and (b) all amounts required to be transferred thereto from the Funds and Accounts described under this caption "*Tax-Exempt Interest Account*."

With respect to each Series of Tax-Exempt Bonds on which interest is paid at least monthly, the Trustee in accordance with the applicable Monthly Report is required to deposit to the credit of the Tax-Exempt Interest Account on the last Business Day of each calendar month an amount equal to the interest that will become payable on such Tax-Exempt Bonds during the following calendar month. With respect to each Series of Tax-Exempt Bonds on which interest is paid at intervals less frequently than monthly, the Trustee is required to make monthly deposits to the credit of the Interest Account on the last Business Day of each calendar month preceding each Interest Payment Date for such Series of Tax-Exempt Bonds equal to one hundred and twenty percent of the interest to accrue (or, with respect to Tax-Exempt Bonds bearing interest at a variable rate, anticipated to accrue) on such Tax-Exempt Bonds during the succeeding calendar month plus, to the extent any previous monthly deposit was less than the provided amount for such month in accordance with the applicable Monthly Report, the amount of such deficiency, in each case, until the full amount due on the next Interest Payment Date is deposited to the Tax-Exempt Interest Account for such Series of Tax-Exempt Bonds (except that if there are fewer than six calendar months between the delivery of the Tax-Exempt Bonds of a Series to the initial purchasers thereof and the first Interest Payment Date with respect to such Series of Tax-Exempt Bonds, then the Trustee is required to make equal monthly deposits to the credit of the Tax-Exempt Interest Account on the last Business Day of each calendar month in accordance with the applicable Monthly Report beginning with the calendar month following the month in which such Series of Tax-Exempt Bonds is delivered to the initial purchasers such that the amount required to be on deposit in the Tax-Exempt Interest Account for the next succeeding Interest Payment Date is on deposit by the last Business Day of the next February and August). With respect to a Series of Tax-Exempt Bonds bearing interest at a variable rate for which any such amount cannot be determined on the last Business Day of each calendar month, the Trustee is required to make such deposit based upon assumptions set forth in the in the applicable Monthly Report and based upon the Supplemental Indenture authorizing such Series of Tax-Exempt Bonds.

In making the deposits required to be deposited and credited to the Tax-Exempt Interest Account, all other deposits and credits otherwise made or required to be made to the Tax-Exempt Interest Account will, to the extent available for such purpose, be taken into consideration and allowed for, provided however that the Trustee is not responsible for such considerations and will rely solely upon the Monthly Report in making deposits under the Indenture. If on any Bond Payment Date relating to Tax-Exempt Bonds there are insufficient amounts on deposit in the Tax-Exempt Interest Account to make the payment of interest due on the Tax-Exempt Bonds due on such date, the Trustee will transfer the deficiency from the applicable account of the following Funds, in the following order of priority: the Tax-Exempt Account or the Taxable Account of the Capitalized Interest Fund, the Tax-Exempt Account or the Taxable Account of the Student Loan Fund and the Tax-Exempt Account or the Taxable Account of the Debt Service Reserve Fund, subject to the limitations and conditions with respect thereto described under the captions "Capitalized Interest Fund" and "Student Loan Fund" above and "Debt Service Reserve Fund" below, respectively.

Except as described under the caption "Reallocation of Amounts on Deposit in the Debt Service Fund" below, amounts transferred to the Interest Account pursuant to paragraph (c) under the caption "Revenue Fund—*Tax-Exempt Account*" above are required to be used solely for the payment of interest on

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Senior Tax-Exempt Bonds, amounts transferred to the Tax-Exempt Interest Account pursuant to paragraph (f) under the caption "Revenue Fund—*Tax-Exempt Account*" above are required to be used solely for the payment of interest on Senior-Subordinate Tax-Exempt Bonds, and amounts transferred to the Tax-Exempt Interest Account pursuant to paragraph (h) under the caption "Revenue Fund—*Tax-Exempt Account*" above are required to be used solely for the payment of interest on Subordinate Tax-Exempt Bonds.

Tax-Exempt Principal Account. The Trustee will deposit to the credit of the Tax-Exempt Principal Account: (a) that portion of the proceeds from the sale of the Authority's bonds, if any, to be used to pay principal of Tax-Exempt Bonds if so directed by the Authority; and (b) all amounts required to be transferred from the Funds and Accounts under this caption "*Tax-Exempt Principal Account*."

To provide for the payment of each installment of principal on a Series of Tax-Exempt Bonds due at the Stated Maturity thereof or on a mandatory sinking fund redemption date therefor, the Trustee in accordance with the applicable Monthly Report is required to make substantially equal monthly deposits to the credit of the Tax-Exempt Principal Account on the last Business Day of the first 10 of the 12 calendar months preceding such Stated Maturity or mandatory sinking fund redemption date, to aggregate the full amount of such installment within such 10 calendar month period (except that if there are fewer than 12 calendar months between the delivery of such Series of Tax-Exempt Bonds to the initial purchasers thereof and the first Stated Maturity or mandatory sinking fund redemption date with respect to such Series of Tax-Exempt Bonds, then the Trustee in accordance with the applicable Monthly Report is required to make equal monthly deposits to the credit of the Tax-Exempt Principal Account on the last Business Day of each calendar month beginning with the calendar month following the month in which such Series of Tax-Exempt Bonds is delivered to the initial purchasers such that the amount required to be on deposit in the Tax-Exempt Principal Account for the next succeeding Stated Maturity or mandatory sinking fund redemption date is on deposit by the last Business Day of the next February or August, as applicable). In making the deposits required to be deposited and credited to the Tax-Exempt Principal Account, all other deposits and credits otherwise made or required to be made to the Tax-Exempt Principal Account will, to the extent available for such purpose, be taken into consideration and allowed for, provided however that the Trustee will not be responsible for such considerations and will rely solely upon the Monthly Report in making deposits under the Indenture.

If on any Stated Maturity or mandatory sinking fund redemption date there are insufficient amounts on deposit in the Tax-Exempt Principal Account to make payments of principal due on the Tax-Exempt Bonds on such date, the Trustee is required to transfer the deficiency from the applicable account of the following Funds, in the following order of priority (after transfers from any such Funds to the Tax-Exempt Interest Account required on such date): the Tax-Exempt Account or the Taxable Account of the Capitalized Interest Fund, the Tax-Exempt Account or the Taxable Account of the Student Loan Fund and the Tax-Exempt Account or the Taxable Account of the Debt Service Reserve Fund, subject to the limitations and conditions with respect thereto described under the captions "Capitalized Interest Fund" and "Student Loan Fund" above and "Debt Service Reserve Fund" below, respectively.

The moneys in the Tax-Exempt Principal Account required for the payment of the principal on a Series of Tax-Exempt Bonds at the Stated Maturity thereof or on a mandatory sinking fund redemption date therefor are required to be applied by the Trustee to such payment when due without further authorization or direction.

Except as described under the caption "*Reallocation of Amounts on Deposit in the Debt Service Fund*" below, amounts transferred to the Tax-Exempt Principal Account pursuant to paragraph (d) under the caption "Revenue Fund—*Tax-Exempt Account*" above are required to be used solely for the payment of principal at Stated Maturity or on a mandatory sinking fund redemption date on Senior Tax-Exempt Bonds, amounts transferred to the Tax-Exempt Principal Account pursuant to paragraph (g) under the

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caption "Revenue Fund—*Tax-Exempt Account*" above are required to be used solely for the payment of principal at Stated Maturity or on a mandatory sinking fund redemption date on Senior-Subordinate Tax-Exempt Bonds, and amounts transferred to the Tax-Exempt Principal Account paragraph (i) under the caption "Revenue Fund—*Tax-Exempt Account*" above are required to be used solely for the payment of principal at Stated Maturity or on a mandatory sinking fund redemption date on Subordinate Tax-Exempt Bonds, as set forth in the Authority Order or Monthly Report.

Tax-Exempt Retirement Account. The Trustee is required to deposit to the credit of the Tax-Exempt Retirement Account any amounts transferred thereto or deposited therein to provide for the redemption of, or the distribution of principal with respect to, the Tax-Exempt Bonds. All redemptions of and distributions of principal with respect to Tax-Exempt Bonds (other than at a Stated Maturity or on a mandatory sinking fund redemption date) are required to be made with moneys deposited to the credit of the Tax-Exempt Retirement Account in accordance with the applicable Monthly Report. In the event that Tax-Exempt Bonds are to be prepaid from the Tax-Exempt Retirement Account on a date other than a regularly scheduled Interest Payment Date, accrued interest on such Tax-Exempt Bonds will be paid from the Tax-Exempt Interest Account. The moneys in the Tax-Exempt Retirement Account required for the redemption of, or the distribution of principal with respect to, Tax-Exempt Bonds are required to be applied by the Trustee to such payment as set forth in any Supplemental Indenture providing for such redemption or distribution of principal without further authorization or direction.

Taxable Interest Account. The Trustee is required to credit to the Taxable Interest Account the amount, if any, specified in a Supplemental Indenture. The Trustee is also required to deposit in the Taxable Interest Account (a) that portion of the proceeds from the sale of the Authority's refunding bonds, if any, to be used to pay interest on the Taxable Bonds if so directed by the Authority; and (b) all amounts required to be transferred thereto from the Funds and Accounts described under this caption "Taxable Interest Account."

With respect to each Series of Taxable Bonds on which interest is paid at least monthly, the Trustee is required in accordance with the applicable Monthly Report to deposit to the credit of the Taxable Interest Account on the last Business Day of each calendar month an amount equal to the interest that will become payable on such Taxable Bonds during the following calendar month. With respect to each Series of Taxable Bonds on which interest is paid at intervals less frequently than monthly, the Trustee is required to make monthly deposits to the credit of the Interest Account on the last Business Day of each calendar month in accordance with the applicable Monthly Report preceding each Interest Payment Date for such Series of Taxable Bonds equal to one hundred and twenty percent of the interest to accrue (or, with respect to Taxable Bonds bearing interest at a variable rate, anticipated to accrue) on such Taxable Bonds during the succeeding calendar month plus, to the extent any previous monthly deposit was less than the provided amount for such month, the amount of such deficiency, in each case, until the full amount due on the next Interest Payment Date is deposited to the Taxable Interest Account for such Series of Taxable Bonds (except that if there are fewer than six calendar months between the delivery of the Taxable Bonds of a Series to the initial purchasers thereof and the first Interest Payment Date with respect to such Series of Taxable Bonds, then the Trustee is required to make equal monthly deposits to the credit of the Taxable Interest Account on the last Business Day of each calendar month in accordance with the applicable Monthly Report beginning with the calendar month following the month in which such Series of Taxable Bonds is delivered to the initial purchasers such that the amount required to be on deposit in the Taxable Interest Account for the next succeeding Interest Payment Date is on deposit by the last Business Day of the next February or August). With respect to a Series of Taxable Bonds bearing interest at a variable rate for which any such amount cannot be determined on the last Business Day of each calendar month, the Trustee will make such deposit based upon assumptions set forth in in accordance with the applicable Monthly Report and based on the Supplemental Indenture authorizing such Series of Taxable Bonds.

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In making the deposits required to be deposited and credited to the Taxable Interest Account, all other deposits and credits otherwise made or required to be made to the Taxable Interest Account will, to the extent available for such purpose, be taken into consideration and allowed for, provided however that the Trustee is not responsible for such considerations and will rely solely upon the Monthly Report in making deposits under the Indenture. If on any Bond Payment Date relating to Taxable Bonds there are insufficient amounts on deposit in the Taxable Interest Account to make the payment of interest due on the Taxable Bonds due on such date, the Trustee will transfer the deficiency from the applicable account of the following Funds, in the following order of priority: the Tax-Exempt Account or the Taxable Account of the Capitalized Interest Fund, the Tax-Exempt Account or the Taxable Account of the Student Loan Fund and the Tax-Exempt Account or the Taxable Account of the Debt Service Reserve Fund, subject to the limitations and conditions with respect thereto described under the captions "Capitalized Interest Fund" and "Student Loan Fund" above and "Debt Service Reserve Fund" below, respectively.

Except as described under the caption "Reallocation of Amounts on Deposit in the Debt Service Fund" below, amounts transferred to the Interest Account pursuant to paragraph (c) under the caption "Revenue Fund—*Taxable Account*" above are required to be used solely for the payment of interest on Senior Taxable Bonds, and amounts transferred to the Taxable Interest Account pursuant to paragraph (f) under the caption "Revenue Fund—*Taxable Account*" above are required to be used solely for the payment of interest on Senior-Subordinate Taxable Bonds, and amounts transferred to the Taxable Interest Account pursuant to paragraph (h) under the caption "Revenue Fund—*Taxable Account*" above are required to be used solely for the payment of interest on Subordinate Taxable Bonds.

Taxable Principal Account. The Trustee is required to deposit to the credit of the Taxable Principal Account: (a) that portion of the proceeds from the sale of the Authority's bonds, if any, to be used to pay principal of Taxable Bonds if so directed by the Authority, and (b) all amounts required to be transferred from the Funds and Accounts described under this caption "*Taxable Principal Account*."

To provide for the payment of each installment of principal on a Series of Taxable Bonds due at the Stated Maturity thereof or on a mandatory sinking fund redemption date therefor, the Trustee in accordance with the applicable Monthly Report is required to make substantially equal monthly deposits to the credit of the Taxable Principal Account on the last Business Day of the first 10 of the 12 calendar months preceding such Stated Maturity or mandatory sinking fund redemption date, to aggregate the full amount of such installment within such 10 calendar month period (except that if there are fewer than 12 calendar months between the delivery of such Series of Taxable Bonds to the initial purchasers thereof and the first Stated Maturity or mandatory sinking fund redemption date with respect to such Series of Taxable Bonds, then the Trustee is required in accordance with the applicable Monthly Report to make equal monthly deposits to the credit of the Taxable Principal Account on the last Business Day of each calendar month beginning with the calendar month following the month in which such Series of Taxable Bonds is delivered to the initial purchasers such that the amount required to be on deposit in the Taxable Principal Account for the next succeeding Stated Maturity or mandatory sinking fund redemption date is on deposit by the last Business Day of the next February or August, as applicable). In making the deposits required to be deposited and credited to the Taxable Principal Account, all other deposits and credits otherwise made or required to be made to the Taxable Principal Account are required, to the extent available for such purpose, to be taken into consideration and allowed for, provided however that the Trustee is not responsible for such considerations and will rely solely upon the Monthly Report in making deposits under the Indenture.

If on any Stated Maturity or mandatory sinking fund redemption date there are insufficient amounts on deposit in the Taxable Principal Account to make payments of principal due on the Taxable Bonds on such date, the Trustee is required to transfer the deficiency from the applicable account of the following Funds, in the following order of priority (after transfers from any such Funds to the Taxable Interest

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Account required on such date): the Tax-Exempt Account or the Taxable Account of the Capitalized Interest Fund, the Tax-Exempt Account or the Taxable Account of the Student Loan Fund and the Tax-Exempt Account or the Taxable Account of the Debt Service Reserve Fund, subject to the limitations and conditions with respect thereto described under the captions "Capitalized Interest Fund" and "Student Loan Fund" above and "Debt Service Reserve Fund" below, respectively.

The moneys in the Taxable Principal Account required for the payment of the principal on a Series of Taxable Bonds at the Stated Maturity thereof or on a mandatory sinking fund redemption date therefor are required to be applied by the Trustee to such payment when due without further authorization or direction.

Except as described under the caption "*Reallocation of Amounts on Deposit in the Debt Service Fund*" below, amounts transferred to the Taxable Principal Account pursuant to paragraph (d) under the caption "Revenue Fund—*Taxable Account*" above are required to be used solely for the payment of principal at Stated Maturity or on a mandatory sinking fund redemption date on Senior Taxable Bonds, amounts transferred to the Taxable Principal Account pursuant to paragraph (g) under the caption "Revenue Fund—*Taxable Account*" above are required to be used solely for the payment of principal at Stated Maturity or on a mandatory sinking fund redemption date on Senior-Subordinate Taxable Bonds, and amounts transferred to the Taxable Principal Account pursuant to paragraph (i) under the caption "Revenue Fund—*Taxable Account*" above are required to be used solely for the payment of principal at Stated Maturity or on a mandatory sinking fund redemption date on Subordinate Taxable Bonds, as set forth in the Authority Order or Monthly Report.

Taxable Retirement Account. The Trustee is required to deposit to the credit of the Taxable Retirement Account any amounts transferred thereto or deposited therein to provide for the redemption of, or the distribution of principal with respect to, the Taxable Bonds. All redemptions of and distribution of principal with respect to Taxable Bonds (other than at a Stated Maturity or on a mandatory sinking fund redemption date) are required to be made with moneys deposited to the credit of the Taxable Retirement Account in accordance with the applicable Monthly Report. In the event that Taxable Bonds are to be prepaid from the Taxable Retirement Account on a date other than a regularly scheduled Interest Payment Date, accrued interest on such Taxable Bonds are required to be paid from the Taxable Interest Account. The moneys in the Taxable Retirement Account required for the redemption of, or the distribution of principal with respect to, Taxable Bonds are required to be applied by the Trustee to such payment as set forth in any Supplemental Indenture providing for such redemption or distribution of principal without further authorization or direction.

Reallocation of Amounts on Deposit in the Debt Service Fund. If, after all required transfers from the Revenue Fund, the Capitalized Interest Fund, the Student Loan Fund and the Reserve Fund, there are insufficient amounts on deposit in any Account or Subaccount of the Debt Service Fund to pay principal or interest on a Senior Bond on a Bond Payment Date, the Trustee is authorized to use any amounts on deposit in any other Account or Subaccount of the Debt Service Fund, on a pro rata basis from each other Account or Subaccount based upon the amounts in such other Account or Subaccount (first, from any Accounts or Subaccount established for Subordinate Bonds, second, from any Accounts or Subaccount established for Senior-Subordinate Bonds and, third, from any Accounts or Subaccount established for Senior Bonds), not required to make a payment on any other Senior Bonds on such Bond Payment Date to make the payment due on such Senior Bond on such Bond Payment Date. If there are no Senior Bonds Outstanding and, after all required transfers from the Revenue Fund, the Capitalized Interest Fund, the Student Loan Fund and the Reserve Fund, there are insufficient amounts on deposit in any Account or Subaccount of the Debt Service Fund to pay principal or interest on a Senior-Subordinate Bond on a Bond Payment Date, the Trustee is authorized to use any amounts on deposit in any other Account or Subaccount of the Debt Service Fund, on a pro rata basis from each other Account or Subaccount based upon the amounts in such other Account

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or Subaccount (first, from any Accounts or Subaccount established for Subordinate Bonds and, second, from any Accounts or Subaccount established for Senior-Subordinate Bonds), not required to make a payment on any other Senior-Subordinate Bonds on such Bond Payment Date to make the payment due on such Senior-Subordinate Bond on such Bond Payment Date. If there are no Senior Bonds or Senior-Subordinate Bonds Outstanding and, after all required transfers from the Revenue Fund, the Capitalized Interest Fund, the Student Loan Fund and the Reserve Fund, there are insufficient amounts on deposit in any Account or Subaccount of the Debt Service Fund to pay principal or interest on a Subordinate Bond on a Bond Payment Date, the Trustee is authorized to use any amounts on deposit in any other Account or Subaccount of the Debt Service Fund, on a pro rata basis from each other Account or Subaccount based upon the amounts in such other Account or Subaccount, not required to make a payment on any other Subordinate Bonds on such Bond Payment Date to make the payment due on such Subordinate Bond on such Bond Payment Date. To the extent there are still insufficient amounts in the Debt Service Fund to make the full payments of principal and interest due on the Senior Bonds (or, if there are no Senior Bonds Outstanding, on the Senior-Subordinate Bonds or, if there are no Senior Bonds or Senior-Subordinate Bonds Outstanding, on the Subordinate Bonds) on such Bond Payment Date, the Bonds to be paid will be allocated a pro rata share of the amounts on deposit in the Debt Service Fund based upon the amounts due and owing on such Bonds on such Bond Payment Date. Any amounts within the Debt Service Fund that were reallocated from one Series of Bonds to be used to pay another Series of Bonds as described under this caption "Reallocation of Amounts on Deposit in the Debt Service Fund" are required to be added to the amounts required to be deposited with respect to such Series of Bonds for which previously set aside amounts were used to pay another Series of Bonds as described under this caption "Debt Service Fund" and the caption "Revenue Fund" above on the next monthly distribution date.

Debt Service Reserve Fund

There will be deposited into the Tax-Exempt Account or the Taxable Account of the Debt Service Reserve Fund the amount, if any, specified in each Supplemental Indenture and any other moneys of the Authority designated by the Authority for deposit therein pursuant to an Authority Order. If (a) on the last Business Day of any calendar month, there are insufficient moneys in the Tax-Exempt Account or the Taxable Account of the Revenue Fund (after transfers from the Capitalized Interest Fund and the Student Loan Fund) to make the transfers required by paragraphs (a) through (d) under the caption "Revenue Fund—*Tax-Exempt Account*" above (or through paragraph (g) if no Senior Tax-Exempt Bonds or Senior Taxable Bonds are then Outstanding, or through paragraph (i) if no Senior Tax-Exempt Bonds, Senior Taxable Bonds, Senior-Subordinate Tax-Exempt Bonds or Senior-Subordinate Taxable Bonds are then Outstanding) or paragraphs (a) through (d) under the caption "Revenue Fund—*Taxable Account*" above (or through paragraph (g) if no Senior Tax-Exempt Bonds or Senior Taxable Bonds are then Outstanding, or through paragraph (i) if no Senior Tax-Exempt Bonds, Senior Taxable Bonds, Senior-Subordinate Tax-Exempt Bonds or Senior-Subordinate Taxable Bonds are then Outstanding) or (b) on a Bond Payment Date, there are insufficient moneys in the Tax-Exempt Account or the Taxable Account of the Revenue Fund (after transfers from the Capitalized Interest Fund and the Student Loan Fund) to make the payments due on Senior Tax-Exempt Bonds or Senior Taxable Bonds (or Senior-Subordinate Tax-Exempt Bonds or Senior-Subordinate Taxable Bonds if no Senior Tax-Exempt Bonds or Senior Taxable Bonds are then Outstanding, or Subordinate Tax-Exempt Bonds or Subordinate Taxable Bonds if no Senior Tax-Exempt Bonds, Senior Taxable Bonds, Senior-Subordinate Tax-Exempt Bonds or Senior-Subordinate Taxable Bonds are then Outstanding) on such Bond Payment Date, an amount equal to any such deficiency will be transferred directly from the Debt Service Reserve Fund to the Tax-Exempt Account or Taxable Account of the Revenue Fund, as applicable and on a pro rata basis if necessary, to make such transfers (but only from amounts on deposit in the Tax-Exempt Account of the Debt Service Reserve Fund not constituting the proceeds of a Series of Tax-Exempt Bonds unless a Favorable Opinion is received by the Authority and the Trustee) and in accordance with the applicable Monthly Report. To the extent that amounts are available within an Account of the Debt Service Reserve Fund, (i) amounts on deposit in the Tax-Exempt Account

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of the Debt Service Reserve Fund are required to be used to make transfers to the Tax-Exempt Account of the Revenue Fund before using amounts on deposit in the Taxable Account of the Debt Service Reserve Fund and (ii) amounts on deposit in the Taxable Account of the Debt Service Reserve Fund are required be used to make transfers to the Taxable Account of the Revenue Fund before using amounts on deposit in the Tax-Exempt Account of the Debt Service Reserve Fund.

If an Account of the Debt Service Reserve Fund is used for the purposes described in the preceding paragraph, the Trustee in accordance with the applicable Monthly Report or an Authority Order is required to restore such Account of the Debt Service Reserve Fund to its allocable portion of the Debt Service Reserve Fund Requirement with respect thereto by transfers from the Tax-Exempt Account of the Revenue Fund as described under paragraphs (e) under the captions "Revenue Fund—*Tax-Exempt Account*" and "—*Taxable Account*" above, as applicable. If the full amount required to restore such Account of the Debt Service Reserve Fund to its allocable portion of the Debt Service Reserve Fund Requirement is not available in the Tax-Exempt Account of the Revenue Fund on the day of any required transfer or in the Taxable Account of the Revenue Fund on the day of any required transfer, as applicable, the Trustee in accordance with the applicable Monthly Report or an Authority Order will continue to transfer funds from the Tax-Exempt Account of the Revenue Fund as they become available and in accordance with paragraphs (e) under the captions "Revenue Fund—*Tax-Exempt Account*" and "—*Taxable Account*" above, as applicable, until the deficiency in such Account of the Debt Service Reserve Fund has been eliminated.

On any day that the amount in an Account of the Debt Service Reserve Fund, if any, exceeds its allocable portion of the Debt Service Reserve Fund Requirement with respect thereto for any reason, the Trustee, pursuant to an Authority Order, is required to transfer the excess to the corresponding Account of the Revenue Fund.

Rebate Fund

The Trustee is required to, upon receipt of an Authority Order and as described in paragraphs (a) under the captions "Revenue Fund—*Tax-Exempt Account*" and "—*Taxable Account*" above, as applicable, withdraw from the applicable Account of the Revenue Fund and deposit to the Rebate Fund an amount such that the balance held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated as of the Computation Date. Computation of the amounts on deposit in each Fund and of the Rebate Amount are required to be furnished to the Trustee by or on behalf of the Authority in accordance with any Tax Document, as the same may be amended or supplemented in accordance with their terms.

The Trustee, upon receipt of an Authority Order in accordance with any Tax Document, is required to pay to the United States of America from the Rebate Fund the Rebate Amount as of the end of any applicable Computation Date.

The Trustee is required, upon receipt of an Authority Order and as described in paragraphs (a) under the captions "Revenue Fund—*Tax-Exempt Account*" and "—*Taxable Account*" above, as applicable, to withdraw from the appropriate Account of the Revenue Fund and deposit to the Rebate Fund such amount as is required to be paid to the federal government as Excess Earnings. The Trustee is required, upon receipt of an Authority Order, to pay such Excess Earnings to the United States of America. Alternatively, the Authority may from time to time forgive Financed Eligible Loans to satisfy such requirement, in accordance with any Tax Document.

In the event that on any Computation Date the amount on deposit in the Rebate Fund exceeds the Rebate Amount, the Trustee is required to withdraw such excess amount and deposit it in the Account of the Revenue Fund designated by an Authority Order.

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Notwithstanding anything in the Indenture to the contrary, in the event the Authority and the Trustee receive a Favorable Opinion to the effect that it is not necessary under either existing statutes and court decisions or under any then federal legislation to pay any portion of earnings on Funds held under the Indenture or Excess Earnings to the United States of America in order to assure the exclusion from gross income for federal income tax purposes of interest on any Tax-Exempt Bonds, then the provisions described under this caption "Rebate Fund" need not be complied with and will no longer be effective and all or a portion of such amounts on deposit in the Rebate Fund will be transferred to the Account of the Revenue Fund designated by an Authority Order.

Operating Fund

There will be transferred to the Authority for deposit to the Operating Fund the amount, if any, specified in each Supplemental Indenture. The Trustee is also required to transfer to the Authority for deposit to the Operating Fund, subject to any limitations set forth in any Supplemental Indenture, the amounts transferred from the Revenue Fund pursuant to paragraphs (b) and (l) under the captions "Revenue Fund—*Tax-Exempt Account*" and "—*Taxable Account*" above, as applicable, and any Supplemental Indenture in accordance with the applicable Monthly Report or Authority Order. The Operating Fund is held by the Authority, and no Registered Owner has any right, title or interest in the Operating Fund. Unless such Senior Transaction Fees and Subordinate Transaction Fees are related solely to the Taxable Bonds or the Tax-Exempt Bonds or as otherwise provided in an Authority Order, Senior Transaction Fees and Subordinate Transaction Fees will be allocated to the Taxable Bonds and the Tax-Exempt Bonds based upon the outstanding principal amounts of the Taxable Bonds and the Tax-Exempt Bonds. Amounts deposited in the Operating Fund are required to be used to pay Senior Transaction Fees and Subordinate Transaction Fees.

The Authority covenants in the Indenture that the amount so transferred in any one Fiscal Year will not exceed the amounts described under the caption "PROVISIONS APPLICABLE TO THE BONDS; DUTIES OF THE AUTHORITY—Senior Transaction Fees" in this Appendix A and under the caption "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS—Senior Transaction Fees" in the body of this Official Statement and as may be further limited by a Supplemental Indenture, unless the Authority has satisfied the Rating Agency Notification with respect to such greater amounts.

Releases From the Indenture

No transfers from the Revenue Fund to the Authority or any subsequent holder of the residual interest in the Trust Estate may be made pursuant to paragraphs (m) under the captions "Revenue Fund—*Tax-Exempt Account*" and "—*Taxable Account*" above, as applicable, if there is not on deposit in the Debt Service Reserve Fund an amount equal to at least the Debt Service Reserve Fund Requirement, and unless all conditions contained in any Supplemental Indenture are complied with and the Trustee has received (a) a certificate of an Authorized Representative of the Authority to the effect that all rebate liability as calculated pursuant to any Tax Document through the date of such transfer has been paid or deposited in the Rebate Fund and (b) a certificate of an Authorized Officer of the Authority stating that, immediately following such release, (i) the Overall Parity Percentage (assuming that amounts in the Tax Exempt Retirement Account or the Taxable Retirement Account of the Debt Service Fund have been used to redeem a principal amount of Bonds equal to amounts on deposit therein) will equal or exceed the Required Overall Parity Percentage (provided, however, that such Required Overall Parity Percentage may be lowered by the Authority if the Authority has satisfied the Rating Agency Notification), (ii) the Net Asset Requirement must be satisfied and (iii) the aggregate principal amount of all Bonds Outstanding will be greater than 10% of the aggregate principal amount of all Bonds Outstanding as of the last date of issuance of a Series of Bonds. Notwithstanding the foregoing, if the Overall Parity Percentage is less than 126.5% on April 1, 2031, no transfers shall be made to the Authority while the Bonds remain outstanding, unless the

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Authority has satisfied the requirements of a Rating Agency Notification. The foregoing restriction may be changed or eliminated upon satisfaction of the Rating Agency Notification.

Subject to compliance with the provisions described under the caption "PROVISIONS APPLICABLE TO THE BONDS; DUTIES OF THE AUTHORITY—Tax Covenants" in this Appendix A, any amounts transferred from the Revenue Fund to the Authority or any subsequent holder of the residual interest in the Trust Estate in accordance with the Indenture shall be released from the lien of the Indenture, shall no longer be part of the Trust Estate and shall be the property of the Authority or any subsequent holder of such residual interest in the Trust Estate.

Investment of Funds Held by Trustee

The Paying Agent on behalf of the Trustee is required to invest money held for the credit of any Fund, Account or Subaccount held by the Trustee under the Indenture as directed by the Authority, in Eligible Accounts the funds of which Eligible Accounts shall, to the fullest extent practicable and reasonable, be invested in Investment Securities which shall mature or be redeemed at the option of the holder prior to the respective dates when the money held for the credit of such Fund, Account or Subaccount will be required for the purposes intended. If a Fund or Account or Subaccount no longer constitutes an Eligible Account, the Trustee shall promptly (and, in any case, within not more than 30 calendar days) move such Fund or Account or Subaccount to another Eligible Institution such that the Fund or Account or Subaccount shall again constitute an Eligible Account. In the absence of any such direction and to the extent practicable, the Paying Agent on behalf of the Trustee will invest amounts held under the Indenture in those Investment Securities described in clause (h) of the definition of the Investment Securities. The Paying Agent on behalf of the Trustee and the Authority agree in the Indenture that unless an Event of Default has occurred and is continuing under the Indenture, the Authority acting by and through an Authorized Representative will provide direction to the Trustee with respect to any discretionary acts required or permitted of the Trustee under any Investment Securities, and the Trustee will not take such discretionary acts without such direction.

The Investment Securities purchased are required to be held by the Paying Agent on behalf of the Trustee and will be deemed at all times to be part of such Fund or Account or Subaccounts or combination thereof, and the Paying Agent on behalf of the Trustee is required to inform the Authority of the details of all such investments. Earnings with respect to, and any net gain on the disposition of, any such investments, except on investments contained in the Rebate Fund and the Operating Fund, are required to be deposited into the Revenue Fund. Earnings on amounts contained in the Rebate Fund remain in the Rebate Fund. Earnings on amounts contained in the Operating Fund remain in the Operating Fund. Upon direction in writing (or orally, confirmed in writing) from an Authorized Representative of the Authority, the Paying Agent on behalf of the Trustee is required to use its best efforts to sell at the best price obtainable, or present for redemption, any Investment Securities purchased by it as an investment whenever it is necessary to provide money to meet any payment from the applicable Fund. The Paying Agent on behalf of the Trustee is required to advise the Authority in writing, on or before the fifteenth day of each calendar month (or such later date as reasonably consented to by the Authority), of all investments held for the credit of each Fund in its custody under the provisions of the Indenture as of the end of the preceding month and the value thereof, and will list any investments which were sold or liquidated for less than their value at the time thereof.

Subject to any limitations in the Tax Documents, money in any Fund constituting a part of the Trust Estate may be pooled for the purpose of making investments and may be used to pay accrued interest on Investment Securities purchased. Subject to any limitations in the Tax Documents, the Paying Agent on behalf of the Trustee and its affiliates may act as principal or agent in the acquisition or disposition of any Investment Securities.

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Notwithstanding the foregoing, neither the Paying Agent nor the Trustee is responsible or liable for any losses on investments made by it under the Indenture or for keeping all Funds held by it fully invested at all times, its only responsibility being to comply with the investment instructions of the Authority or its designee in compliance with the Trustee's standard of care described under the caption "THE TRUSTEE" in this Appendix A.

Purchase of Bonds

Pursuant to the Indenture and upon Authority Order, any amounts held under the Indenture which are available to redeem Bonds of a particular Stated Maturity (and interest rate, if applicable) may instead be used to purchase Bonds of such Stated Maturity (and interest rate, if applicable) at the same times and subject to the same conditions (except as to price) as apply to the Bonds of such Stated Maturity (and interest rate, if applicable) in lieu of such redemption, except that such purchases made with amounts held under the Indenture will be made only if the purchase price is less than the required Redemption Price. All Bonds so purchased will be canceled and not reissued.

DEFAULTS AND REMEDIES

Events of Default Defined

For the purpose of the Indenture, the following events are defined as, and are declared to be, "Events of Default":

(a) default in the due and punctual payment of the principal of or interest on any of the Senior Bonds when due (other than the failure to make Principal Reduction Payments);

(b) if no Senior Bonds are Outstanding under the Indenture, default in the due and punctual payment of the principal of or interest on any of the Senior-Subordinate Bonds when due (other than the failure to make Principal Reduction Payments);

(c) if no Senior Bonds or Senior-Subordinate Bonds are Outstanding under the Indenture, default in the due and punctual payment of the principal of or interest on any of the Subordinate Bonds when due (other than the failure to make Principal Reduction Payments);

(d) default in the performance or observance of any other of the covenants, agreements, or conditions on the part of the Authority, other than an Administrator Default with respect to the Authority, to be kept, observed, and performed contained in the Indenture or in the Bonds, and, if such default is capable of being cured, the continuation of such default for a period of 90 days after written notice thereof by the Trustee to the Authority; and

(e) the occurrence of an Event of Bankruptcy with respect to the Authority.

Except as described under the caption "THE TRUSTEE—Indemnification of Trustee" in this Appendix A, the Trustee is not required to take notice, or be deemed to have knowledge, of any default or Event of Default

Any notice provided in the Indenture to be given to the Authority with respect to any default is deemed sufficiently given if sent by first-class mail with postage prepaid to the Person to be notified, addressed to such Person at the post office address as shown at the end of the Indenture or such other address as may hereafter be given as the principal office of the Authority in writing to a Responsible Officer of the Trustee by an Authorized Officer of the Authority. The Trustee may give any such notice in its discretion

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and shall give such notice if requested to do so in writing by the Registered Owners of at least two-thirds of the collective aggregate principal amount of the Highest Priority Bonds at the time Outstanding.

Remedy on Default; Possession of Trust Estate

Upon the happening and continuance of any Event of Default, the Trustee, personally or by its attorneys or agents, may (but in the case of an Event of Default described in paragraph (d) under the caption "Events of Default Defined" above, only upon the written direction of 100% of the Registered Owners of the Highest Priority Bonds then Outstanding and the written consent of the Registered Owners of a majority of the collective aggregate principal amount of each of the Senior-Subordinate Bonds (unless the Senior Subordinate Bonds are the Highest Priority Bonds then Outstanding) and the Subordinate Bonds) enter into and upon and take possession of such portion of the Trust Estate as is in the custody of others, and all property comprising the Trust Estate, and each and every part thereof, and exclude the Authority and its agents, servants, and employees wholly therefrom, and have, hold, use, operate, manage, and control the same and each and every part thereof, and in the name of the Authority or otherwise, as they shall deem best, conduct the business thereof and exercise the privileges pertaining thereto and all the rights and powers of the Authority and use all of the then existing Trust Estate for that purpose, and collect and receive all charges, income and Revenue of the same and of every part thereof, and after deducting therefrom all expenses incurred under the Indenture (including any Extraordinary Expenses) and all other proper outlays authorized in the Indenture, and all payments which may be made as just and reasonable compensation for its own services, and for the services of its attorneys, agents, and assistants, the Trustee is required to apply the rest and residue of the money received by the Trustee as follows:

(a) if the principal of none of the Bonds has become due: first, to the Rebate Fund if necessary to comply with any Tax Document with respect to rebate or Excess Earnings; second, to the payment of Senior Transaction Fees and Subordinate Transaction Fees due and owing, such payments to be made ratably based on amounts then due to the parties entitled thereto without discrimination or preference; third, to the payment of the interest in default on the Senior Bonds, in order of the maturity of the installments thereof, with interest on the overdue installments thereof at the same rates, respectively, as were borne by the Senior Bonds on which such interest is in default, such payments to be made ratably based on amounts then due to the parties entitled thereto without discrimination or preference; and fourth, to the payment of the interest in default on the Senior-Subordinate Bonds, in order of the maturity of the installments of such interest, with interest on the overdue installments thereof at the same rates, respectively, as were borne by the Senior-Subordinate Bonds on which such interest is in default, such payments to be made ratably based on amounts then due to the parties entitled thereto without discrimination or preference; and fifth, to the payment of the interest in default on the Subordinate Bonds, in order of the maturity of the installments of such interest, with interest on the overdue installments thereof at the same rates, respectively, as were borne by the Subordinate Bonds on which such interest is in default, such payments to be made ratably based on amounts then due to the parties entitled thereto without discrimination or preference.

(b) if the principal of any of the Bonds has become due, other than by declaration of acceleration: first, to the Rebate Fund if necessary to comply with any Tax Document with respect to rebate or Excess Earnings; second, to the payment of Senior Transaction Fees and Subordinate Transaction Fees due and owing, such payments to be made ratably based on amounts then due to the parties entitled thereto without discrimination or preference; third, to the payment of the interest in default on the Senior Bonds, in the order of the maturity of the installments thereof, with interest on overdue installments thereof at the same rates, respectively, as were borne by the Senior Bonds on which such interest is in default; fourth, to the payment of the principal of all Senior Bonds then due, such payments to be made ratably based on amounts then due to the parties entitled thereto

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without discrimination or preference; fifth, to the payment of the interest in default on the Senior-Subordinate Bonds, in the order of the maturity of the installments thereof with interest on overdue installments thereof at the same rates, respectively, as were borne by the Senior-Subordinate Bonds on which such interest is in default, as the case may be; sixth, to the payment of the principal of all Senior-Subordinate Bonds then due, such payments to be made ratably based on amounts then due to the parties entitled thereto without discrimination or preference; seventh, to the payment of the interest in default on the Subordinate Bonds, in the order of the maturity of the installments thereof with interest on overdue installments thereof at the same rates, respectively, as were borne by the Subordinate Bonds on which such interest is in default, as the case may be; and eighth, to the payment of the principal of all Subordinate Bonds then due, such payments to be made ratably based on amounts then due to the parties entitled thereto without discrimination or preference.

(c) subject to the provisions described under the caption "Accelerated Maturity" below, if the principal of all the Bonds has become due by declaration of acceleration or otherwise: first, to the Rebate Fund if necessary to comply with any Tax Document with respect to rebate or Excess Earnings; second, to the payment of Senior Transaction Fees and Subordinate Transaction Fees due and owing, such payments to be made ratably based on amounts then due to the parties entitled thereto without discrimination or preference; third, to the payment of the interest and principal of all Senior Bonds then due, such payments to be made ratably based on amounts then due to the parties entitled thereto without discrimination or preference; fourth, to the payment of the interest and principal of all Senior-Subordinate Bonds then due, such payments to be made ratably based on amounts then due to the parties entitled thereto without discrimination or preference; fifth, to the payment of the interest and principal of all Subordinate Bonds then due, such payments to be made ratably based on amounts then due to the parties entitled thereto without discrimination or preference; and, sixth, any remainder to the Authority or any subsequent holder of the residual interest in the Trust Estate.

Remedies on Default; Advice of Counsel

Upon the happening of any Event of Default, the Trustee may proceed to protect and enforce the rights of the Trustee and the Registered Owners in such manner as counsel for the Trustee may advise, whether for the specific performance of any covenant, condition, agreement or undertaking contained in the Indenture, or in aid of the execution of any power granted in the Indenture, or for the enforcement of such other appropriate legal or equitable remedies as, in the opinion of such counsel, may be more effectual to protect and enforce the rights aforesaid.

Remedies on Default; Sale of Trust Estate

Upon the happening and continuation of any Event of Default and if the principal of all of the Outstanding Bonds has been declared due and payable pursuant to the provisions described under the caption "Accelerated Maturity" below, then and in every such case, and irrespective of whether other remedies authorized have been pursued in whole or in part, the Trustee may sell, with or without entry, to the highest bidder the Trust Estate, any and all right, title, interest, claim and demand thereto and the right of redemption thereof, at any such place or places, and at such time or times and upon such notice and terms as may be required by law; provided, however, that no such sale shall be made unless the Trustee has received an opinion of Bond Counsel stating that adequate provision has been made to assure that such transfer shall not impair the Authority's capacity to comply with its obligations relative to the restrictions upon Portfolio Yield and to the rebate of certain amounts to the federal government as such obligations would be calculated upon the date of such opinion in accordance with any Tax Document and that such transfer will not affect adversely the exclusion from federal income taxation of interest on the Bonds afforded by Section 103 of the Code. Upon such sale the Trustee may make and deliver to the purchaser

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or purchasers a good and sufficient assignment or conveyance for the same, which sale will be a perpetual bar both at law and in equity against the Authority and all Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money or to inquire as to the authorization, necessity, expediency or regularity of any such sale. The Trustee is irrevocably appointed the true and lawful attorney-in-fact of the Authority, in its name and stead, to make and execute all bills of sale, instruments of assignment and transfer and such other documents of transfer as may be necessary or advisable in connection with a sale of all or part of the Trust Estate, but the Authority, if so requested by the Trustee, shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary, or in the judgment of the Trustee, proper for the purpose which may be designated in such request. In addition, the Trustee may proceed to protect and enforce the rights of the Trustee and the Registered Owners of the Bonds in such manner as counsel for the Trustee may advise, whether for the specific performance of any covenant, condition, agreement or undertaking contained in the Indenture, or in aid of the execution of any power granted in the Indenture, or for the enforcement of such other appropriate legal or equitable remedies as may in the opinion of such counsel, be more effectual to protect and enforce the rights aforesaid. The Trustee is required to take any such action or actions if requested to do so in writing by the Registered Owners of at least two-thirds of the collective aggregate principal amount of the Highest Priority Bonds at the time Outstanding. Such a sale following an Event of Default, other than a default in the payment of any principal or interest on any Bond, also requires the written consent of all the Registered Owners of the Senior-Subordinate Bonds (unless the Senior Subordinate Bonds are the Highest Priority Bonds then Outstanding) and the Subordinate Bonds unless the proceeds of such a sale would be sufficient to discharge the Senior Subordinate Bonds and the Subordinate Bonds at the date of such a sale.

Appointment of Receiver

In case an Event of Default occurs, and if all of the Outstanding Bonds have been declared due and payable and in case any judicial proceedings are commenced to enforce any right of the Trustee or of the Registered Owners under the Indenture or otherwise, then as a matter of right, the Trustee is entitled to the appointment of a receiver of the Trust Estate and of the earnings, income or Revenue, rents, issues and profits thereof with such powers as the court making such appointments may confer.

Restoration of Position

In case the Trustee has proceeded to enforce any rights under the Indenture by sale or otherwise, and such proceedings have been discontinued, or have been determined adversely to the Trustee, then and in every such case to the extent not inconsistent with such adverse decree, the Authority, the Trustee and the Registered Owners will be restored to their former respective positions and the rights under the Indenture in respect to the Trust Estate, and all rights, remedies, and powers of the Authority, the Trustee and the Registered Owners will continue as though no such proceeding had been taken.

Purchase of Properties by
Trustee or Registered Owners

In case of any such sale of the Trust Estate, any Registered Owner, Registered Owners, committee of Registered Owners, the Administrator (or any nonprofit corporation managed by the Administrator) or the Trustee, may bid for and purchase such property and upon compliance with the terms of sale may hold, retain possession, and dispose of such property as the absolute right of the purchaser or purchasers without further accountability and will be entitled, for the purpose of making any settlement or payment for the property purchased, to use and apply any Bonds owned by such purchasers that are secured by the Indenture and any interest thereon due and unpaid, by presenting such Bonds in order that there may be credited thereon the sum apportionable and applicable thereto out of the net proceeds of such sale, and thereupon

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such purchaser or purchasers will be credited on account of such purchase price payable to him or them with the sum apportionable and applicable out of such net proceeds to the payment of or as a credit on the Bonds so presented.

Application of Sale Proceeds

The proceeds of any sale of the Trust Estate, together with any funds at the time held by the Trustee and not otherwise designated in the Indenture for another use, are required to be applied by the Trustee as described under the caption "Remedy on Default; Possession of Trust Estate" above, and then to the Authority or whomsoever shall be lawfully entitled thereto.

Accelerated Maturity

If an Event of Default has occurred and is continuing, the Trustee may declare, or upon the written direction by the Registered Owners of at least two-thirds of the collective aggregate principal amount of the Highest Priority Bonds then Outstanding, or due to the occurrence of an Event of Default described in paragraph (e) under the caption "Events of Default Defined" above, is required to declare, by notice in writing delivered to the Authority not later than the next Business Day succeeding such direction, the principal of all Bonds then Outstanding and the interest thereon immediately due and payable, anything in the Bonds or the Indenture to the contrary notwithstanding, subject, however, to the provisions described under the caption "Waivers of Events of Default" below; provided, however, that a declaration of acceleration upon a default described in paragraph (d) under the caption "Events of Default Defined" above requires the consent of 100% of the Registered Owners of the collective aggregate principal amount of the Highest Priority Bonds then Outstanding.

The Trustee is required to give notice thereof by first class mail, postage prepaid, to all Registered Owners of Outstanding Bonds; provided, however, that the giving of such notice is not considered a precondition to the Trustee declaring the entire principal amount of the Bonds then Outstanding and the interest accrued thereon immediately due and payable. The Bonds will cease to accrue interest on the date of declaration of acceleration whether or not they are paid on such date.

Remedies Not Exclusive

The remedies conferred in the Indenture upon or reserved to the Trustee or the Registered Owners of Bonds are not intended to be exclusive of any other remedy, but each such remedy is cumulative and is in addition to every other remedy given under the Indenture or now or hereafter existing, and every power and remedy given to the Trustee or the Registered Owners of Bonds under the Indenture or any supplement thereto, may be exercised from time to time as often as may be deemed expedient. No delay or omission of the Trustee or any Registered Owner of Bonds to exercise any power or right arising from any default under the Indenture will impair any such right or power or will be construed to be a waiver of any such default or to be acquiescence therein.

Direction of Trustee

Upon the happening of any Event of Default, the Registered Owners of at least two-thirds of the collective aggregate principal amount of the Highest Priority Bonds then Outstanding have the right, by an instrument or instruments in writing delivered to the Trustee, to direct and control the Trustee as to the method of taking any and all proceedings for any sale of any or all of the Trust Estate, or for the appointment of a receiver, if permitted by law, and may at any time cause any proceedings authorized by the terms of the Indenture to be so taken or to be discontinued or delayed; provided, however, that such Registered Owners will not be entitled to cause the Trustee to take any proceedings which in the Trustee's opinion

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would be unjustly prejudicial to non-assenting Registered Owners of Bonds, but the Trustee is entitled to assume that the action requested by the Registered Owners of at least two-thirds of the collective aggregate principal amount of the Highest Priority Bonds then Outstanding will not be prejudicial to any non-assenting Registered Owners unless the Registered Owners of at least two-thirds of the collective aggregate principal amount of the non-assenting Registered Owners of such Highest Priority Bonds, in writing, show the Trustee how they will be prejudiced. The provisions described above are expressly subject to the provisions described under paragraph (c) under the caption "THE TRUSTEE—Acceptance of Trust" and described under the caption "THE TRUSTEE—Indemnification of Trustee" in this Appendix A.

Right to Enforce in Trustee

No Registered Owner of any Bond has any right as such Registered Owner to institute any suit, action, or proceedings for the enforcement of the provisions of the Indenture or for the execution of any trust under the Indenture or for the appointment of a receiver or for any other remedy under the Indenture, all rights of action under the Indenture being vested exclusively in the Trustee, unless and until such Registered Owner has previously given to the Trustee written notice of a default under the Indenture, and of the continuance thereof, and also unless the Registered Owners of at least two-thirds of the collective aggregate principal amount of the Highest Priority Bonds then Outstanding have made written request upon the Trustee and the Trustee has been afforded reasonable opportunity to institute such action, suit or proceeding in its own name, and unless the Trustee has been offered indemnity and security satisfactory to it against the fees, costs, expenses, and liabilities (including those of its agents and counsel) to be incurred therein or thereby, which offer of indemnity will be an express condition precedent under the Indenture to any obligation of the Trustee to take any such action under the Indenture, and the Trustee for 45 days after receipt of such notification, request, and offer of indemnity, has failed to institute any such action, suit or proceeding. It is understood and intended that no one or more Registered Owners of the Bonds have the right in any manner whatever by his or their action to affect, disturb, or prejudice the lien of the Indenture or to enforce any right under the Indenture except in the manner provided in the Indenture and for the equal benefit of the Registered Owners of the Bonds then Outstanding (except as provided in the Indenture with respect to certain payment and other priorities).

Waivers of Events of Default

The Trustee may in its discretion waive any Event of Default under the Indenture and its consequences and rescind any declaration of acceleration of Bonds, and is required to do so upon the written request of the Registered Owners of a majority of the collective aggregate principal amount of the Highest Priority Bonds then Outstanding; provided, however, that there shall not be waived (a) any Event of Default in the payment of the principal of or premium on any Outstanding Bonds at the date of maturity or redemption thereof, or any default in the payment when due of the interest on any such Bonds, unless prior to such waiver or rescission, all arrears of interest or all arrears of payments of principal and premium, if any, and all fees and expenses of the Trustee, in connection with such default or otherwise incurred under the Indenture have been paid or provided for; or (b) any default in the payment of amounts described under the caption "PROVISIONS APPLICABLE TO THE BONDS; DUTIES OF THE AUTHORITY—Tax Covenants" in this Appendix A. In case of any such waiver or rescission, or in case any proceedings taken by the Trustee on account of any such default has been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the Authority, the Trustee and the Registered Owners of Bonds will be restored to their former positions and rights under the Indenture respectively, but no such waiver or rescission will extend to or affect any subsequent or other default, or impair any rights or remedies consequent thereon.

THE TRUSTEE

Acceptance of Trust

The Trustee accepts the trusts imposed upon it by the Indenture, and agrees to perform said trusts, but only upon and subject to the following terms and conditions:

(a) Except during the continuance of an Event of Default:

(i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture, and no implied covenants or obligations shall be read into the Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee 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 Trustee and conforming on their face to the requirements of the Indenture; but in the case of any such certificates or opinions which by any provisions of the Indenture are specifically required to be furnished to the Trustee, the Trustee is under a duty to examine the same to determine whether or not they conform as to form with the requirements of the Indenture, without any duty to inquire to the matters stated in the Indenture.

(b) In case an Event of Default has occurred and is continuing, the Trustee, in exercising the rights and powers vested in it by the Indenture, is required to use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(c) No provision of the Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this paragraph (c) shall not be construed to limit the effect of paragraph (a) above;

(ii) the Trustee will not be liable for any error of judgment made in good faith, unless it is conclusively determined by a court of competent jurisdiction that the Trustee was negligent in ascertaining the pertinent facts;

(iii) the Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the written direction of the requisite percentage of Registered Owners permitted to direct the Trustee pursuant to the Indenture relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under the Indenture; and

(iv) no provision of the Indenture (including but not limited to any time that the Trustee is acting as a prudent person following an Event of Default described in paragraph (d) under the caption "DEFAULTS AND REMEDIES—Events of Default Defined" in this Appendix A) requires the Trustee to expend or risk its own funds or otherwise incur any liability (financial or otherwise) in the performance of any of its duties under the Indenture, or in the exercise of any of its rights or powers, unless directed in

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writing by the Registered Owners of at least two-thirds in aggregate of the Highest Priority Bonds Outstanding and the Trustee is furnished an indemnity bond or other indemnity and security satisfactory to it for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which results from the negligence or willful misconduct of the Trustee.

Recitals of Others

The Trustee is not responsible for any recital in the Indenture or in the Bonds (except with respect to the certificate of the Trustee endorsed on the Bonds), or for the filing or re-filing of the Indenture, or for the validity of the execution by the Authority of the Indenture or of any Supplemental Indenture or instrument of further assurance, or for the sufficiency of the security for the Bonds issued under the Indenture or intended to be secured thereby. The Trustee makes no representations as to the title of the Authority in the Trust Estate or as to the security afforded thereby and by the Indenture, or as to the validity, perfection, priority, or continuation of any security interest granted in the Indenture, or as to the validity or sufficiency of the Indenture or of the Bonds issued under the Indenture, and the Trustee will not incur any responsibility in respect of such matters.

As to Filing of Indenture

The Trustee is under no duty (a) to file or record, or cause to be filed or recorded, the Indenture or any instrument supplemental thereto; (b) to procure any further order or additional instruments of further assurance; (c) to see to the delivery to it of any personal property intended to be mortgaged or pledged under the Indenture or thereunder; (d) to do any act which may be suitable to be done for the better maintenance of the lien or security of the Indenture; or (e) for giving notice of the existence of such lien, or for extending or supplementing the same or to see that any rights to Revenue and Funds intended now or hereafter to be transferred in trust under the Indenture are subject to the lien thereof. The Trustee will not be liable for failure of the Authority to pay any tax or taxes in respect of such property, or any part thereof, or the income therefrom or otherwise, nor will the Trustee be under any duty in respect of any tax which may be assessed against it or the Registered Owners in respect of such property or pledged Revenue and Funds. The Trustee has no responsibility for the sufficiency, adequacy or priority of any initial filing and in the absence of written notice to the contrary by the Authority or other Authorized Representative, may conclusively rely and will be protected in relying on all information and exhibits in such initial filings for the purposes of any continuation statements.

Trustee May Act Through Agents

The Trustee may execute any of the trusts or powers of the Indenture and perform any of its duties by or through attorneys or agents and will not be responsible for any act or omission on the part of any such attorney or agent selected by it in the exercise of reasonable care. Upon any use by the Trustee of an agent to perform any vital function under the Indenture on behalf of the Trustee, the Trustee is required to promptly give written notice to the Rating Agencies and the Authority of the appointment of any such agent. The Trustee may act upon the opinion or advice of any counsel, accountant, or other expert selected by it in the exercise of reasonable care, which shall be full and complete authorization and protection in respect of any action or inaction based on its good faith reliance upon such opinion or advice.

Indemnification of Trustee

Other than with respect to its duties to make payment on the Bonds when due and its duty to pursue the remedy of acceleration as described under the caption "DEFAULTS AND REMEDIES—Accelerated Maturity" in this Appendix A for each of which no additional security, indemnity or consent may be

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required, the Trustee will be under no obligation or duty to take any action or refrain from taking any action under the Indenture or to perform any act at the request of Registered Owners or to institute or defend any suit in respect thereof unless properly indemnified and provided with security to its satisfaction as described under paragraph (c) under the caption "Acceptance of Trust" above. The Trustee is not required to take notice, or be deemed to have knowledge, of any default or Event of Default of the Authority or any Administrator Default under the Indenture and may conclusively assume that there has been no such default or Event of Default (other than an Event of Default described in paragraphs (a), (b) or (c) under the caption "DEFAULTS AND REMEDIES—Events of Default Defined" in this Appendix A) unless and until a Responsible Officer of the Trustee has been specifically notified in writing at the address set forth in the Indenture of such default or Event of Default by (a) the Registered Owners of the required percentages in principal amount of the Bonds then Outstanding hereinabove specified or (b) an Authorized Representative of the Authority. However, the Trustee may begin suit, or appear in and defend suit, execute any of the trusts created by the Indenture, enforce any of its rights or powers under the Indenture, or do anything else in its judgment proper to be done by it as Trustee, without assurance of reimbursement or indemnity, and in such case the Trustee is required to be reimbursed or indemnified by the Registered Owners requesting such action, if any, for all fees, costs and expenses (including extraordinary out-of-pocket expenses), liabilities, outlays and counsel and agent fees and other reasonable disbursements properly incurred in connection therewith (including, but not limited to, the costs of defending any claim of bringing any claim to enforce any indemnification obligation), unless such costs and expenses, liabilities, outlays and attorneys' fees and other reasonable disbursements properly incurred in connection therewith are adjudicated to have resulted from the negligence or willful misconduct of the Trustee. In furtherance and not in limitation of the provisions described above, the Trustee will not be liable for, and will be held harmless by the Authority from, following any Authority Orders, instructions or other directions (including electronic communications) upon which the Trustee is authorized to rely pursuant to the Indenture or any other agreement to which it is a party. If the Authority or the Registered Owners, as appropriate, fail to make such reimbursement or indemnification, the Trustee may reimburse itself from any money in its possession under the provisions of the Indenture, (i) except during the continuance of an Event of Default, subject only to the prior lien of the Bonds for the payment of the principal thereof, premium, if any, and interest thereon from the Revenue Fund; and (ii) during the continuance of an Event of Default in accordance with the provisions described under the caption "DEFAULTS AND REMEDIES—Remedy on Default; Possession of Trust Estate" in this Appendix A. None of the provisions contained in the Indenture or any other agreement to which it is a party require the Trustee to act or to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers if the Registered Owners have not offered security and indemnity acceptable to it or if it has reasonable grounds for believing that prompt repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Before taking any action under the Indenture requested by the Registered Owners, the Trustee may require that it be furnished an indemnity bond or other indemnity satisfactory to it for the reimbursement of all expenses (including, without limitation, legal fees and expenses) to which it may be put and to protect it against all liability, except liability which results from the negligence or willful misconduct of the Trustee, by reason of any action so taken by the Trustee.

In no event will the Trustee be responsible or liable for any failure or delay in the performance of its obligations under the Indenture arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities or communication, or any other similar events outside the control of the Trustee.

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Trustee's Right to Reliance

The Trustee is permitted to conclusively rely on and is protected in acting upon any notice, resolution, request, consent, order, certificate, report, electronic communication, appraisal, opinion, report or document of the Authority or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties; and the Trustee is under no duty to make any investigation as to any statement contained in any such instrument, paper or document, but may accept the same as conclusive evidence of the truth and accuracy of such statement. Before acting or refraining from acting in the administration of the Indenture, the Trustee may consult with accountants, experts and counsel, and the opinion of such counsel, accountants and experts will be full and complete authorization and protection in respect of any action taken or suffered, and in respect of any determination made by it under the Indenture in good faith and in accordance with the opinion of such counsel, accountants and experts. Any action taken by the Trustee pursuant to the Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Registered Owner of any Bond will be conclusive and binding upon all future Registered Owners of the same Bond and Bonds issued in exchange therefor or in place thereof.

Whenever in the administration of the Indenture the Trustee reasonably deems it desirable that a matter be proved or established prior to taking, suffering, or omitting any action under the Indenture, the Trustee (unless other evidence is specifically prescribed in the Indenture) may require and, in the absence of bad faith on its part, may rely upon a certificate signed by an Authorized Representative of the Authority. Whenever in the administration of the Indenture the Trustee is directed to comply with an Authority Order, the Trustee will be entitled to act in reliance on such Authority Order.

The Trustee is not bound to ascertain or inquire as to the performance or observance of any covenants, conditions, or agreements on the part of the Authority but the Trustee may require of the Authority full information and advice as to the performance of any covenants, conditions or agreements pertaining to Financed Eligible Loans.

The Trustee will not be liable for any action taken, suffered, or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by the Indenture or error of judgment made in good faith; provided, however, that the Trustee will be liable for its negligence or willful misconduct.

The permissive right of the Trustee to take action under or otherwise do things enumerated in the Indenture are not construed as a duty.

The Trustee is authorized, under the Indenture, subject to the provisions described under the caption "PROVISIONS APPLICABLE TO THE BONDS; DUTIES OF THE AUTHORITY—Tax Covenants" in this Appendix A and other applicable provisions of the Indenture, to sell, assign, transfer or convey Financed Eligible Loans in accordance with an Authority Order. The Trustee is further authorized to enter into agreements with other Persons, in its capacity as Trustee, in order to carry out or implement the terms and provisions of the Indenture.

The Trustee will not be liable for any action taken or omitted by it in good faith on the direction of the Registered Owners of at least two-thirds of the collective aggregate principal amount of the Highest Priority Bonds then Outstanding as to the time, method, and place of conducting any proceedings for any remedy available to the Trustee or the exercising of any power conferred by the Indenture or any other transaction document.

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In no event will the Trustee be liable for punitive, special, indirect or consequential damages (including, but not limited to, loss of profit).

The Trustee has the right to not take any action if it determines such action will result in liability to the Trustee, not be in the best interests of the Registered Owners, or is contrary to law.

The Trustee will not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

In no event will the Trustee be liable for failure to perform its obligations under the Indenture if such failure is a direct or proximate result of another party's failure to so perform.

Before acting or refraining from acting under the Indenture the Trustee is entitled to request and rely upon an Authority Order or Opinion of Counsel.

To the extent U.S. Bank Trust Company, National Association is acting as Trustee under the Indenture, it will be afforded the same rights, protections and indemnities in its other capacities under the Indenture that it is afforded as Trustee.

Compensation of Trustee

Except as otherwise expressly provided in the Indenture, all advances, counsel fees and other expenses reasonably made or incurred by the Trustee in and about the execution and administration of the trust created by the Indenture and reasonable compensation to the Trustee for its services in the premises shall be paid by the Authority. The compensation of the Trustee shall not be limited to or by any provision of law in regard to the compensation of Trustees of an express trust. Except during the continuance of an Event of Default, the fees of the Trustee shall be limited to those set forth in the most recent engagement letter executed by the Trustee and an Authorized Officer of the Authority. If not paid by the Authority, the Trustee will have a lien against all money held pursuant to the Indenture (other than the moneys and investments held in the Rebate Fund), (a) except during the continuance of an Event of Default, subject only to the prior lien of the Bonds against the money and investments in the Revenue Fund for the payment of the principal thereof, premium, if any, and interest thereon, for such reasonable compensation, expenses, advances and counsel fees incurred in and about the execution of the trusts created by the Indenture and the exercise and performance of the powers and duties of the Trustee under the Indenture and the cost and expense incurred in defending against any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the negligence or willful misconduct of the Trustee); and (b) during the continuance of an Event of Default in accordance with the provisions described under the caption "DEFAULTS AND REMEDIES—Remedy on Default; Possession of Trust Estate" in this Appendix A.

The Authority is required to indemnify and hold harmless the Trustee and any director, officer, employee, or agent of the Trustee, Paying Agent, Transfer Agent and Registrar against any loss, liability or reasonable expense (including, without limitation, reasonable legal fees and expenses; extraordinary expenses; fees of agents and experts; and the reasonable costs of defending any claim or bringing any claim to enforce the indemnification obligations of the Authority) incurred in connection with its actions or inactions under the Indenture, the Administration Agreement or the Bonds, other than any loss, liability, or expense incurred by reason of willful misfeasance, bad faith, or negligence in the performance by the Trustee, Paying Agent, Transfer Agent, or Registrar or their agents or attorneys of the duties of the Trustee, Paying Agent, Transfer Agent, or Registrar under the Indenture.

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Trustee May Own Bonds

The Trustee under the Indenture, or any successor Trustee, in its individual or other capacity, may become the owner or pledgee of Bonds and may otherwise deal with the Authority, with the same rights it would have if it were not the Trustee. The Trustee may act as depository for, and permit any of its officers or directors to act as a member of, or act in any other capacity in respect to, any committee formed to protect the rights of the Registered Owners or to effect or aid in any reorganization growing out of the enforcement of the Bonds or of the Indenture, whether or not any such committee shall represent the Registered Owners of at least two-thirds of the collective aggregate principal amount of the Outstanding Bonds.

Resignation of Trustee

The Trustee and any successor to the Trustee may resign and be discharged from the trust created by the Indenture by giving to the Authority 30 days prior written notice, which notice is required to specify the date on which such resignation is to take effect; provided, however, that such resignation will only take effect on the day specified in such notice if a successor Trustee has been appointed as described under the caption "Successor Trustee" below (and is qualified to be the Trustee under the requirements described under the caption "Successor Trustee" below) and said successor Trustee has accepted such appointment in writing. If no successor Trustee has been appointed by the later of the date specified or 60 days after the receipt of the notice by the Authority, the Trustee may (a) appoint a temporary successor Trustee having the qualifications described under the caption "Successor Trustee" below; or (b) request a court of competent jurisdiction to (i) require the Authority to appoint a successor, as provided under the caption "Successor Trustee" below, within three days of the receipt of citation or notice by the court; or (ii) appoint a Trustee having the qualifications described under the caption "Successor Trustee" below. In no event may the resignation of the Trustee be effective until a qualified successor Trustee has been selected and appointed and said successor Trustee has accepted such appointment in writing. In the event a temporary successor Trustee is appointed pursuant to clause (a) above, the Authority may remove such temporary successor Trustee and appoint a successor thereto pursuant to the provisions described under the caption "Successor Trustee" below.

Removal of Trustee

The Trustee or any successor Trustee may be removed upon 30 days prior written notice (a) if an Event of Default has occurred and is continuing, by the Registered Owners of 100% of the collective aggregate principal amount of the Highest Priority Bonds then Outstanding; (b) by the Authority for cause or upon the sale or other disposition of the Trustee or its trust functions; or (c) by the Authority without cause so long as no Event of Default exists or has existed within the last 30 days, upon payment to the Trustee so removed of all money then due to it under the Indenture and appointment of a successor thereto by the Authority and acceptance thereof by said successor.

In the event a Trustee (or successor Trustee) is removed, by any Person or for any reason permitted under the Indenture, such removal will not become effective until (a) in the case of removal by the Registered Owners, such Registered Owners by instrument or concurrent instruments in writing (signed and acknowledged by such Registered Owners or their attorneys-in-fact) filed with the Trustee removed have appointed a successor Trustee or otherwise the Authority has appointed a successor; and (b) the successor Trustee has accepted appointment as such.

Successor Trustee

In case at any time the Trustee or any successor Trustee resigns, is dissolved or otherwise is disqualified to act or be incapable of acting, or in case control of the Trustee or of any successor Trustee or

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of its officers is taken over by any public officer or officers, a successor Trustee may be appointed by the Authority by an instrument in writing duly authorized by resolution. In the case of any such appointment by the Authority of a successor to the Trustee, the Authority is required to forthwith cause notice thereof to be mailed to the Registered Owners of the Bonds at the address of each Registered Owner appearing on the bond registration books maintained by the Registrar.

Every successor Trustee appointed by the Registered Owners, by a court of competent jurisdiction, or by the Authority is required to be a bank or trust company in good standing, organized and doing business under the laws of the United States or of a state therein, which has a reported capital and surplus of not less than $50,000,000, be authorized under the law to exercise corporate trust powers and be subject to supervision or examination by a federal or state authority.

Manner of Vesting Title in Trustee

Any successor Trustee appointed under the Indenture is required to execute, acknowledge, and deliver to its predecessor Trustee, and also to the Authority, an instrument accepting such appointment under the Indenture, and thereupon such successor Trustee, without any further act, deed, or conveyance will become fully vested with all the estate, properties, rights, powers, trusts, duties, and obligations of its predecessors in trust under the Indenture, including all the right, title and interest in and to the Trust Estate pledged under the Indenture (except that the predecessor Trustee will continue to have the benefits to indemnification under the Indenture together with the successor Trustee), with like effect as if originally named as Trustee under the Indenture; but the Trustee ceasing to act is required to nevertheless, on the written request of an Authorized Representative of the Authority, or an authorized officer of the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title, and interest of the Trustee which it succeeds, in and to pledged Revenue and Funds and such rights, powers, trusts, duties, and obligations, and the Trustee ceasing to act also, upon like request, must pay over, assign, and deliver to the successor Trustee any money or other property or rights subject to the lien of the Indenture, including any pledged securities which may then be in its possession. Should any deed or instrument in writing from the Authority be required by the successor Trustee for more fully and certainly vesting in and confirming to such new Trustee such estate, properties, rights, powers, and duties, any and all such deeds and instruments in writing must on request be executed, acknowledged and delivered by the Authority.

Right of Inspection

A Registered Owner will be permitted at reasonable times during regular business hours and in accordance with reasonable regulations prescribed by the Trustee to examine at an office of the Trustee a copy of any documents authorizing and securing a Series of Bonds or any report or instrument theretofore filed with the Trustee relating to the condition of the Trust Estate.

At any and all reasonable times, the Trustee and its duly authorized agents, attorneys, experts, accountants and representatives have the right fully to inspect all books, papers and records of the Authority, the Administrator and, to the extent provided in a Servicing Agreement, the related Servicer, pertaining to Financed Eligible Loans, and to copy or take such memoranda from and in regard thereto as may be desired.

Limitation With Respect to Examination

Except as expressly provided in the Indenture, the Trustee will be under no duty to examine any report or statement or other document required or permitted to be filed with it by or on behalf of the

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Authority, and the Trustee may accept the same as conclusive evidence of the truth and accuracy of any statement contained therein or as to the existence or nonexistence of any fact stated therein.

Servicing Agreements

The Trustee is not responsible for servicing the Eligible Loans held or financed or refinanced under the terms of the Indenture or for the custody, safekeeping, or preservation of the Eligible Loans held or financed or refinanced under the terms of the Indenture. The Trustee has no duty to monitor or supervise the Administrator, any Servicer, or any custodian of the Eligible Loans held or financed or refinanced under the terms of the Indenture and is not responsible for any of their acts or omissions in servicing or maintaining custody of the Eligible Loans held or financed or refinanced under the terms of the Indenture.

Additional Covenants of Trustee

The Trustee, by the execution of the Indenture, covenants, represents and agrees that:

(a) it will not exercise any of the rights, duties, or privileges under the Indenture in such manner as would cause the Eligible Loans held or financed or refinanced under the terms of the Indenture to be transferred, assigned, or pledged as security to any person or entity other than as permitted by the Indenture; and

(b) it will, upon written notice from an Authorized Representative of the Authority, use its reasonable efforts to cause the Indenture to be amended (in accordance with the provisions described under the caption "SUPPLEMENTAL INDENTURES—Supplemental Indentures Not Requiring Consent of Registered Owners" in this Appendix A) if the Program Guidelines are hereafter amended so as to be contrary to the terms of the Indenture.

Merger of the Trustee, Etc.

Any corporation into which the Trustee may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Trustee is a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee or any corporate affiliate of the Trustee succeeding to all or a portion of the corporate trust business of the Trustee, is the successor of the Trustee under the Indenture, provided such corporation must be otherwise qualified and eligible under the Indenture, without the execution or filing of any paper or any further act on the part of any other parties to the Indenture.

Survival of Trustee's Rights to Receive Compensation, Reimbursement and Indemnification

The Trustee's rights to receive compensation, reimbursement and indemnification of money due and owing under the Indenture at the time of the Trustee's resignation or removal will survive the Trustee's resignation or removal.

Provisions Controlling as to Trustee Conduct and Liability

Whether or not therein expressly so provided, every provision of the Indenture relating to the conduct or affecting the liability of the Trustee is subject to the provisions described under this caption "THE TRUSTEE".

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Statement by Trustee of Funds and Accounts and Other Matters

Not more than thirty (30) days after the close of each Fiscal Year the Trustee is required to furnish the Authority, the Administrator and any Registered Owner filing with the Trustee a written request for a copy, a bank statement setting forth (to the extent applicable) in respect to such Fiscal Year, (a) all transactions relating to the receipt, disbursement and application of all moneys received by the Trustee pursuant to all terms of the Indenture, (b) the balances held by the Trustee at the end of such Fiscal Year to the credit of each Fund and Account, (c) a brief description of all moneys and Investment Securities held by the Trustee as part of the balance of each Fund and Account as of the end of such Fiscal Year, (d) the principal amount of Bonds repaid during such Fiscal Year, and (e) any other information which the Authority or the Administrator may reasonably request.

In addition, the Trustee is required to furnish the Authority and the Administrator on or before the fifth day of each calendar month a bank statement of all moneys and Investment Securities to the credit of each Fund and Account as of the last day of the preceding month.

SUPPLEMENTAL INDENTURES

Supplemental Indentures Not Requiring Consent of Registered Owners

The Authority and the Trustee, at the request of the Authority, may, without the consent of or notice to any of the Registered Owners, enter into any indenture or indentures supplemental to the Indenture for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in the Indenture;

(b) to grant to or confer upon the Trustee for the benefit of the Registered Owners any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Registered Owners or the Trustee;

(c) to subject to the Indenture additional revenues, properties or collateral;

(d) to modify, amend or supplement the Indenture or any indenture supplemental to the Indenture in such manner as to permit the qualification of the Indenture and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if they so determine, to add to the Indenture or any indenture supplemental to the Indenture such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute;

(e) to evidence the appointment of a separate or co-Trustee or a co-registrar or Transfer Agent or the succession of a new Trustee under the Indenture;

(f) to add such provisions to or to amend such provisions of the Indenture as may be necessary or desirable to assure implementation of the Program if, together with such Supplemental Indenture there is filed an Opinion of Counsel (which may be counsel to the Authority) addressed to the Authority and the Trustee to the effect that the addition or amendment of such provisions will not materially impair the existing security of the Registered Owners of any Outstanding Bonds;

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(g) to make any change as is to be necessary in order to obtain and maintain for any of the Bonds an investment grade Rating from a nationally recognized rating service, if along with such Supplemental Indenture there is filed a Bond Counsel's opinion addressed to the Trustee to the effect that such changes will in no way impair the existing security of the Registered Owners of any Outstanding Bonds;

(h) to make any changes necessary to comply with the Code and the regulations promulgated thereunder;

(i) to provide for the issuance of Bonds pursuant to the provisions described under the caption "BOND DETAILS—Issuance of Bonds" in this Appendix A, including the creation of appropriate Funds, Accounts and Subaccounts with respect to such Bonds;

(j) with a Rating Agency Notification, in connection with the issuance of Senior Bonds, Senior-Subordinate Bonds or Subordinate Bonds, to create any additional Funds or Accounts or Subaccounts under the Indenture, including without limitation in the nature of debt service reserve or capitalized interest Funds, Accounts or Subaccounts for such Senior Bonds, Senior-Subordinate Bonds or Subordinate Bonds, and to modify or amend the provisions described under the captions "FUNDS—Revenue Fund—*Tax-Exempt Account*" and "—*Taxable Account*" in this Appendix A in connection with the foregoing; provided, that no such modification or amendment is permitted to change the amount or timing of application of Revenues or of amounts transferred to the Revenue Fund from other funds and accounts to pay principal of or interest or redemption premium, if any, on Senior Bonds;

(k) to create any other additional Funds or Accounts or Subaccounts under the Indenture deemed by the Trustee to be necessary or desirable;

(l) to amend the Indenture to provide for use of a surety bond or other financial guaranty instrument in lieu of cash and/or Investment Securities in all or any portion of the Debt Service Reserve Fund upon satisfaction of a Rating Agency Notification;

(m) with a Rating Agency Notification, to the extent required by a Supplemental Indenture, to evidence the extension of any Acquisition Period or Recycling Period;

(n) to modify any of the provisions of the Indenture in any respect whatever; provided, however, that (i) such modification must be, and be expressed to be, effective only after all Bonds of any Series Outstanding at the date of the execution by the Authority of such Supplemental Indenture cease to be Outstanding; and (ii) such Supplemental Indenture is specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the execution by the Authority of such Supplemental Indenture and of Bonds issued in exchange therefor or in place thereof;

(o) to conform the terms of the Indenture to the description of such terms in an offering memorandum used in connection with the sale of any Bonds; or

(p) to make any other change (other than changes with respect to any matter requiring satisfaction of the Rating Agency Notification or the Rating Agency Confirmation unless the Bonds are not rated at the time) which, in the judgment of the Authority and the Trustee, is not materially adverse to the Registered Owners of any Bonds; provided, however, that nothing described under this caption "Supplemental Indentures Not Requiring Consent of Registered Owners" permits, or

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is to be construed as permitting, any modification of the trusts, powers, rights, duties, remedies, immunities and privileges of the Trustee without the prior written approval of the Trustee.

Supplemental Indentures Requiring Consent of Registered Owners

Exclusive of Supplemental Indentures described under the caption "Supplemental Indentures Not Requiring Consent of Registered Owners" above and subject to the terms and provisions described under this caption "Supplemental Indentures Requiring Consent of Registered Owners," and not otherwise, the Registered Owners of not less than a majority of the collective aggregate principal amount of the then Outstanding Bonds affected thereby will have the right, from time to time, to consent to and approve the execution by the Authority and the Trustee of such other indenture or indentures supplemental to the Indenture as are to be deemed necessary and desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; provided, however, that nothing described under this caption "Supplemental Indentures Requiring Consent of Registered Owners" permits, or is to be construed as permitting (a) without the consent of the Registered Owners of all then Outstanding Bonds affected thereby, (i) an extension of the maturity date of the principal of or the interest on any Bond; (ii) a reduction in the principal amount of any Bond or the rate of interest thereon; (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds except as otherwise provided in the Indenture; (iv) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture; or (v) the creation of any lien other than a lien ratably securing all of the Bonds at any time Outstanding under the Indenture except as otherwise provided in the Indenture; or (b) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee without the prior written approval of the Trustee.

If at any time the Authority requests the Trustee to enter into any such Supplemental Indenture for any of the purposes described under this caption "Supplemental Indentures Requiring Consent of Registered Owners," the Trustee is required, upon being satisfactorily indemnified with respect to expenses, to cause notice of the proposed execution of such Supplemental Indenture to be mailed by registered or certified mail to each Registered Owner of a Bond at the address shown on the registration records. Such notice is required to briefly set forth the nature of the proposed Supplemental Indenture and to state that copies thereof are on file at the Principal Office of the Trustee for inspection by all Registered Owners. If, within 60 days, or such longer period as is prescribed by the Authority, following the mailing of such notice, the Registered Owners of not less than a majority of the collective aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Indenture have consented in writing to and approved the execution thereof as provided in the Indenture, no Registered Owner of any Bond will have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Indenture as described under this caption "Supplemental Indentures Requiring Consent of Registered Owners," the Indenture will be and be deemed to be modified and amended in accordance therewith. The Trustee is not obligated to enter into any Supplemental Indenture which affects the Trustee's own rights, duties or indemnities or otherwise.

Additional Limitation on Modification of Indenture

No amendment to the Indenture or to the indentures supplemental thereto will be effective unless the Trustee receives an opinion of Bond Counsel to the effect that such amendment was adopted in

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conformance with the Indenture and will not, in and of itself, adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.

GENERAL PROVISIONS

Consent of Registered Owners Binds Successors

Any request or consent of the Registered Owner of any Bonds given for any of the purposes of the Indenture will bind all future Registered Owners of the same Bond or any Bonds issued in exchange therefor or in substitution thereof in respect of anything done or suffered by the Authority or the Trustee in pursuance of such request or consent.

No Liability of Directors

It is expressly made a condition of the Indenture that any agreements, covenants, or representations contained in the Indenture or contained in the Bonds do not and will never constitute or give rise to a personal or pecuniary liability or charge against the incorporators, officers, employees, agents or directors of the Authority, and in the event of a breach of any such agreement, covenant, or representation, no personal or pecuniary liability or charge payable directly or indirectly from the general revenues of the Authority is to arise therefrom.

Laws Governing

The Indenture will in all respects be governed by the laws of the State of Texas.

Non-Business Days

Except as may otherwise be provided in the Indenture, if the date for making payment of any amount under the Indenture or on any Bond, or if the date for taking any action under the Indenture, is not a Business Day, then such payment can be made without accruing further interest or action can be taken on the next succeeding Business Day, with the same force and effect as if such payment were made when due or action taken on such required date.

Objection of Registered Owners

Anything in the Indenture to the contrary notwithstanding, whenever in the Indenture a Rating Agency Notification or a Rating Agency Confirmation is required with respect to any Proposed Action, to the extent that the Bonds no longer carry a Rating from any Rating Agency, the Authority will give notice of any Proposed Action to the Registered Owners and will be permitted to take such Proposed Action unless the Registered Owners of not less than a majority of the collective aggregate principal amount of the Highest Priority Bonds then Outstanding object to the Proposed Action within 20 Business Days of the giving of such notice.

Rating Agency Notifications and Rating Agency Confirmations

Anything in the Indenture to the contrary notwithstanding, (a) the Authority is not required to satisfy a Rating Agency Notification or a Rating Agency Confirmation with respect to any Rating Agency which has not been designated by the Authority to provide a rating on any of the Bonds, and (b) the rating requirements with respect to Investment Securities will not apply with respect to the ratings of any Rating Agency which has not been designated by the Authority to provide a rating on any of the Bonds.

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PAYMENT AND CANCELLATION OF BONDS AND SATISFACTION OF INDENTURE

Trust Irrevocable

The trust created by the terms and provisions of the Indenture is irrevocable until the indebtedness secured by the Indenture (the Bonds and interest thereon) and all other payment obligations under the Indenture are fully paid or provision made for its payment as described under this caption "PAYMENT AND CANCELLATION OF BONDS AND SATISFACTION OF INDENTURE."

Satisfaction of Indenture

If the Authority pays, or causes to be paid, or there is otherwise paid (i) to the applicable parties, all Senior Transaction Fees and Subordinate Transaction Fees then due and owing; (ii) to the Registered Owners of the Bonds, the principal of and interest on the Bonds, at the times and in the manner stipulated in the Indenture; and (iii) to the United States of America, the amount required to be rebated in satisfaction of its obligations as described in any Tax Document, then the pledge of the Trust Estate, except the Rebate Fund, which is not pledged under the Indenture, and all covenants, agreements, and other obligations of the Authority to the Registered Owners of Bonds other than as described under the caption "PROVISIONS APPLICABLE TO THE BONDS; DUTIES OF THE AUTHORITY—Tax Covenants" in this Appendix A will thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee is required to execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee is required to pay over or deliver all money held by it under the Indenture to the party entitled to receive the same under the Indenture. If the Authority pays or causes to be paid, or there is otherwise paid, to the Registered Owners of any Outstanding Bonds the principal of and interest on such Bonds, such Bonds will cease to be entitled to any lien, benefit, or security under the Indenture, and all covenants, agreements, and obligations of the Authority to the Registered Owners thereof will thereupon cease, terminate, and become void and be discharged and satisfied.

Bonds or interest installments will be deemed to have been paid within the meaning of the preceding paragraph if money for the payment or redemption thereof has been set aside and is being held on behalf of the Registered Owners by the Trustee at the Stated Maturity or earlier redemption date thereof. Any Outstanding Bond will, prior to the Stated Maturity or earlier redemption thereof, be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph if (i) such Bond is to be redeemed on any date prior to its Stated Maturity; and (ii) the Authority has given notice of redemption as provided in the Indenture on said date and there has been deposited with the Paying Agent on behalf of the Trustee either money in an amount which is sufficient, or Governmental Obligations (including any Governmental Obligations issued or held in book-entry form on the books of the Department of Treasury of the United States of America) the principal of and the interest on which when due will provide money which, together with the money, if any, deposited with the Paying Agent on behalf of the Trustee at the same time, is sufficient, to pay when due the principal of and interest to become due on such Bond on and prior to the redemption date or Stated Maturity thereof, as the case may be; provided that with respect to the defeasance of Bonds in a variable-rate mode (the "Variable Rate Bonds") for which the interest rate cannot be determined at the time of defeasance, the Authority has deposited funds with the Trustee sufficient to pay interest at the maximum rate allowable on the Variable Rate Bonds for the defeasance period. Notwithstanding anything in the Indenture to the contrary, however, no such deposit will have the effect specified in this paragraph; (A) if made during the existence of an Event of Default, unless made with respect to all of the Bonds then Outstanding; (B) unless on the date of such deposit of Governmental Obligations, but only if the deposit consists of Governmental Obligations, there will be provided to the Trustee a report of an independent firm of nationally recognized certified public accountants verifying the sufficiency of the escrow established to pay in full the Outstanding Bonds to be redeemed or to be deemed

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paid pursuant to this paragraph; and (C) unless there is delivered to the Trustee an Opinion of Bond Counsel to the effect that such deposit will not, in and of itself, adversely affect any exclusion from gross income for federal income tax purposes of interest on any Bond. Neither Governmental Obligations nor money deposited with the Trustee pursuant to this paragraph nor principal or interest payments on any such Governmental Obligations may be withdrawn or used for any purpose other than, and will be held irrevocably in trust in an escrow account for, the payment of the principal of and interest on such Bonds. Any cash received from such principal of and interest on such Governmental Obligations deposited with the Paying Agent on behalf of the Trustee, if not needed for such purpose, will, to the extent practicable, be reinvested in Governmental Obligations maturing at times and in amounts sufficient to pay when due the principal of and interest on such Bonds on and prior to such redemption date or Stated Maturity thereof, as the case may be, and interest earned from such reinvestments will be paid over to the Authority, as received by the Paying Agent on behalf of the Trustee, free and clear of any trust, lien, or pledge. Any payment for Governmental Obligations purchased for the purpose of reinvesting cash as aforesaid will be made only against delivery of such Governmental Obligations. For the purposes of this paragraph, "Governmental Obligations" means and include only non-callable direct obligations of the Department of the Treasury of the United States of America or portions thereof (including interest or principal portions thereof). Such Governmental Obligations must be of such amounts, maturities, and interest payment dates and bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make the payments required in the Indenture, and which obligations have been deposited in an escrow account which is irrevocably pledged as security for the Bonds. Such term does not include mutual funds and unit investment trusts.

The provisions described above are applicable to the Bonds and any portion of the Bonds.

Cancellation of Paid Bonds

Any Bonds which have been paid or purchased by the Authority, Bonds exchanged for new Bonds, mutilated Bonds replaced by new Bonds, and any temporary Bond for which definitive Bonds have been delivered will (unless otherwise directed by the Authority by Authority Order) forthwith be cancelled by the Trustee and, except for temporary Bonds, returned to the Authority.

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APPENDIX B

FORM OF BOND COUNSEL OPINION

An opinion in substantially the following form will be delivered by
McCall, Parkhurst & Horton L.L.P., Bond Counsel,
upon the delivery of the Bonds, assuming no material changes in facts or law.

August 26, 2026

BRAZOS HIGHER EDUCATION AUTHORITY, INC.
TAX-EXEMPT STUDENT LOAN PROGRAM REVENUE BONDS,
SENIOR SERIES 2026-1A (AMT) AND
SUBORDINATE SERIES 2026-1B (AMT)
DATED AS OF AUGUST 1, 2026
IN THE AGGREGATE PRINCIPAL AMOUNT OF $140,335,000

AS BOND COUNSEL FOR THE BRAZOS HIGHER EDUCATION AUTHORITY, INC. (the "**Authority**") in connection with the issuance of the bonds described above (the "**Bonds**"), we have examined into the legality and validity of the Bonds, which bear interest from the dates specified in the text of the Bonds until maturity or prior redemption at the rates and payable on the dates as stated in the text of the Bonds, and which are subject to redemption, all in accordance with the terms and conditions stated in the text of the Bonds and the hereinafter defined Indenture. The Bonds are issued pursuant to and secured under an *Indenture of Trust*, dated as of October 1, 2019 (as previously amended and supplemented, the "**Master Indenture**"), as further amended and supplemented by a *Series 2026-1 Supplemental Indenture of Trust*, dated as of August 1, 2026, each by and between the Authority and *U.S. Bank Trust Company, National Association* (as successor to U.S. Bank National Association), as Trustee (collectively with the Master Indenture, the "**Indenture**").

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas and a transcript of certified proceedings of the Authority, and other pertinent instruments authorizing and relating to the issuance of the Bonds including (i) the resolution of the Authority approving the Indenture and authorizing the issuance of the Bonds (the "**Bond Resolution**"), (ii) one of the executed Bonds (Bond No. T-1), and (iii) the Indenture.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been authorized, issued and delivered in accordance with law, including particularly Chapter 53B of the Texas Education Code, as amended; that the Bonds constitute valid and legally binding special obligations of the Authority in accordance with their terms except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion; that the Authority has the legal authority to issue the Bonds and to repay the Bonds; and that the Bonds are solely secured by and payable from the assets held in the Trust Estate created under the Indenture.

WE EXPRESS NO OPINION as to any federal, state, or local tax consequences of acquiring, carrying, owning or disposing of the Bonds.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further given, and are based on our knowledge of facts, as of the date hereof. We assume no duty or obligation to update or supplement our opinions to reflect any facts or circumstances that may

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hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the Authority, and, in that capacity, we have been engaged by the Authority for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Authority, and we have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds, and we have relied solely on certificates executed by officials of the Authority as to the sufficiency of expected assets pledged under the Indenture to pay the Bonds.

Respectfully,

APPENDIX C

FORM OF SPECIAL TAX COUNSEL OPINION

August 26, 2026

Brazos Higher Education Authority, Inc.
Waco, Texas

RBC Capital Markets, LLC,
as Underwriter
Phoenix, Arizona

U.S. Bank Trust Company, National Association,
as Trustee
Cincinnati, Ohio

Re: $125,335,000 Tax-Exempt Student Loan Program Revenue Bonds, Senior Series 2026-1A (AMT) and $15,000,000 Tax-Exempt Student Loan Program Revenue Bonds, Subordinate Series 2026-1B (AMT)

Ladies and Gentlemen:

We have acted as special tax counsel to the Brazos Higher Education Authority, Inc. (the "Authority") in connection with the issuance by the Authority on the date hereof of the referenced Tax-Exempt Student Loan Program Revenue Bonds, Senior Series 2026-1A (AMT) and Tax-Exempt Student Loan Program Revenue Bonds, Subordinate Series 2026-1B (AMT) (together, the "Bonds"). We understand that McCall, Parkhurst & Horton L.L.P. is serving as bond counsel ("Bond Counsel") to the Authority with respect to the issuance of the Bonds and that the Bonds are being sold pursuant to a public offering by RBC Capital Markets, LLC, as underwriter (the "Underwriter").

The Bonds are issued and secured pursuant to the Indenture of Trust, dated as of October 1, 2019 (as previously amended and supplemented, the "Master Indenture"), as amended and supplemented by a Series 2026-1 Supplemental Indenture of Trust, dated as of August 1, 2026 (the "Supplemental Indenture"), each between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The Master Indenture, as amended and supplemented by the Supplemental Indenture, is referred to herein as the "Indenture." The Bonds have the terms and conditions set forth in the Indenture. We understand the Authority expects to use the net sale proceeds of the Bonds to acquire Eligible Loans (within the meaning of the Indenture) pursuant to the Supplemental Indenture.

In connection with delivering this letter, we have examined and relied on originals or copies, certified or otherwise identified to our satisfaction, of the Indenture and the Tax Certificate and Agreement, dated the date hereof (the "Tax Certificate and Agreement"), between the Authority and the Trustee, and such other instruments, certificates and documents as we have deemed necessary or appropriate for the purpose of the opinions rendered below in this letter.

As to questions of fact material to our opinions, we have relied on covenants and representations of the Authority contained in the Indenture, the Tax Certificate and Agreement and the certified proceedings

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and other certifications furnished to us of officials of the Authority and other parties involved in the issuance of the Bonds, without undertaking to verify the same by independent investigation.

We have also relied on the opinions, dated this date, of Bond Counsel, with respect to (a) the authorization, issuance and delivery of the Bonds in accordance with law, (b) the status of the Bonds as valid and legally binding special obligations of the Authority, (c) the Authority's legal authority to issue the Bonds and to repay the Bonds and (d) the security and payment of the Bonds from assets held in the Trust Estate created under and defined in the Indenture.

We have assumed (a) the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such documents, (b) the accuracy of the statements of fact contained in such documents, instruments and certificates, and (c) the correctness of the opinions of Bond Counsel, without undertaking to verify the same by independent investigation.

Based on and subject to the foregoing we are of the opinion that, assuming compliance by the Authority with certain covenants and procedures set forth in the Indenture, the Tax Certificate and Agreement and certain other documents designed to meet the requirements of the Internal Revenue Code of 1986, under the laws, regulations, rulings and judicial decisions existing on the date hereof, interest on the Bonds (including any original issue discount properly allocable to the owner of a Bond) is excludable from gross income for federal income tax purposes. We are also of the opinion that interest on the Bonds is a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations. Failure of the Authority to comply with certain of its covenants contained in the Indenture and the Tax Certificate and Agreement could cause interest on the Bonds to be included in gross income for federal income tax purposes or could otherwise adversely affect such opinion retroactive to the date of issuance of the Bonds. Finally, we are of the opinion that the execution and delivery, in and of itself, of the Supplemental Indenture will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds (as such term is defined in the Indenture). We express no opinion with respect to any other federal tax consequences of the purchase, ownership, accrual or receipt of interest on, or disposition of the Bonds or of the Tax-Exempt Bonds other than as set forth in this paragraph.

Furthermore, based on and subject to the foregoing we are also of the opinion that the statements contained in the Official Statement, dated August 7, 2026, pursuant to which the Underwriter offered the Bonds for sale (the "Official Statement"), under the caption "TAX MATTERS" are accurate in all material respects insofar as such statements purport to summarize certain provisions of our opinion concerning federal tax matters relating to the Bonds.

We express no legal opinions other than as set forth in the preceding two paragraphs. In particular, but without limitation, we express no opinion as to any state or local tax consequences of the purchase, ownership, accrual or receipt of interest on, or disposition of the Bonds. In addition, we call attention to the fact that we have not been requested to, and accordingly we do not, render any opinion relating in any manner to the validity of the proceedings taken in connection with the issuance of the Bonds under the laws of the State of Texas.

In our role as special tax counsel to the Authority, we have not been engaged to prepare or review and have not assumed or undertaken responsibility for the preparation or review of any offering document relating to the Bonds, except to the extent of our limited review of the Official Statement as described above. We have not assumed responsibility for any description in any offering document or other document relating to the Bonds of the revenues or other sources of security for or other matters relating to any

evaluation of the likelihood of payment of, or creditworthiness of, the Bonds, or the adequacy of the security provided to owners of the Bonds. We also have not been engaged to review, and we did not review, the financial condition of the Authority or the revenues or other sources of security for or other matters relating to an evaluation of the likelihood of payment of, or creditworthiness of, the Bonds or the security provided to owners of the Bonds.

The scope of our engagement as special tax counsel to the Authority has not extended beyond the examinations and the rendering of the opinions expressed herein. The opinions expressed herein are based on existing law as of the date hereof and we express no opinion herein as of any subsequent date or with respect to any pending legislation or as to any other matters. Furthermore, we assume no obligation to review or supplement this letter subsequent to its date, whether by reason of a change in the current laws, legislative or regulatory action taken subsequent to the date hereof, judicial decisions issued subsequent to the date hereof, or for any other reason.

In performing our services as special tax counsel, the Authority is our sole client in this engagement and as special tax counsel we have not been engaged by, nor have we undertaken to advise, any other party or to opine as to matters not specifically covered herein. The inclusion of addressees of this opinion letter other than the Authority does not create or imply an attorney-client relationship between Kutak Rock LLP, as special tax counsel, and any such other addressee.

Respectfully submitted,

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APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (the "Continuing Disclosure Agreement") is executed and delivered by Brazos Higher Education Authority, Inc. (the "Obligated Person") in connection with the issuance of $140,335,000 aggregate principal amount of its Tax-Exempt Student Loan Program Revenue Bonds, Senior Series 2026-1A (AMT) and its Tax-Exempt Student Loan Program Revenue Bonds, Subordinate Series 2026-1B (AMT) (together, the "Series 2026-1 Bonds"). The Series 2026-1 Bonds are being issued pursuant to an Indenture of Trust, dated as of October 1, 2019, as previously amended and supplemented, and as further amended and supplemented by a Series 2026-1 Supplemental Indenture, dated as of August 1, 2026 (collectively, the "Indenture"), between the Obligated Person and U.S. Bank Trust Company, National Association (as successor-in-interest to U.S. Bank National Association), as trustee (the "Trustee"). The Obligated Person undertakes and agrees as follows:

Section 1. Purpose of the Disclosure Agreement. This Continuing Disclosure Agreement is being executed and delivered by the Obligated Person for the benefit of the Registered Owners and beneficial owners of the Series 2026-1 Bonds and in order to assist the Underwriter (as defined below) in complying with the Rule (as defined below).

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Continuing Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"*Annual Financial Information*" shall mean any Annual Financial Information provided by the Obligated Person pursuant to, and as described in, Sections 3 and 4 of this Continuing Disclosure Agreement.

"*Dissemination Agent*" shall mean any Dissemination Agent designated by the Obligated Person.

"*EMMA*" means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB.

"*Financial Obligation*" means (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either clause (a) or (b) above. The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"*Listed Event*" shall mean any of the events listed in Section 5(a) of this Continuing Disclosure Agreement.

"*MSRB*" shall mean the Municipal Securities Rulemaking Board, and any successors or assigns, or any other entities or agencies approved under the Rule.

"*Official Statement*" shall mean the Official Statement, dated August 7, 2026, of the Obligated Person with respect to its offering of the Series 2026-1 Bonds.

"*Repository*" shall mean, until otherwise designated by the Securities and Exchange Commission, the EMMA website of the MSRB located at http://emma.msrb.org.

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"*Rule*" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, as such rule may be amended from time to time.

"*SEC*" shall mean the United States Securities and Exchange Commission.

"*Underwriter*" means the "participating underwriter" as that term is defined in the Rule, and in relation to the Series 2026-1 Bonds, shall mean RBC Capital Markets, LLC or any successors known to the Obligated Person.

Section 3. Provision of Annual Financial Information.

(a) The Obligated Person shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of the Obligated Person's fiscal year, commencing with the report of the fiscal year ending June 30, 2026, provide to the Repository, in such electronic format accompanied by such identifying information (the "Prescribed Form") as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information, the Annual Financial Information which is consistent with the requirements of Section 4 hereof. The Dissemination Agent shall only be obligated to provide the Annual Financial Information to the Repository if such information has been provided to the Dissemination Agent by the Obligated Person sufficiently prior to any deadlines for filing set forth herein.

(b) The Annual Financial Information may be submitted as a single document or as separate documents comprising a package, or by specific cross reference to other documents which have been submitted to the Repository and available to the public on the Repository's website or filed with the SEC. If the document so referenced is a final offering document within the meaning of the Rule, such final offering document must be available from the Repository. The Obligated Person shall clearly identify each such other document so incorporated by cross-reference.

(c) If the financial statements of the Obligated Person are audited, the audited financial statements of the Obligated Person must be submitted if and when available but may be submitted separately from the balance of the Annual Financial Information and later than the date required above for the filing of the Annual Financial Information if they are not available by that date.

Section 4. Content of Annual Financial Information. The Obligated Person's Annual Financial Information shall contain or incorporate by reference the following:

(a) annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America;

(b) an update of the financial information and operating data in the Official Statement under the heading "THE FINANCED ELIGIBLE LOANS—The Existing Eligible Loans" (provided that information regarding the Financed Eligible Loans shall be updated for the acquisition of additional Eligible Loans); and

(c) The following Indenture information:

(1) balances in the Student Loan Fund, the Capitalized Interest Fund (if any), the Revenue Fund, the Rebate Fund and the Debt Service Reserve Fund;

(2) the issuance of any additional bonds; and

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(3) the outstanding principal amount of the Series 2026-1 Bonds and other bonds issued under the Indenture.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section, the Obligated Person shall give, or cause to be given, on behalf of itself and any other persons providing undertakings under the Rule with respect to the Series 2026-1 Bonds, notice to the Repository of the occurrence of any of the following events with respect to the Series 2026-1 Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2026-1 Bonds, or other material events affecting the Series 2026-1 Bonds;

(vii) modifications to rights of Registered Owners of the Series 2026-1 Bonds, if material;

(viii) any call of any Series 2026-1 Bonds, if material, and tender offers;

(ix) defeasances;

(x) release, substitution or sale of property securing repayment of the Series 2026-1 Bonds, if material;

(xi) rating changes and any Rating Agency Notification or any Rating Agency Confirmation as required under Section 7.17 of the Indenture;

(xii) bankruptcy, insolvency, receivership, or similar event of the Obligated Person;

(xiii) the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and

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(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

(b) If the Obligated Person obtains knowledge of the occurrence of a Listed Event, the Obligated Person shall file, in a timely manner not in excess of ten (10) business days after the occurrence of the Listed Event, a notice of such occurrence in Prescribed Form with EMMA.

(c) The Obligated Person shall provide, in a timely manner, to the MSRB in Prescribed Form in accordance with EMMA, notice of any failure of the Obligated Person to timely provide the Annual Financial Information as specified in Section 4 hereof.

(d) If the Obligated Person changes its fiscal year, it shall provide in Prescribed Form notice of the change of fiscal year to the Trustee and to the MSRB.

Section 6. Termination of Reporting Obligation. The Obligated Person's obligations under this Continuing Disclosure Agreement shall terminate upon the earliest to occur of (a) the legal defeasance, prior redemption or payment in full of all of the Series 2026-1 Bonds; or (b) the date that the Obligated Person shall no longer constitute an "obligated person" with respect to the Series 2026-1 Bonds within the meaning of the Rule (or, if later, the date on which the Obligated Person determines to no longer voluntarily comply with the Rule in the event that the Rule does not apply to the Series 2026-1 Bonds at the time). The Obligated Person shall file a notice of any such termination with the Repository in the Prescribed Form in accordance with EMMA.

Section 7. Dissemination Agent. The Obligated Person may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 8. Amendment: Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Obligated Person may amend this Continuing Disclosure Agreement, and any provision of this Continuing Disclosure Agreement may be waived, if such amendment or waiver is consistent with the Rule, as determined by an Opinion of Counsel experienced in federal securities laws selected by the Obligated Person. Written notice of any such amendment or waiver shall be provided by the Obligated Person to the MSRB in Prescribed Form in accordance with EMMA, and the next Annual Financial Information shall explain in narrative form the reasons for the amendment and the impact of any change in the type of information being provided. If any amendment changes the accounting principles to be followed in preparing financial statements, the Annual Financial Information for the year in which the change is made will present a comparison between the financial statement or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Obligated Person from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Financial Information or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Obligated Person chooses to include any information in any Annual Financial Information or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Continuing Disclosure Agreement, the Obligated Person shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Financial Information or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Obligated Person to comply with any provision of this Continuing Disclosure Agreement, any Registered Owner or beneficial owner of the Series 2026-1 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Obligated Person to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the Obligated Person to comply with this Continuing Disclosure Agreement shall be an action to compel performance.

Section 11. Beneficiaries. This Continuing Disclosure Agreement shall inure solely to the benefit of the Obligated Person, any Dissemination Agent, the Underwriter and Registered Owners and beneficial owners from time to time of the Series 2026-1 Bonds and shall create no rights in any other person or entity.

Date: August 26, 2026

BRAZOS HIGHER EDUCATION AUTHORITY, INC.

By _____
Its _____

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APPENDIX E

FINANCIAL STATEMENTS OF THE AUTHORITY

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FINANCIAL STATEMENTS

Brazos Higher Education Authority, Inc.
Years Ended June 30, 2025 and 2024
With Independent Auditor's Report

Brazos Higher Education Authority, Inc.

Financial Statements

Years Ended June 30, 2025 and 2024

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Independent Auditor's Report

To the Board of Directors
of Brazos Higher Education Authority, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Brazos Higher Education Authority, Inc. as of June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise Brazos Higher Education Authority, Inc.'s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Brazos Higher Education Authority, Inc., as of June 30, 2025 and 2024, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of Brazos Higher Education Authority, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Brazos Higher Education Authority, Inc.'s ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Brazos Higher Education Authority, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Brazos Higher Education Authority, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Forvis Mazars, LLP

Fort Worth, Texas
October 29, 2025

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Brazos Higher Education Authority, Inc.
Statements of Net Position
(In Thousands)

	June 30, 2025	June 30, 2024
Assets		
Current Assets		
Cash and cash equivalents	$ 79,601	$ 67,720
Accounts receivable	37	-
Accrued interest - student loan notes receivable	18,818	29,256
Accrued interest - cash equivalents	571	267
Other assets	28	63
Total current assets	99,055	97,306
Long-Term Assets		
Student loan notes receivable, net	411,395	600,563
Total assets	$ 510,450	$ 697,869
Liabilities and net position		
Current liabilities		
Accounts payable	$ 188	$ 403
Accrued interest payable	9,157	11,851
Bonds and notes payable, net	10,035	11,290
Total current liabilities	19,380	23,544
Bonds and notes payable, net	463,198	638,565
Total liabilities	482,578	662,109
Net position		
Restricted	49,583	64,189
Unrestricted	(21,711)	(28,429)
Net position	27,872	35,760
Total liabilities and net position	$ 510,450	$ 697,869

The accompanying notes are an integral part of these financial statements.

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Brazos Higher Education Authority, Inc.
Statements of Revenues, Expenses and Changes in Net Position
(In Thousands)

	For the Year Ended	
	June 30, 2025	**June 30, 2024**
Operating revenues		
Interest on student loans	$ 26,664	$ 31,681
Other operating revenues	117	195
Total operating revenues	26,781	31,876
Operating expenses		
Administrative and loan servicing fees	2,176	2,532
Provision for loan loss	1,153	570
Other	807	583
Total operating expenses	4,136	3,685
Operating income	22,645	28,191
Nonoperating revenues and expenses		
Interest on investments	5,235	3,346
Interest on bonds	(43,419)	(48,437)
Consolidation rebate fees	(3,206)	(4,470)
Government subsidy on student loans	609	851
Special allowance income (rebate)	9,662	16,694
Gain on sale of student loan notes receivable	1,362	-
Other nonoperating expense	(776)	(344)
Total nonoperating revenues and expenses	(30,533)	(32,360)
Change in net position	(7,888)	(4,169)
Net position, beginning of year	35,760	39,929
Net position, end of year	$ 27,872	$ 35,760

The accompanying notes are an integral part of these financial statements.

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Brazos Higher Education Authority, Inc.
Statements of Cash Flows
(In Thousands)

	For the Year Ended June 30, 2025	For the Year Ended June 30, 2024
Operating activities		
Principal collected on student loan notes receivable	$ 100,925	$ 185,494
Proceeds from sale of student loan notes receivable	185,536	518
Purchase of student loan notes receivable	(89,097)	(55,830)
Student loan notes interest received	27,062	27,226
Payments to third party service providers	(3,023)	(3,131)
Other operating revenues	115	195
Net cash provided by operating activities	221,518	154,472
Investing activities		
Investment income	4,931	3,223
Noncapital financing activities		
Proceeds from the issuance of bonds	121,984	52,783
Payment of bonds	(306,227)	(153,690)
Interest paid on bonds and notes	(39,249)	(44,079)
Proceeds from government subsidy on student loans	691	840
Payments of special allowance	11,633	18,733
Payments of consolidation rebate fees	(3,381)	(4,573)
Payment of arbitrage and excess interest calculation fees	(19)	-
Net cash used in noncapital financing activities	(214,568)	(129,986)
Net change in cash and cash equivalents	11,881	27,709
Cash and cash equivalents, beginning of year	67,720	40,011
Cash and cash equivalents, end of year	$ 79,601	$ 67,720
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 22,645	$ 28,191
Adjustment to reconcile revenue over expenses to net cash used in operating activities:		
Student loan interest capitalized	(8,927)	(10,124)
Amortization of loan purchase premiums/discounts	940	600
Provision for loan losses	1,153	570
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Student loan notes receivable-net	197,364	130,182
Interest receivable	8,385	5,068
Accounts and other receivables	(37)	-
Other assets	35	-
Increase (decrease) liabilities:		
Accounts payable	(40)	(15)
Net cash provided by operating activities	$ 221,518	$ 154,472

The accompanying notes are an integral part of these financial statements.

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Brazos Higher Education Authority, Inc.
Notes to Financial Statements
(In Thousands)
June 30, 2025 and 2024

1. Organization

Brazos Higher Education Authority, Inc. (the Authority) is a Texas not-for-profit public benefit corporation, which was incorporated in May 1975 for the purpose of providing funds for the acquisition and servicing of student loans that are insured by the U.S. Department of Education (DOE) and guaranteed by various national guarantors under the Federal Family Education Loan Program (FFELP) as provided for in the *Higher Education Act of 1965*, as amended. To maintain such insurance and guarantee of student loans, the Authority must comply with the servicing, collecting, accounting, and reporting requirements of the FFELP. The Authority has contracted with Brazos Higher Education Service Corporation, Inc. (BHESC) to serve as Administrator. BHESC has contracted with various sub-servicers for loan servicing duties. Funding for the Authority has been provided through the issuance of asset-backed notes and, periodically, by advances from affiliates.

The Authority's primary source of revenue is interest on student loans and investment revenue. All borrowings on the notes payable are expected to be repaid solely from funds derived from student loan principal repayments, interest, special allowance payments, interest subsidy payments, guarantee payments on defaulted notes, proceeds from sales of student loan notes, and investment revenue.

Affiliated Entities

The Authority is affiliated with the following entities, which are required to be audited due to federal program requirements, or which are audited due to the significance of their activities and operations:

- Brazos Higher Education Service Corporation, Inc. (BHESC)
- Brazos Education Loan Authority, Inc. (BELA)

All of the entities operate in the student loan higher education industry and are controlled by common officers and directors with the ability to influence the business performed by each entity. BHESC, by contract and for compensation, serves as Administrator and provides headquarter facilities, management, administrative support, marketing and accounting services. BHESC also oversees the subcontracting of servicing and collection activities.

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Brazos Higher Education Authority, Inc.
Notes to Financial Statements
(In Thousands)
June 30, 2025 and 2024

2. Significant Accounting Policies

Description of Funds

The accounts of the Authority are organized on a fund basis and set up in accordance with the related bond indentures. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenses. These requirements do not result in any restrictions on the use of assets for the general purpose of the respective bond issues. Accordingly, separate funds are not necessary for financial reporting purposes. At the time that a bond series is fully retired or when permitted by the bond indenture, assets are considered unrestricted and become available to the Authority for other purposes.

Measurement Focus, Basis of Accounting and Basis of Presentation

The Authority applies applicable Governmental Accounting Standards Board (GASB) pronouncements for enterprise funds. Enterprise funds are accounted for using the flow of economic resources measurement focus and uses the accrual basis of accounting wherein revenues are recognized when earned and expenses are recognized when incurred. Enterprise funds are used to account for the operations and financial position of a governmental entity that is financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that the expenses of providing goods and services on a continuing basis be financed or recovered primarily through user charges.

Debt Issue Costs and Original Issue Premiums/Discounts

Original issue premiums and discounts (bond premiums/discounts) are capitalized and amortized over the term of the bonds using the straight-line method, which approximates the interest method. The amortization expense has been recorded as an adjustment to interest expense on the bonds payable. Debt issue costs are expensed as incurred.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits in banks and money market funds. Cash and money market funds are held by U.S. Bank Trust Company, National Association (as successor-in-interest to U.S. Bank National Association. (the Trustee) under various indentures that are unrated, subject to certain limitations, and are pledged to secure related notes payable. Any realized or unrealized changes in fair value are recorded through the statements of revenues, expenses, and changes in net position. Interest revenue from these investments is recorded on an accrual basis.

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Cash and cash equivalents comprised the following:

	June 30, 2025	June 30, 2024
Money market funds	$ 28,517	$ 67,720
Repurchase agreements	13,000	-
Treasuries (maturing in 30 days)	38,084	-
Total cash and short-term investments	$ 79,601	$ 67,720

As of June 30, 2025 and 2024, the Authority had $6,031 and $8,647, respectively, in cash and cash equivalents reserves in compliance with the note indenture requirements.

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. As identified above, the Authority's cash equivalents are stated at fair value and represent uninsured and uncollateralized investments. The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer. As of June 30, 2025, the entirety of the Authority's funds was invested in money market funds, repurchase agreements and treasuries. As of June 30, 2024, the entirety of the Authority's funds was invested in money market funds.

Student Loan Notes Receivable

Student loans are stated at the principal amount outstanding, plus unamortized purchase premiums, net of the allowance for loan losses. All student loan notes receivable are pledged to secure related notes payable.

There was no impairment of student loan notes receivable during the years ended June 30, 2025 and 2024.

A loan is considered past due or delinquent when it becomes 31 days past due. At June 30, 2025 and 2024, there are no loans placed in nonaccrual status. Delinquent FFELP loans cannot be submitted to the guarantor for payment until the loan is 270 days past due, but before 330 days past due. The guarantor pays interest accrued through the date of the claim payment.

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Premiums/Discounts on Loans Purchased

The Authority defers premiums and discounts paid on those student loan notes purchased and used to secure long-term financings and amortizes such premiums and discounts over the estimated life of the student loan notes as an adjustment to the yield of the related loans utilizing a method which approximates the effective interest rate method. Amortization of the premiums and discounts is included within the statements of revenues, expenses, and changes in net position in interest on student loan notes receivable. The unamortized loan purchase premium and discount are included on the statements of net position within the student loan notes receivable.

Estate Contributions and Distributions

Estate distributions are a release of excess funds to another Brazos affiliate. Estate contributions are the receipt of excess funds from other Brazos affiliates. These amounts do not meet the criteria of income or expense and are thus treated as estate contributions and distributions. There were no estate contributions or distributions during the years ended June 30, 2025 and 2024.

Income Taxes

The Authority is a not-for-profit public benefit corporation, which is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). The Authority is also exempt from state income tax. Income that is not related to its exempt purposes, less applicable deductions, is subject to federal income taxes. The Authority had no net unrelated business income for the years ended June 30, 2025 and 2024. As such, no provision for federal or state income taxes has been provided in the accompanying financial statements.

The Authority files federal information returns in the United States. The Authority may be subject to examinations for the tax year ended June 30, 2022, and later by the Internal Revenue Service. The Authority is not currently under examination for any open tax year.

The Authority follows the accounting standard related to the accounting for uncertainty in income taxes recognized in the Authority's financial statements. The standard prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Authority currently does not have any positions reserved.

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Trustee

The Authority contracts certain services to the Trustee. The Trustee holds the pledged student loan notes receivable and other invested assets in the Authority's name and invests and disburses funds as directed by the Authority pursuant to the requirements of the indenture and note agreements. The trustee also monitors the invested assets of the Authority and the related cash flows of the loans and other assets pledged under the indenture to secure the related debt.

Concentration Risk

The Authority's credit risk is inherent principally in its student loan notes receivable. It is impossible to predict the status of the economy or unemployment levels, which could significantly affect the Authority's credit risk exposure. However, the credit risk of the Authority is substantially decreased by the guaranteed nature of its investment in guaranteed and insured student loan notes receivable.

The Authority's loan portfolio is also concentrated in FFELP loans. Approximately 56% and 80% of the portfolio is comprised of FFELP loans and the remaining 44% and 20% of the loan portfolio is comprised of alternative private loans as of June 30, 2025 and 2024, respectively. Any changes in legislation related to existing FFELP or consolidation loans could have a significant impact on the Authority.

Net Position

Net position, revenues, gains, and losses are classified based on the existence or absence of credit arrangement restrictions.

Net position without restrictions is available for use in general operations and not subject to credit arrangement restrictions.

Net position with restrictions is subject to credit arrangement restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the credit arrangement.

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Student Loan Revenue

The Authority recognizes interest revenue on student loans. Revenue is recognized based upon the principal amount outstanding in accordance with the terms of the applicable loan agreement on a monthly basis until the outstanding balance is paid or charged off.

The Authority's revenue is derived primarily from income on student loans. The primary costs of the program are program administration fees and loan servicing fees. Therefore, loan income, administrative fees, and loan servicing fees are shown as operating revenues and expenses in the statements of revenues, expenses, and changes in net position. Federal funds received consisting of interest subsidies, consolidation rebate fees, and special allowance income are considered non-operating revenue as is interest expense on bonds and notes and investment return.

Interest Expense

Interest expense is based upon contractual interest rates (variable and fixed) adjusted for the amortization of note discounts and debt issue costs.

Department of Education Fees

Approximately, 38% and 58% of the student loan notes receivable portfolio is FFELP consolidation loans, on which the Authority pays fees to the DOE, as of June 30, 2025 and 2024, respectively. DOE fees consist of rebate fees due to the DOE. Rebate fees are monthly fees assessed by the DOE on the outstanding consolidation loan balance at the end of the month. Rebate fees are accounted for as non-operating revenue within the statements of revenues, expenses, and changes in net position.

Operating Revenues and Expenses

Bond and note issuance are the principal source of the funds necessary to carry out the purposes of the Authority, which are to acquire and service student loans. The Authority's revenue is derived primarily from income on student loans. The primary costs of the program are program administration fees and loan servicing fees. Therefore, loan income, administrative fees, and loan servicing fees are shown as operating revenues and expenses in the statements of revenue, expenses and changes in net position. Federal funds received consisting of interest subsidies and special allowance income are considered non-operating revenue as is interest expense on bonds and notes and investment return.

Estimates in Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Key accounting policies that include significant judgments and estimates include the provision for loan losses and the effective interest rate method to amortize premiums on loans purchased, and amortization of debt issue costs and note discounts.

3. Student Loan Interest Receivable and Revenue

FFELP loans obligate the borrower to either pay interest at a stated fixed rate or an annually reset variable rate that has a cap depending on when the loan was originated. The interest earned by the Authority is dependent upon the borrower's interest rate, the date the loan was originated, and the Special Allowance Payment formula.

The Special Allowance Payment formula, or SAP rate, is determined by the DOE, based upon an average of all of the applicable floating rates (91-day Treasury bill, commercial paper, and SOFR) in a calendar quarter, plus a spread between 1.74% and 3.50%, depending on the underlying loan status and origination date. These rates are then applied to the quarterly average daily balance for loans eligible to receive SAP.

For loans first disbursed prior to April 1, 2006, the Authority earns interest at the higher of the borrower's rate or the SAP rate. If the SAP rate exceeds the borrower's rate, the DOE makes a payment directly to the Authority. For loans first disbursed after April 1, 2006, the Authority earns interest at the SAP rate. If the SAP rate is less than the borrower's rate, the Authority "rebates" the difference between the borrower's rate and the lower SAP rate to the DOE. If the SAP rate is greater than the borrower's rate, the DOE makes SAP payments to the Authority for the difference between the two rates.

At June 30, 2025 and 2024, student loans held by the Authority had stated interest rates determined annually by the DOE ranging from 5.60% to 8.65% and 5.60% to 8.71%, respectively, are generally payable by the borrower following a specified grace period. Effective July 1, 2025, the DOE reset these rates to range from 5.60% to 8.50%.

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For FFELP loans, the U.S. government pays the Authority the interest on subsidized student loans from the date of acquisition until the end of the grace period, as defined in the regulations.

Interest revenue from student loan notes receivable consists of the following:

	June 30,	
	2025	**2024**
Student loan interest revenue	$ 27,606	$ 32,282
Loan premium amortization	(940)	(600)
Borrower benefits	(2)	(1)
Net interest revenue on student loan notes receivable	$ 26,664	$ 31,681

Under certain conditions, the Authority may capitalize accrued interest receivable and add it to the borrower's outstanding principal. For unsubsidized FFELP student loans, the borrower has the option of either paying the interest or having accrued interest capitalized from the date of the loan origination until the end of the grace period and during periods of deferment. Borrowers of both subsidized and unsubsidized FFELP student loans have the option of having accrued interest capitalized during periods of forbearance. Subsequent interest accrues on the new total principal balance which includes any capitalized interest.

Interest receivable on student loan notes receivable consists of the following:

	June 30,	
	2025	**2024**
Student loan interest receivable	$ 16,990	$ 25,374
Interest subsidy receivable	124	206
Special allowance receivable	1,704	3,676
Interest receivable on student loan notes receivable	$ 18,818	$ 29,256

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4. Student Loan Notes Receivable

Student loan notes are purchased by the Authority primarily from affiliates. The Authority's student loan portfolio consists of loans originated under the FFELP federally sponsored student loan program and private loans.

Total student loan notes receivable consists of the following at June 30, 2025 and 2024:

	June 30, 2025	June 30, 2024
FFELP student loan notes receivable	$ 230,616	$ 479,351
Private student loan notes receivable	179,932	120,999
Deferred loan premiums and transfer fees, net of accumulated amortization	2,825	1,798
	413,373	602,148
Allowance for student loan losses	(1,978)	(1,585)
Student loan notes receivable, net	$ 411,395	$ 600,563

Loan Programs

The FFELP includes the Federal Stafford Loan (Stafford) Program, the Federal Supplemental Loans for Students (SLS) Program, the Federal Parent Loan for Undergraduate Students (PLUS) Program, the Federal Parent Loan for Graduate Students (GradPLUS) Program, and the Federal Consolidation Loan Program. These loan programs are available to students or parents of students who were enrolled in postsecondary institutions at the time the loans were originated.

Stafford, SLS, GradPLUS, and PLUS loans have repayment periods ranging from between five and ten years. Federal consolidation loans have repayment periods of 12 to 30 years. Repayment on these loans commences subsequent to a grace period following the student's graduation. Alternative loans have repayment periods ranging from between 15 and 20 years. There is no deferral of the repayment period for these loans.

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All FFELP loans held by the Authority have been either insured or guaranteed by the U.S. government, Texas Guaranteed Student Loan Corporation (TGSLC), or other national guarantors, provided applicable program requirements have been met by the original lender, prior servicer, and the current servicing agent with respect to such loans. The original lenders have warranted to the Authority that the student loans have met these requirements and are valid obligations of the borrowers. Student loan notes that do not conform to the terms of the purchase agreement between the individual entities and the original lender may be returned to the original lending institution for reimbursement of principal, interest, and costs incurred while held by the individual entities.

In the event of default on a student loan due to borrower default, death, disability, or bankruptcy, the Authority files a claim with the insurer or guarantor of the loan. The Authority will receive the unpaid principal balance and accrued interest on the loan less any risk sharing, if applicable, provided the loan has been properly originated and serviced.

The Authority's alternative loans are education-related student loans. The Authority bears all risk of loss on uninsured alternative loans.

Student Loan Servicing

BHESC serves as Administrator for the Authority with the necessary student loan servicing to maintain compliance with the requirements of the FFELP loan program by holding subservicing agreements for loan servicing duties with various student loan servicing agents. BHESC currently holds subservicing agreements for loan servicing duties with American Education Services, Nelnet Diversified Solutions LLC, and Navient (formerly known as Sallie Mae Servicing Corporation) on behalf of the Authority. Under the terms of these subservicing agreements, the sub-servicer indemnifies the Authority for any loss of principal and interest resulting from deficiencies in the loan servicing performed by the sub-servicer. At June 30, 2025 and 2024, 100% of the loan portfolio is serviced by third-party sub-servicers.

Allowance for Student Loan Losses

The Budget Reconciliation Act of 1993 (the Act) lowered the federal guarantee for FFELP student loans made on or after October 1, 1993, to 98%. *The Deficit Reduction Act of 2006* lowered the federal guarantee for FFELP student loans made on or after July 1, 2006, to 97%. The Authority provides an allowance for estimated loss of guaranteed student loan principal and interest related to the 2% unguaranteed and unrecoverable amounts on student loan notes receivable. The Act's lowering of the federal guarantee has not historically had a material impact on the Authority. The Authority determines the allowance for loan losses based on

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loss factors applied to the portion of student loan balances without guarantees by individual loan type and status. Because the Authority's portfolio consists of guarantees ranging from 97% to 99%, and because there is a relatively small percentage of loans at the 97% guarantee, management has considered that 98% of principal and interest is guaranteed and there is only 2% of principal with credit risk.

The Authority's alternative loans that do not have a loan guarantee are primarily education-related student loans to students attending postsecondary educational institutions or career training institutions. A quarterly review is performed on the alternative outstanding loan balances compared to historical delinquencies incurred. Based on this analysis, the Authority records an allowance for these loans based on the loan type and delinquency of the loans.

Activity in the allowance for loan losses is summarized as follows:

	June 30, 2025	June 30, 2024
Balance, beginning of year	$ 1,585	$ 1,325
Provision for loan losses	1,153	570
Charge-offs	(760)	(310)
Balance, end of year	$ 1,978	$ 1,585

5. Notes and Bonds Payable

On November 7, 2023, the Authority issued tax-exempt Student Loan Program Revenue Bonds Series 2023-1A in the amount of $43,375. These Bonds consisted of $17,080 of Serial Bonds with an interest rate of 5.50% and $26,295 of Term Bonds with an interest rate of 5.125%. The proceeds were used to purchase eligible private student loan notes receivable.

On August 28, 2024, the Authority issued tax-exempt Student Loan Program Revenue Bonds Series 2024-1A in the amount of $96,725. These Bonds consisted of $54,600 of Serial Bonds with an interest rate of 5.00% and $42,125 of Term Bonds with an interest rate of 4.00%. The proceeds were used to purchase eligible private student loan notes receivable.

During fiscal year 2025, a related entity forgave Authority bonds held as an investment in return for a note payable in the same amount. See Note 8 for additional information.

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Notes and bonds payable consist of the following:

	June 30, 2025	June 30, 2024	Final Maturity Date
Student Loan Asset-Backed Notes Series 2010-1 A-1 through A-2 and B-1 through B-3	$ -0-	$ 143,805	February 2029 - February 2041
Student Loan Asset-Backed Notes Series 2011-1 A-1 through A-3 and B-1 through B-5	-0-	178,747	February 2047
Student Loan Asset-Backed Notes Series 2011-2 II-A-1 through II-A-3 and II-B-1 and II-C-1	151,191	191,802	July 2045
Student Loan Program Revenue Bonds Series 2019-1 1-A and 1-B	10,945	13,160	April 1, 2040
Student Loan Program Revenue Bonds Series 2020-1 1-A and 1-B	27,695	33,050	April 1, 2040
Student Loan Program Revenue Bonds Series 2021-1A	20,510	24,230	April 1, 2040
Student Loan Program Revenue Bonds Series 2023-1A	36,985	43,375	April 1, 2043
Student Loan Program Revenue Bonds Series 2024-1A	96,725	-0-	April 1, 2045
Notes payable to BHESC (see *Note 8*)	126,808	28,225	February 2031 & April 2050
	470,859	656,394	
Unamortized note/bond premiums/discounts	2,374	(6,539)	
	$ 473,233	$ 649,855	

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The Series "A" notes/bonds are senior notes/bonds and the Series "B" and Series "C" notes/bonds are subordinate notes/bonds. Per the indentures, the senior notes/bonds have a superior interest to the indenture assets over the subordinate notes/bonds. Due to this higher risk, subordinate notes/bonds yield a higher interest rate. Interest rates for the various notes/bonds series are based on fixed and variable rates. The interest rates at June 30, 2025 and 2024 for each class of notes/bonds are:

		June 30, 2025	**June 30, 2024**
Floating rate Securities	90-Day Avg SOFR plus Tenor spread of 0.26161% plus spread varying from 0.80% – 1.25%	5.62% – 5.82%	5.34% – 5.35%
Tax-Exempt Bonds	Fixed Rate	3.00% - 5.50%	3.00% - 5.50%
Taxable Bonds	Fixed Rate	1.08% – 3.41%	1.08% – 3.41%

Pursuant to the individual indenture agreement for each debt instrument, the respective note issues are secured solely by those student loans and other invested assets held by each individual note issue's indenture estate.

Pursuant to the indenture and note/bond agreements, the Authority is subject to certain financial and nonfinancial covenants. Under the note/bond agreements, the Authority has certain minimum collateral coverage requirements. Under the indenture covenants, the Authority must make timely principal and interest payments or the notes/bonds will default.

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The maturities of notes and bonds payable as of June 30, 2025, by fiscal year, are as follows:

2026	$ 10,035
2027	8,770
2028	7,885
2029	7,855
2030	14,145
2031 thru 2035	73,615
2036 thru 2040	105,301
2041 thru 2045	102,730
2046 thru 2050	140,523
	$ 470,859

The actual maturities of notes and bonds payable may differ from the contractual maturities noted above, as the Authority has the ability to prepay the debt outstanding.

The following is a summary of changes in notes payable by the Authority for the years ended June 30, 2025 and 2024:

	Balance at Beginning of year	Issued	Repaid/Cancelled	Balance at End of year
2025	$ 656,394	$ 195,308	$ (380,843)	$ 470,859
2024	756,820	53,264	(153,690)	656,394

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6. Net Position

Net Position with Restrictions

As noted in *Note 2* of significant accounting policies of the Authority, the net position with restrictions is related to the bond indentures. For the Authority, net position with restrictions as of the fiscal year ended June 30, 2025 and 2024 is noted below:

	June 30, 2025	June 30, 2024
Subject to expenditure for specified purpose:		
Net position with restrictions	$ 49,583	$ 64,189

Net Position without Restrictions

As noted in *Note 2* of significant accounting policies of the Authority, net position without restrictions is limited to any non-debt related funds as of fiscal year ended June 30, 2025 and 2024, designated as net position without restrictions on the statements of net position.

	June 30, 2025	June 30, 2024
Net position without restrictions	$ (21,711)	$ (28,429)

Net Position Released from Restrictions

As noted in *Note 2* of significant accounting policies of the Authority, resources of the Authority are established for specific purposes or financings. As shown in the statements of revenues, expenses, and changes in net position, net position with restrictions saw expenses exceed revenues by $5,485 and $2,489 and the non-debt related net position without restrictions saw expenses exceed revenues by $2,403 and $1,680 for the years ended June 30, 2025 and 2024, respectively.

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7. Liquidity and Availability

As disclosed in *Note 2* of significant account policies, all financial assets of the Authority are limited and with restrictions for a specific purpose in accordance with the principles of fund accounting in compliance with debt instruments. Revenue from those assets with restrictions is for specific purposes of the fund. Funds of the Authority are only available for general expenditure through the net position without restrictions.

8. Related Party Transactions

Included in administrative and loan servicing fees are administrative fees paid to BHESC and servicing fees paid to BHESC third-party sub-servicers. During the year ended June 30, 2025 and 2024, the Authority recorded $1,217 and $1,366 in administrative and servicing fees paid to BHESC, Administrator, for providing administrative support, such as accounting and information technology infrastructure, respectively.

During the years ended June 30, 2025 and 2024, respectively, the Authority purchased $79,826 and $51,051 in principal amounts of student loans from affiliated entities at market prices.

The Authority has a note payable to BHESC. On June 30, 2025 and 2024, the total amounts outstanding were $5,285 and $5,285 and accrued interest was $714 and $410, respectively. The note carries an interest rate of 5.75% and matures February 14, 2031. The Authority incurred interest expense of $304 and $304 during the years ended June 30, 2025 and 2024, respectively. The Authority paid interest of $-0- and $400 to BHESC during the years ended June 30, 2025 and 2024, respectively.

During 2020 fiscal year, BHESC issued the Authority a revolving note in the amount of $20,000. During the 2024 fiscal year, the note was increased to $50,000. During the 2025 fiscal year, the note was increased to $125,000. The note carries an interest rate of 4.00% and matures April 3, 2050. At June 30, 2025 and 2024, the total outstanding amount drawn against the note was $121,523 and $22,940 and accrued interest was $1,329 and $1,636, respectively. During the years ended June 30, 2025 and 2024, the Authority incurred interest expense of $1,992 and $799, respectively.

During the 2025 fiscal year, BHESC held $74,616 of the Authority's bonds as an investment. BHESC agreed to cancel these bonds and related accrued interest of $1,225 in return for $75,841 note payable which was added to the revolving note discussed in the previous paragraph.

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9. Subsequent Events

On August 28, 2025, the Authority issued tax-exempt Student Loan Program Revenue Bonds Series 2025-1A in the amount of $97,975. These Bonds consisted of $52,900 of Serial Bonds with an interest rate of 5.00% and $45,075 of Term Bonds with an interest rate of 4.50%.

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APPENDIX F

WEIGHTED AVERAGE LIFE ANALYSIS OF THE SERIES 2026-1A SENIOR TERM BONDS

The following information with respect to the Series 2026-1A Senior Term Bonds has been prepared by the Underwriter in consultation with the Authority. No representation is made by the Authority, the Underwriter or any of its respective agents concerning the actual average life of the Series 2026-1A Senior Term Bonds or the Financed Eligible Loans and how it compares to the various forward-looking average life estimates herein.

Prospective purchasers of the Series 2026-1A Senior Term Bonds are urged to base their decisions whether to purchase the Series 2026-1A Senior Term Bonds upon the purchaser's own determinations about anticipated rates of prepayments with respect to the Financed Eligible Loans and the estimated weighted average life of the Series 2026-1A Senior Term Bonds.

Prepayments of loans may be measured by a prepayment standard or model. The model used herein is the constant prepayment rate ("CPR") model. CPR represents a constant rate of prepayment on the Financed Eligible Loans each month relative to the then outstanding aggregate principal balance of the Financed Eligible Loans in repayment status for the life of such Financed Eligible Loans.

The table below indicates the Weighted Average Life ("WAL") of the entire Series 2026-1A Senior Term Bonds based on the assumption that Financed Eligible Loans allocable to the Series 2026-1 Bonds prepay at the respective indicated percentages of CPR (the "CPR Prepayment Assumption Rates"). It is unlikely that the Financed Eligible Loans will prepay at any of the CPR Prepayment Assumption Rates presented, and the timing of changes in the rate of prepayments actually experienced on the Financed Eligible Loans is unlikely to follow the pattern described for the CPR Prepayment Assumption Rates presented.

Each Weighted Average Life is likely to vary, perhaps significantly, from that set forth in the table below due to the differences between the actual rate of prepayments on the related Financed Eligible Loans and the assumptions described herein.

Estimated Weighted Average Life of Series 2026-1A Senior Term Bonds

Prepayment Speed/Cash Flow Scenario	Estimated WAL (Years)	First Bond Retirement Date	Last Bond Retirement Date	Average Maturity Date
0%	11.0	October 1, 2030	April 1, 2041	September 1, 2037
4%	8.5	October 1, 2027	October 1, 2039	February 22, 2035
8%	6.3	October 1, 2027	April 1, 2038	December 7, 2032
12%	4.3	October 1, 2027	October 1, 2037	December 5, 2030
16%	3.0	October 1, 2027	October 1, 2031	August 10, 2029

Weighted average lives (WALs) are influenced by, among other things, the initial parity percentage, cash releases, actual prepayments, bond interest rates, bond redemptions, reinvestment income, the future path of interest rates, loan interest rates and borrower repayment plans selected, the amount and timing of loans acquired, including recycling, borrower delinquencies and defaults, default recoveries, program expenses, allocation of loans between applicable tax-exempt and taxable series, compliance with IRS yield restrictions and the issuance of Additional Bonds in the future under the Indenture. Actual results will vary from assumptions made in the base case. The following assumptions were used in estimating the weighted average lives of the Series 2026-1A Senior Term Bonds:

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1. WALs are computed from the expected Closing Date for the Series 2026-1 Bonds.

2. WALs assume the Authority releases cash in the amounts and at the times permitted under the Indenture.

3. WALs assume the Authority uses bond proceeds to acquire Eligible Loans consisting of Brazos Refinance Loans, Brazos Parent Loans and Brazos Student Loans during the Acquisition Period.

4. WALs assume the Authority uses bond proceeds by July 1, 2027 to acquire the Anticipated Acquisition Period Eligible Loans and certain Eligible Loans consisting of Brazos Refinance Loans, Brazos Parent Loans and Brazos Student Loans during the Acquisition Period that are consistent with the limitations described under the caption "PROVISIONS APPLICABLE TO THE BONDS; DUTIES OF THE AUTHORITY—Restrictions on the Financing of Eligible Loans During the Series 2026-1 Acquisition Period" in "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" attached hereto.

5. All scenarios assume a 0% default rate and no delinquencies or forbearance.

6. Scenarios do not take into account any Additional Bonds that may be issued under the Indenture in the future.

7. WALs assume Senior Bonds are redeemed pro rata within Series and Subordinate Bonds are redeemed after all Senior Bonds are retired.

8. WALs assume a reinvestment rate of 3.50% on proceeds and funds on deposit to the Student Loan Fund, and a reinvestment rate of 3.00% for all other moneys .

See also the captions "THE SERIES 2026-1 BONDS—Redemption Provisions—*Optional Redemption from Excess Taxable Revenue*," "*—Optional Redemption from Excess Tax-Exempt Revenues*," "*—Mandatory Redemption from Excess Taxable Revenues*" and "*—Mandatory Redemption from Excess Tax-Exempt Revenues*" in the body of this Official Statement.

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Historical Brazos Private Loan Program Prepayment Information

Brazos Refinance Loan Program. As of the Statistical Cut-Off Date, fixed rate Brazos Refinance Loans are expected to represent approximately 36.3% (based upon aggregate outstanding principal balance) of the Existing Eligible Loans. The Authority monitors prepayment activity for fixed rate Brazos Refinance Loans on a repayment vintage or repayment "cohort" basis, which allows it to observe the cumulative prepayment behavior of all fixed rate Brazos Refinance Loans in a given repayment cohort over its remaining life. The cumulative average CPRs for each repayment cohort, for each year in repayment, are provided in the table and chart below for fixed rate Brazos Refinance Loans, beginning with loans that entered repayment in July 2019.

For each cohort, the cumulative average CPR is the cumulative average of monthly CPRs since the end of the calendar year in which the cohort entered repayment, with each monthly CPR based on an annualized Single Monthly Mortality (SMM). The below table also aggregates the individual cohorts' principal balances upon entering repayment. The cumulative CPR ranges from 6.0% to 18.8%, depending on cohort with a weighted average of approximately 13.0%.

Cumulative Average Constant Prepayment Rate (CPR) Since Entering Repayment
Fixed Rate Brazos Refinance Loans
(Cohorts Organized by Year Entering Repayment)

Year of Repayment	Repayment Cohort Year							
	2019	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**Average**
1	16.2%	21.2%	11.9%	6.6%	15.1%	12.5%	10.1	13.4%
2	24.8	25.3	8.5	6.6	15.8	19.1		16.7
3	21.2	20.8	7.0	5.8	14.1			13.8
4	17.5	17.1	6.2	4.9				11.4
5	14.9	15.0	5.8					11.9
6	13.7	13.7						13.7
7	12.9							12.9
Cohort Amount	$19,919,316	$56,238,338	$20,657,708	$41,128,641	$23,576,305	$11,522,240	$34,436,092	

Note: Latest Year of Repayment for each Cohort does not represent a full year of repayment for loans that entered repayment June through December.

The Authority also monitors prepayment activity for the Brazos Parent Loan Program and the Brazos Student Loan Program on a similar basis. As the Brazos Parent Loan Program and the Brazos Student Loan Program continue to mature and establish more history, the Authority anticipates providing similarly CPR data relating to those product offerings.

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