

In the opinion of Kutak Rock, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and, assuming the accuracy of certain representations and compliance by the Corporation with certain covenants, interest on the Series 1998 Bonds is excluded from gross income of the recipients thereof for federal income tax purposes; however, (i) interest on the Series 1998A-1 Bonds is not a specific item of tax preference for purposes of the federal alternative minimum tax and (ii) interest on the Series 1998A-2 Bonds and the Series 1998A-3 Bonds is a specific item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion with respect to any state law income tax matters. See "TAX MATTERS" herein for a discussion of additional federal tax consequences affecting registered owners of the Series 1998 Bonds.

\$150,000,000

STUDENT LOAN FINANCE ASSOCIATION

(a non-profit corporation organized under the laws of the State of Washington)



Education Loan Revenue and Revenue Refunding Bonds, Series 1998

\$45,000,000

**Education Loan Revenue Refunding Bonds,
Senior 1998 Series A-1 (Non-AMT)
Due December 1, 2002 (Auction Rate Bonds)**

\$45,000,000

**Education Loan Revenue Refunding Bonds,
Senior 1998 Series A-2 (AMT)
Due December 1, 2005 (Auction Rate Bonds)**

\$60,000,000

**Education Loan Revenue Bonds,
Senior 1998 Series A-3 (AMT)
Due December 1, 2032 (Auction Rate Bonds)**

Dated: Date of Delivery

Price: 100%

The Senior 1998 Series A-1 Bonds, Senior 1998 Series A-2 Bonds, and Senior 1998 Series A-3 Bonds (collectively, the "Series 1998 Bonds") are being issued by the Student Loan Finance Association (the "Corporation"), and when issued one fully registered bond for each Series of the Series 1998 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository (the "Securities Depository") for the Series 1998 Bonds. Individual purchases of the Series 1998 Bonds will be made in Book-Entry form only. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 1998 BONDS, REFERENCES HEREIN TO THE BONDHOLDERS, HOLDERS, OR REGISTERED OWNERS OF THE SERIES 1998 BONDS SHALL MEAN CEDE & CO. AND NOT THE BENEFICIAL OWNERS OF THE SERIES 1998 BONDS. The Series 1998 Bonds may be purchased in denominations of \$50,000 or integral multiples thereof. The principal (or redemption price) of and interest on the Series 1998 Bonds will be payable by The Chase Manhattan Bank, a New York banking association, New York, New York, as trustee (the "Trustee"), to the Securities Depository, which will in turn remit such principal and interest to its Agent Members, which will in turn remit such principal and interest to the Beneficial Owners of the Series 1998 Bonds. See "DESCRIPTION OF THE SERIES 1998 BONDS—Book-Entry System."

The Series 1998 Bonds initially are being issued as Auction Rate Bonds (the "Auction Rate Bonds"). The initial rate of interest on the Auction Rate Bonds shall be as set forth in the Indenture, and the Auction Rate (which in no event shall exceed the Maximum Rate) shall thereafter be set by auctions to be held generally each fifth Monday after the preceding auction, resulting in Auction Periods of approximately 35 days, until the Auction Period is changed as provided herein or the Series 1998 Bonds are converted to a Fixed Rate or Variable Rate. Initial Auctions for each subseries of the Series 1998 Bonds will be held as follows: for the Senior 1998 Series A-1 Bonds, August 10, 1998; for the Senior 1998 Series A-2 Bonds, August 17, 1998; and for the Senior 1998 Series A-3 Bonds, August 24, 1998. Interest on the Auction Rate Bonds, until the Conversion Date, if any, an Auction Period Substantial Change Date, if any, or a Period Adjustment Date, if any, will be payable semiannually on each June 1 and December 1, commencing December 1, 1998. See "Appendix E—AUCTION PROCEDURES." The Series 1998 Bonds are subject to mandatory and optional redemption prior to their stated maturity at the prices, on the terms and upon the occurrence of certain events described herein. See "REDEMPTION." The Series 1998 Bonds are subject to mandatory tender upon conversion to a variable or fixed rate of interest, and upon conversion to an Auction Period longer than ninety-one (91) days. See "DESCRIPTION OF THE SERIES 1998 BONDS — Mandatory Tender of the Auction Rate Bonds."

The Series 1998 Bonds will be issued by the Corporation pursuant to, and secured under, an Indenture of Trust dated as of July 1, 1998 (the "Original Indenture"), as supplemented and amended by the First Supplemental Indenture of Trust dated as of July 1, 1998 (the "First Supplemental Indenture," and together with the Original Indenture, the "Indenture"), each between the Corporation and the Trustee, for the purpose of refunding certain obligations of the Corporation, acquiring Eligible Loans, and making a deposit to the Debt Service Reserve Fund.

The Series 1998 Bonds and any additional bonds issued from time to time pursuant to the Indenture (the "Additional Bonds") will be limited obligations of the Corporation and, together with any Derivative Product or Collateralized Investment Agreement, as hereinafter defined, will be secured by and payable solely from (a) Revenues to be derived from Financed Eligible Loans, (b) amounts on deposit in certain Funds maintained under the Indenture and (c) certain other rights and assets, as described herein, including the Trust Estate (as defined in the Indenture). THE SERIES 1998 BONDS SHALL BE LIMITED OBLIGATIONS ONLY OF THE CORPORATION AND IN NO EVENT SHALL CONSTITUTE INDEBTEDNESS FOR WHICH THE FAITH AND CREDIT OF THE STATE OF WASHINGTON (THE "STATE") OR ANY POLITICAL SUBDIVISION THEREOF OR ANY OF ITS REVENUES ARE PLEDGED. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 1998 BONDS."

The Series 1998 Bonds are offered when, as and if issued by the Corporation and received by the Underwriters subject to the approval of legality by Kutak Rock, Denver, Colorado, Bond Counsel. Certain legal matters will be passed upon for the Corporation by its counsel, Davis Wright Tremaine LLP, Seattle, Washington, for the Underwriters by their counsel, Williams & Anderson LLP, Little Rock, Arkansas, and for the Trustee by its special counsel, Law Offices of Michele G. Gangnes, Austin, Texas. It is expected that the Series 1998 Bonds in definitive form will be available for delivery to the Securities Depository in New York, New York on or about July 15, 1998.

William R. Hough & Co.

Education Securities, Inc.

Dated: July 13, 1998

No dealer, broker, salesperson or other person has been authorized by the Corporation or the Underwriters to give any information or to make any representations, 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 either of the foregoing. 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 1998 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been obtained from the Corporation, the Guaranty Agencies, the Servicers and from other sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriters or their counsel. The Underwriters and their counsel have made no independent verification of the information contained herein relating to the Corporation, the Guaranty Agencies or the Servicers. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Corporation since the date hereof. This Official Statement does not constitute a contract between the Corporation, or the Underwriters, and any one or more of the Registered Owners of the Series 1998 Bonds.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 1998 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Upon issuance, the Series 1998 Bonds will not be registered under the Securities Act of 1933 and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed on the accuracy of this Official Statement or approved the Series 1998 Bonds for sale. The Indenture will not be qualified under the Trust Indenture Act of 1939.

TABLE OF CONTENTS

<p>SUMMARY STATEMENT i</p> <p>OFFICIAL STATEMENT</p> <p>INTRODUCTION 1</p> <p>SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 1998 BONDS 2</p> <p style="padding-left: 20px;">General 2</p> <p style="padding-left: 20px;">Limited Obligations 2</p> <p style="padding-left: 20px;">The Trust Estate 2</p> <p style="padding-left: 20px;">Certain Payment Priorities 3</p> <p style="padding-left: 20px;">The Debt Service Reserve Fund 3</p> <p style="padding-left: 20px;">Issuance of Additional Bonds 4</p> <p style="padding-left: 20px;">Derivative Products 4</p> <p style="padding-left: 20px;">Collateralized Investment Agreements 5</p> <p>RISK FACTORS 5</p> <p style="padding-left: 20px;">Relating to the Series 1998 Bonds Generally 5</p> <p style="padding-left: 20px;">Reauthorization; Appropriation 7</p> <p style="padding-left: 20px;">Changes in the Act or Other Relevant Law 7</p> <p style="padding-left: 20px;">Changes in Formulas for Determining Interest Rates and Special Allowance Payments 9</p> <p style="padding-left: 20px;">Financial Status of the Guaranty Agencies 10</p> <p style="padding-left: 20px;">Noncompliance with the Act 10</p> <p style="padding-left: 20px;">Uncertainty as to Available Remedies 11</p> <p style="padding-left: 20px;">Reliance on Rating Confirmations 11</p> <p style="padding-left: 20px;">Year 2000 Computer Systems Compliance 11</p> <p>DESCRIPTION OF THE SERIES 1998 BONDS 12</p> <p style="padding-left: 20px;">General 12</p> <p style="padding-left: 20px;">Interest Rates on the Bonds 12</p> <p style="padding-left: 20px;">Bonds Subject to Conversion 14</p> <p style="padding-left: 20px;">Mandatory Tender of the Auction Rate Bonds 14</p> <p style="padding-left: 20px;">Book-Entry System 14</p> <p>REDEMPTION 16</p> <p style="padding-left: 20px;">Optional Redemption of Series 1998 Bonds 16</p> <p style="padding-left: 20px;">Extraordinary Redemption of Series 1998 Bonds 16</p> <p style="padding-left: 20px;">Partial Redemption 17</p> <p style="padding-left: 20px;">Notice of Redemption 17</p> <p>ESTIMATED SOURCES AND USES OF FUNDS 18</p> <p>CASH FLOW PROJECTIONS 18</p> <p>THE CORPORATION 18</p> <p style="padding-left: 20px;">Organization 18</p> <p style="padding-left: 20px;">Affiliated Organizations 19</p> <p style="padding-left: 20px;">Board of Trustees 19</p> <p style="padding-left: 20px;">Staff of SLFA Services 20</p> <p style="padding-left: 20px;">Previous Bond Issues 20</p>	<p>THE CORPORATION'S STUDENT LOAN FINANCE PROGRAM 20</p> <p style="padding-left: 20px;">General 20</p> <p style="padding-left: 20px;">Marketing Plan 21</p> <p>GUARANTY AGENCIES 22</p> <p style="padding-left: 20px;">General 22</p> <p style="padding-left: 20px;">Federal Reinsurance 22</p> <p style="padding-left: 20px;">Northwest Education Loan Association 23</p> <p style="padding-left: 20px;">California Student Aid Commission 24</p> <p>SERVICING OF THE LOANS 25</p> <p style="padding-left: 20px;">General 25</p> <p style="padding-left: 20px;">The Corporation's Due Diligence Obligation 25</p> <p style="padding-left: 20px;">AFSA Data Corporation 26</p> <p style="padding-left: 20px;">UNIPAC Service Corporation 26</p> <p style="padding-left: 20px;">Sallie Mae Servicing Corporation 27</p> <p style="padding-left: 20px;">SLFA Services 27</p> <p style="padding-left: 20px;">Custodian Agreements 27</p> <p>UNDERWRITING 28</p> <p>TAX MATTERS 28</p> <p>RATINGS 29</p> <p>LEGAL MATTERS 29</p> <p>LITIGATION 29</p> <p>FINANCIAL STATEMENTS 29</p> <p>CONTINUING DISCLOSURE 30</p> <p style="padding-left: 20px;">General 30</p> <p>YEAR 2000 COMPLIANCE 30</p> <p style="padding-left: 20px;">Corporation 30</p> <p style="padding-left: 20px;">Trustee 30</p> <p style="padding-left: 20px;">NELA 30</p> <p style="padding-left: 20px;">SLFA Services 30</p> <p style="padding-left: 20px;">Sallie Mae Servicing Corporation 31</p> <p style="padding-left: 20px;">AFSA Data Corporation 31</p> <p style="padding-left: 20px;">UNIPAC Service Corporation 31</p> <p>OTHER MATTERS 31</p> <p style="padding-left: 20px;">Appendix A—Financial Information and Operating Data A-1</p> <p style="padding-left: 20px;">Appendix B—Financial Statements of the Student Loan Finance Association B-1</p> <p style="padding-left: 20px;">Appendix C—Summary of Certain Provisions of the Indenture C-1</p> <p style="padding-left: 20px;">Appendix D—Description of the Federal Family Education Loan Program D-1</p> <p style="padding-left: 20px;">Appendix E—Auction Procedures E-1</p> <p style="padding-left: 20px;">Appendix F—Settlement Procedures F-1</p> <p style="padding-left: 20px;">Appendix G—Form of Bond Counsel Opinion G-1</p> <p style="padding-left: 20px;">Appendix H—Summary of Continuing Disclosure Undertaking H-1</p>
---	---

[This page intentionally left blank.]

SUMMARY STATEMENT

This Summary Statement is subject in all respects to the complete information contained elsewhere in this Official Statement. The offering of the Series 1998 Bonds to potential investors is made only by means of the entire Official Statement. No Persons are authorized to detach this Summary Statement from the Official Statement or otherwise to use it without the entire Official Statement.

The Corporation

The Student Loan Finance Association (the "Corporation") is a nonprofit corporation duly organized under Chapter 24.03 of the Revised Code of the State of Washington (the "State") and existing under the laws of the State. The Corporation was organized as a direct result of an executive order of the Governor of the State, and operates in accordance with its charter and bylaws, the Higher Education Act of 1965, as amended (the "Act"), and the Internal Revenue Code of 1986, as amended (the "Code"). See "THE CORPORATION."

The Series 1998 Bonds

The Series 1998 Bonds will be issued pursuant to an Indenture of Trust dated as of July 1, 1998 (the "Original Indenture"), as supplemented and amended by the First Supplemental Indenture of Trust dated as of July 1, 1998 (the "First Supplemental Indenture," and together with the Original Indenture, the "Indenture"), each between the Corporation and The Chase Manhattan Bank, a New York banking association, New York, New York (the "Trustee").

The Series 1998 Bonds are being issued in the aggregate principal amount of \$150,000,000, including \$45,000,000 of Education Loan Revenue Refunding Bonds, Senior 1998 Series A-1 maturing December 1, 2002, \$45,000,000 of Education Loan Revenue Refunding Bonds, Senior 1998 Series A-2 maturing December 1, 2005, and \$60,000,000 of Education Loan Revenue Bonds, Senior 1998 Series A-3 maturing December 1, 2032 (collectively, the "Series 1998 Bonds").

Auction Rate Periods

The Series 1998 Bonds will be issued as Auction Rate Bonds (the "Auction Rate Bonds"). For an Initial Period beginning on the date of issuance of the Series 1998 Bonds, the Series 1998 Bonds will bear interest at the rates set forth in the Indenture. The Initial Period will begin on the date of issuance and continue through, for the Senior 1998 Series A-1 Bonds, August 10, 1998; for the Senior 1998 Series A-2 Bonds, August 17, 1998; and for the Senior 1998 Series A-3 Bonds, August 24, 1998. After the respective Initial Periods, each series of Auction Rate Bonds will bear interest for each Auction Period at the Auction Rates (which in no event shall exceed the Maximum Rate) determined pursuant to Auctions held every fifth Monday after the initial auction for such series, generally resulting in an Auction Period of 35 days, until a Conversion Date, if any, an Auction Period Substantial Change Date, if any, a Period Adjustment Date, if any, or the date of a change in the length of any Auction Period, if any. See "Appendix E—Auction Procedures."

The 35-day Auction Period for the Auction Rate Bonds may be adjusted pursuant to an Auction Period Adjustment to an Auction Period of not less than seven (7) days or longer than ninety-one (91) days pursuant to the procedures set forth in the Indenture described herein. The Auction Period for the Auction Rate Bonds may be adjusted pursuant to an Auction Period Substantial Change to an Auction Period of ninety-two (92) days or more in length. See "Appendix E—Auction Procedures—Changes in Auction Terms."

Interest Payment Dates

Interest on the Auction Rate Bonds at the Auction Rates as described above will be payable semiannually on each June 1 and December 1, commencing December 1, 1998.

Priorities

The Series 1998 Bonds, together with any other series of Bonds to be issued on a parity with the Series 1998 Bonds under the Indenture are sometimes collectively referred to as the "Senior Bonds." The Indenture also permits the issuance of Bonds on a subordinate basis to the Senior Bonds, which are sometimes collectively referred to herein as "Subordinate Bonds" and the issuance of Bonds on a subordinate basis to the Subordinate Bonds, which are sometimes collectively referred to herein as "Junior-Subordinate Bonds." There are currently no Subordinate Bonds or Junior-Subordinate Bonds outstanding under the Indenture. The Series 1998 Bonds, together with any Additional Bonds executed and delivered pursuant to the Indenture, are collectively referred to herein as the "Bonds." The Corporation may from time to time enter into Derivative Products (as defined herein), which may create obligations on a parity with the Senior Bonds (collectively with the Senior Bonds, "Senior Obligations"), on a parity with Subordinate Bonds (collectively with the Subordinate Bonds, "Subordinate Obligations"), or on a parity with Junior-Subordinate Bonds (collectively with the Junior-Subordinate Bonds, "Junior-Subordinate Obligations"). In addition, the Corporation may grant Senior Obligation status, with certain current payment priorities, to counterparties under Collateralized Investment Agreements, pursuant to which the Corporation (or the Trustee) agrees to invest certain amounts held in the Trust Estate upon demand of such counterparties, as described below under "Additional Bonds and Other Obligations".

The rights of the owners of the Series 1998 Bonds and any Additional Bonds constituting Senior Bonds are on a parity with the rights of all other Senior Obligations, and the rights of all Senior Obligations are superior to the rights of the owners of any Additional Bonds constituting Subordinate Bonds, all other Subordinate Obligations, the rights of the owners of any Junior-Subordinate Bonds, and all other Junior-Subordinate Obligations with respect to the Trust Estate; the rights of the owners of any Additional Bonds constituting Subordinate Bonds are on a parity with the rights of all other Subordinate Obligations, and the rights of all Subordinate Obligations are superior to the rights of the owners of any Junior-Subordinate Bonds and all other Junior-Subordinate Obligations with respect to the Trust Estate; and the rights of the owners of any Additional Bonds constituting Junior-Subordinate Bonds are on a parity with the rights of all other Junior-Subordinate Obligations with respect to the Trust Estate; all as described in "Appendix C — Summary of Certain Provisions of the Indenture."

Failure to pay amounts due on any Subordinate Obligations when due, to the extent Revenues are not available for such purposes under and in accordance with the Indenture, does not constitute an Event of Default under the Indenture so long as any Senior Bonds, including the Series 1998 Bonds, or any other amounts due on any Senior Obligations are Outstanding.

Use of Proceeds

The Series 1998 Bonds are being issued (i) to provide funds to refund certain obligations of the Corporation, (ii) to acquire Eligible Loans, and (iii) to make a deposit to the Debt Service Reserve Fund. See "ESTIMATED SOURCES AND USES OF FUNDS."

Eligible Loans

Eligible Loans acquired with proceeds of the Series 1998 Bonds must be loans made for the purpose of financing post-secondary education that are (a) made under the Act (subject to any Tax Document, as defined in the Indenture), (b) insured by the Secretary of Health and Human Services pursuant to the Public Health Services Act (provided a Favorable Opinion and a Rating Confirmation are received with respect thereto); or (c) otherwise permitted to be acquired by the Corporation pursuant to its Program (provided a Favorable Opinion and a Rating Confirmation are received with respect thereto).

**Sources of Revenue
and Security;
Limited Obligations**

The Bonds, including the Series 1998 Bonds, together with all other Obligations as may be entered into from time to time, are special, limited revenue obligations of the Corporation, payable solely from the Trust Estate created by the Indenture, subject to priority of lien, as described above under "**Priorities**". The Series 1998 Bonds shall be limited obligations only of the Corporation and in no event shall constitute indebtedness for which the faith and credit of the State of Washington (the "State") or any political subdivision thereof or any of its revenues are pledged. The Trust Estate includes Eligible Loans held under the Indenture and moneys on deposit in certain of the funds and accounts established under the Indenture. The Corporation expects that substantially all of the Eligible Loans held in the Trust Estate will be made pursuant to the Higher Education Act of 1965, as amended (the "Act"), and (i) insured as to principal and accrued interest by the Secretary of Education (the "Secretary"), or (ii) at the time of financing, guaranteed as to principal and accrued interest by a Guaranty Agency and reinsured by the Secretary in accordance with the Act. However, the Indenture permits inclusion in the Trust Estate of any education loans, whether or not originated under the terms of the Act and whether or not insured or guaranteed by any federal or other entity, so long as the outstanding ratings on the Bonds by the Rating Agencies are not thereby impaired and a Favorable Opinion is received. Investors in the Series 1998 Bonds will therefore be relying on the evaluation by the Rating Agencies of the impact on the credit quality of the inclusion of such education loans, if any, in the Trust Estate. See "**RISK FACTORS--Reliance on Rating Confirmations.**"

Optional Redemption

The Auction Rate Bonds are subject to redemption in whole or in part at the option of the Corporation from any source of funds on any Rate Adjustment Date for the Auction Rate Bonds upon ten (10) days' notice at a redemption price equal to the principal amount of the Auction Rate Bonds being redeemed, plus accrued interest to the date of redemption. See "**REDEMPTION--Optional Redemption of Series 1998 Bonds.**"

Extraordinary Redemption

The Series 1998 Bonds are subject to extraordinary redemption by the Corporation, in whole or in part, on any date at a redemption price equal to the principal amount thereof (and without premium) plus accrued interest, if any, to the date of redemption, from moneys on deposit in certain Subaccounts of the Acquisition Fund (i) which are not derived from the voluntary sale or disposition of Eligible Loans and which the Corporation determines are available or are not expected to be used to acquire Eligible Loans; (ii) which represent moneys deposited in certain Subaccounts of the Acquisition Fund on the Series 1998 Date of Issuance which have not been used to acquire Eligible Loans by July 1, 2000, unless such date can be extended without adversely affecting the Rating on any of the Bonds, as evidenced by a Rating Confirmation; (iii) which represent Recoveries of Principal received after July 1, 2002 from Eligible Loans acquired directly or indirectly with proceeds of the Series 1998 Bonds, unless such date can be extended without adversely affecting the Rating on any of the Bonds, as evidenced by a Rating

Confirmation; or (iv) if the Corporation shall suffer unreasonable burdens or excessive liabilities in connection with the operation of its Program, or the redemption of the Series 1998 Bonds shall be required or necessary under applicable law or regulations of the Secretary to enable the Corporation to continue to receive various federal benefits, all as evidenced by a Corporation Order given to the Trustee as least 45 days before the redemption date.

Mandatory Tender

The Auction Rate Bonds are subject to mandatory tender upon conversion to a Fixed Rate or a Variable Rate and upon an Auction Period Substantial Change. See "DESCRIPTION OF THE SERIES 1998 BONDS--Mandatory Tender of the Auction Rate Bonds."

Additional Bonds and Other Obligations

Upon receipt by the Trustee of written verification from the Rating Agencies that the outstanding ratings on the Bonds are not thereby impaired (a "Rating Confirmation"), the Indenture permits the issuance of Additional Bonds and the execution by the Corporation of Derivative Products that may be ranked in priority of lien on a parity with any particular Outstanding series of Bonds. In addition, upon receipt of an approving opinion of counsel and a Rating Confirmation, the Corporation may grant Senior Obligation status to counterparties on Collateralized Investment Agreements and may give priority in current payment of amounts owing thereunder over current payment of debt service on any Bonds and amounts due on Senior Obligations. To the extent the Corporation (or the Trustee at the Corporation's direction) enters into any Collateralized Investment Agreement, the investors in the Series 1998 Bonds will be relying on the evaluation by the Rating Agencies of the impact thereof on the credit quality of the Corporation's obligations under the Indenture. See "Appendix C--Summary of Certain Provisions of the Indenture--Other Obligations of the Corporation."

At the time of issuance of the Series 1998 Bonds, there are no Subordinate Bonds or Junior-Subordinate Bonds Outstanding, and the Corporation has not entered into any Derivative Product or Collateralized Investment Agreement.

Guaranty Agencies

The Corporation expects that substantially all Financed Eligible Loans will be guaranteed by a Guaranty Agency, which is defined under the Indenture to be any entity authorized to guarantee student loans under the Act and with which the Corporation (or the Trustee) maintains a Guarantee Agreement. It is expected that the following entities each may guarantee five percent or more of the Financed Eligible Loans: the Northwest Education Loan Association ("NELA"), and the California Student Aid Commission. See "GUARANTY AGENCIES."

Servicers

Under the Indenture, AFSA Data Corporation ("AFSA"), UNIPAC Service Corporation, Sallie Mae Servicing Corporation, and SLFA Services are authorized to service the Eligible Loans. See "SERVICING OF THE LOANS." The Corporation is permitted under the Indenture to use other servicing agents as long as use of such servicing agent does not adversely affect the Ratings on the Bonds.

Changes to the Federal Family Education Loan Program

The programs effected by the Act have been the subject of numerous statutory and regulatory changes over the last several years that have resulted in material modifications to such programs. No assurance can be given that relevant federal laws, including the Act, will not be further changed in the future in a manner that

might adversely affect the availability of Revenues under the Indenture. See "RISK FACTORS--Changes in the Act or Other Relevant Law."

Certain Risk Factors

Investment in the Series 1998 Bonds entails certain investment risks that are summarized in this Official Statement under the heading "RISK FACTORS."

Ratings

The Series 1998 Bonds are rated "Aaa" by Moody's Investors Service ("Moody's") and "AAA" by Fitch IBCA, Inc., ("Fitch"). See "RATINGS."

[This page intentionally left blank.]

