

**SUPPLEMENT DATED MARCH 15, 2007 TO OFFICIAL STATEMENT
DATED AUGUST 5, 2004**

\$12,000,000

**WISCONSIN HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
ADJUSTABLE RATE PUT OPTION REVENUE BONDS, SERIES 2004
(MARANATHA BAPTIST BIBLE COLLEGE, INC.)**

Initial Delivery Date: August 12, 2004

Due: August 1, 2026

This supplement (the "Supplement") to the Official Statement originally dated August 5, 2004 (the "Official Statement"), is being issued to identify Associated Bank, N.A. (the "Bank") as provider of a letter of credit constituting a Substitute Letter of Credit, as described below, for the above-referenced Bond issue. Capitalized terms used in this Supplement and not otherwise defined herein have the meanings ascribed to them in the Official Statement. This Supplement does not reflect changes in any matters since the original date of the Official Statement, other than those described below.

A letter of credit issued by Bank One, N.A. (now JPMorgan Chase Bank NA) ("Chase") currently constitutes the Letter of Credit supporting the Bonds. On March 30, 2007, the current Letter of Credit will be replaced by a separate irrevocable transferable direct-pay letter of credit (the "Substitute Letter of Credit") issued with respect to the Bonds by

Associated Bank, N.A.

The Substitute Letter of Credit incorporates essentially the same terms as the current Letter of Credit, except that the Substitute Letter of Credit will expire on March 30, 2012, unless extended. Under certain circumstances, the Substitute Letter of Credit may be terminated on an earlier date as described in the Official Statement. The Substitute Letter of Credit may be replaced by a further Substitute Letter of Credit as more fully described in the Official Statement.

Certain information regarding the Bank is set forth in Appendix A attached hereto. Information concerning the Bank was provided by the Bank. Neither the Authority, the Borrower nor the Remarketing Agent make any claim as to the accuracy of such information.

In connection with the issuance of the Substitute Letter of Credit, a Reimbursement Agreement dated as of March 30, 2007 (the "Reimbursement Agreement") has been entered into between Maranatha Baptist Bible College, Inc. (the "Borrower") and the Bank. The provisions of the Reimbursement Agreement, including the covenants and events of default, incorporate essentially the same terms as those previously described in the Official Statement with respect to the existing Reimbursement Agreement dated as of August 1, 2004 between the Borrower and Chase.

The Bonds are expected to be rated "A-/A-2" by Standard & Poor's Rating Services upon issuance of the Substitute Letter of Credit by the Bank. (See "Rating" below.)

In connection with the issuance of the Substitute Letter of Credit, Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, will deliver its opinion to the effect that the delivery of the Substitute Letter of Credit in replacement of the current Letter of Credit will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. Certain legal matters also will be passed upon for the Underwriter by its counsel, Ice Miller LLP, Indianapolis, Indiana, for the Borrower by its counsel, Michael D. Dean, LLC, Waukesha, Wisconsin, and for the Bank by its counsel, Whyte Hirschboeck Dudek S.C., Milwaukee, Wisconsin.

**ZIEGLER CAPITAL MARKETS
UNDERWRITER AND REMARKETING AGENT**

RATING

The Bonds are expected to be assigned a bond rating of “A-/A-2” by Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc. (the “Rating Agency”) on or before the Substitution Date (March 30, 2007) based on the condition that the Bank will issue its Letter of Credit securing repayment of the Bonds, and up to 35 days’ interest thereon. The rating will apply to Bonds while the Letter of Credit secures the Bonds. Such rating is not based upon a credit evaluation of the Borrower.

The Rating Agency is in the business, among others, of assigning ratings to bonds to provide investors with a simple system of graduation by which the relative investment qualities of bonds may be noted. Since the ratings are designed exclusively for the purpose of grading bonds according to their investment qualities, they should not be used alone as a basis for investment decisions. For example, the ratings have no value in forecasting the direction of future trends of market prices, which are influenced not only by the investment quality of bonds but also by changes in prevailing market interest rates, general economic trends, the length of time of maturity and provisions for redemptions prior to maturity.

The Rating Agency’s bond rating for the Bonds reflects only the opinion of the Rating Agency, based on information gathered by it and on various investigations, studies and assumptions made by it. The Bank and the Borrower have furnished certain information and materials to the Rating Agency which is not included in this Official Statement. The Borrower will pay the Rating Agency a fee for its service in assigning the bond rating to the Borrower. There is no assurance that the bond rating assigned to the Bonds will be maintained for any given period of time or that it will not be lowered or withdrawn entirely by the Rating Agency. There is no assurance that the rating will remain in effect for any given period of time or that it will not be revised downward or withdrawn entirely by the Rating Agency if, in its judgment, circumstances so warrant. None of the Underwriter, the Authority, the Bank nor the Borrower has undertaken any responsibility to bring to the attention of the Bondowners any proposed revision or withdrawal of a bond rating for the Bonds or to oppose any such proposed revision or withdrawal. Any downward change in or withdrawal of the bond rating for the Bonds could have an adverse effect on the market price and marketability of the Bonds.

For further information regarding the significance of the ratings, prospective investors in the Bonds may contact the Rating Agency at 25 Broadway, New York, New York 10004.

**INFORMATION CONCERNING
THE SUBSTITUTE LETTER OF CREDIT PROVIDER**

The information contained in this Appendix A to this Supplement relates to and has been provided by Associated Bank, N.A. (the “Bank”). The delivery of this Supplement does not create any implication that there has been no change in the affairs of the Bank since the date hereof or that the information contained or referred to in this Appendix A is correct as of any time subsequent to its date. Neither the Authority, the Borrower nor the Remarketing Agent makes any representation or warranty as to the accuracy or completeness of the information contained in this Appendix A.

CERTAIN INFORMATION CONCERNING ASSOCIATED BANK, N.A.

ASSOCIATED BANK, NATIONAL ASSOCIATION (“ASSOCIATED”), is a national banking association organized under the laws of the United States. Its principal office and banking facility is located at 200 North Adams Street, Green Bay, Wisconsin 54301, telephone number (920) 433-3200. As of December 31, 2006, ASSOCIATED maintained 314 domestic branch offices. As of December 31, 2006, ASSOCIATED had total assets of approximately \$20.5 billion and total deposits of approximately \$14.3 billion. As of the same date, ASSOCIATED’s total equity capital was approximately \$2.4 billion.

All of the outstanding capital stock of ASSOCIATED is owned by ASSOCIATED BANC-CORP, a publicly held bank holding company with headquarters in Green Bay, Wisconsin, which is registered under the Securities Exchange Act of 1934. ASSOCIATED BANC-CORP files annual and other reports containing audited consolidated financial statements and other information with the Securities and Exchange Commission. These reports can be obtained upon payment of copying charges, or they may be examined at the Securities and Exchange Commission’s offices without charge. The Letter of Credit is an obligation of ASSOCIATED and not of ASSOCIATED BANC-CORP.

Each quarter, ASSOCIATED files with the FDIC financial reports entitled “Consolidated Reports of Condition and Income for Insured Commercial Banks with Domestic Offices Only,” commonly referred to as the “Call Reports.” ASSOCIATED’s Call Reports are prepared in accordance with regulatory accounting principles, which may differ from generally accepted accounting principles. The publicly available portions of the Call Reports for the period ending December 31, 2006, and for Call Reports filed by ASSOCIATED with the FDIC after the date of this Offering Circular may be obtained from the FDIC, Disclosure Group, Room F518, 550 I 7th Street, N.W., Washington, D.C. 20429 at prescribed rates, or from the FDIC on its Internet site at <http://www.fdic.gov>, or by writing to the Corporate Secretary’s Office, Associated Banc-Corp, 200 North Adams Street, M.S. 7829, Green Bay, WI 54301.

ASSOCIATED will supply, without charge, a statement of condition of ASSOCIATED and a copy of the ASSOCIATED BANC-CORP Form 10-K for the year ended December 31, 2006, as well as copies of any subsequently filed forms 10-Q or 8-K, as filed with the Securities and Exchange Commission, to any person to whom this Official Statement is delivered, upon written request to the Corporate Secretary, ASSOCIATED BANC-CORP, 200 North Adams Street, M.S. 7829, Green Bay, Wisconsin 54301. Telephone requests should be directed to (920) 431-8034.

The information contained in this section, including financial information, relates to and has been obtained from ASSOCIATED, and is furnished solely to provide limited introductory information regarding ASSOCIATED and does not purport to be comprehensive. Any financial information provided in this section is qualified in its entirety by the detailed information appearing in the Call Reports referenced above. The delivery hereof shall not create any implication that there has been no change in the affairs of ASSOCIATED since the date hereof.

NEW ISSUE - BOOK ENTRY ONLY

**RATING: Standard & Poor's: "AA-/A-1+"
(See "Rating")**

In the opinion of Quarles & Brady LLP, Bond Counsel, under present law and assuming continuous compliance with certain covenants, interest on the Bonds is excludable from the gross income of the Bondowners for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on corporations and individuals. Interest on the Bonds is, however, included in adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations. Interest on the Bonds is not exempt from present Wisconsin income taxes. For a more detailed description of the tax status of interest on the Bonds and certain other income tax consequences of Bond ownership, see "TAX EXEMPTION" herein. See also "APPENDIX C."

\$12,000,000

**WISCONSIN HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
ADJUSTABLE RATE PUT OPTION REVENUE BONDS, SERIES 2004
(MARANATHA BAPTIST BIBLE COLLEGE, INC.)**

- PRICE**..... 100%
- DATED** Date of Issuance
- MATURITY**..... August 1, 2026
- CUSIP** 97710VUE6
- ISSUANCE**..... The Wisconsin Health and Educational Facilities Authority (the "Authority") will issue the Bonds through a book-entry system under a Trust Indenture dated as of August 1, 2004 between the Authority and J.P. Morgan Trust Company, National Association, as trustee.
- INTEREST**..... The Bonds will initially be issued in the Weekly Mode, but may be converted to the Fixed Mode. While the Bonds are in the Weekly Mode, the interest rate will be set weekly. *See "THE BONDS - Interest Modes" herein.*
- Interest is payable monthly on the first Business Day of each month while the Bonds are in the Weekly Mode. Interest is payable on each February 1 and August 1 while the Bonds are in the Fixed Mode.
- DENOMINATIONS** The Bonds in the Weekly Mode will be issued in authorized denominations of \$100,000 and any multiples of \$5,000 in excess thereof. Bonds in the Fixed Mode may be issued in authorized denominations of \$5,000 and any multiples thereof.
- TENDER FOR PURCHASE**..... While the Bonds are in the Weekly Mode, they will be purchased upon the demand of the owner thereof upon written notice as discussed herein. *See "THE BONDS - Purchase of Bonds Upon Demand of Bondholder" herein.*
- The Bonds are also subject to mandatory tender under certain circumstances. *See "THE BONDS - Mandatory Purchase" herein.*
- REDEMPTION**..... The Bonds are subject to optional and mandatory redemption prior to maturity under certain circumstances. *See "THE BONDS - Redemption of Bonds" herein.*
- LETTER OF CREDIT** Maranatha Baptist Bible College, Inc. (the "Borrower") has agreed to cause to be provided an irrevocable direct pay letter of credit to pay when due (1) the principal of and up to 35 days' interest on the Bonds at a maximum rate of 10%, per annum, and (2) the purchase price of the Bonds that are tendered and not remarketed on any optional tender date or mandatory tender date. Bank One, NA, with its main office in Chicago, Illinois (the "Bank"), has agreed to issue its Letter of Credit (the "Letter of Credit"), with an initial expiration date of August 15, 2011. *See "THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT" herein.*
- BANK ONE, NA**
- The Borrower may substitute a letter of credit issued by another financial institution for the Letter of Credit. *See "SUBSTITUTE LETTER OF CREDIT" herein*
- PROJECT** The Authority will lend the proceeds of the Bonds to the Borrower to (1) pay, or reimburse the Borrower for, costs relating to construction, improvement and equipping of the Borrower's educational facilities (collectively, the "Project"), (2) retire certain debt of the Borrower incurred to finance a portion of the Project, and (3) pay various costs of issuing and selling the Bonds.
- LIMITED OBLIGATION**..... **THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE NOT A DEBT OR LIABILITY OF THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OTHER THAN THE AUTHORITY. THE SOURCE OF PAYMENT AND SECURITY FOR THE BONDS IS MORE FULLY DESCRIBED HEREIN. THE AUTHORITY HAS NO TAXING POWER. SEE "THE BONDS- Source of Payment and Security for the Bonds."**
- UNDERWRITING** The Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modifications of the offer without any notice, and to the approval of legality of the Bonds by Quarles & Brady LLP, Bond Counsel. Certain legal matters will be passed upon for the Authority by Quarles & Brady LLP, as its general counsel, for the Borrower by its counsel, Michael D. Dean, LLC, Waukesha, Wisconsin, for Bank One, NA, by its counsel, Whyte Hirschboeck Dudek S.C., Milwaukee, Wisconsin, and for the Underwriter by its counsel, Ice Miller, Indianapolis, Indiana. Subject to prevailing market conditions, the Underwriter intends, but is not obligated, to make a market in the Bonds. For details of the Underwriter's compensation see "UNDERWRITING" herein. It is expected that the Bonds in definitive form will be available for delivery to the Underwriter via The Depository Trust Company, New York, New York on or about August 12, 2004.

ZIEGLER CAPITAL MARKETS GROUP
a division of B.C. Ziegler and Company

The date of this Official Statement is August 5, 2004

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, sales representative or other person has been authorized by the Authority, the Borrower, B.C. Ziegler and Company (the "Underwriter") or the Bank to give information or to make any representations with respect to the Bonds except as expressly set forth in this Official Statement, and, if given or made, any such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Certain information contained herein has been obtained from the Borrower, The Depository Trust Company, the Bank and other sources which are believed to be reliable, but is not guaranteed as to adequacy, accuracy or completeness by, and is not to be construed to be the representations of, the Authority or the Underwriter. 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 since the date hereof in the business affairs or financial condition of the parties referred to herein.

In connection with this offering, the Underwriter may overallocate or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Bonds have not been registered under the Securities Act of 1933, as amended, and the Indenture has not 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 Bonds and the security therefor, including an analysis of the risks involved. The Bonds have not been recommended by any federal or state securities commission or regulatory authority. The registration, qualification or exemption of the Bonds in accordance with applicable provisions of securities laws of the various jurisdictions in which the 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 Bonds or the adequacy, accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

The CUSIP number is included in this Official Statement for the convenience of the owners and potential owners of the Bonds. No assurance can be given that the CUSIP number for the Bonds will remain the same after the date of issuance and delivery of the Bonds.

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OFFICIAL STATEMENT

\$12,000,000

**WISCONSIN HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
ADJUSTABLE RATE PUT OPTION REVENUE BONDS, SERIES 2004
(MARANATHA BAPTIST BIBLE COLLEGE, INC.)**

INTRODUCTION

Purpose of Official Statement

This Official Statement, including the cover page and Appendices, is furnished in connection with the offering of \$12,000,000 in aggregate principal amount of Adjustable Rate Put Option Revenue Bonds, Series 2004 (Maranatha Baptist Bible College, Inc.) (the "Bonds") of the Wisconsin Health and Educational Facilities Authority (the "Authority"). The Bonds are being issued by the Authority in accordance with the provisions of Chapter 231 of the Wisconsin Statutes (as amended from time to time, the "Act").

Identification of Principal Parties and Legal Documents

The Bonds are being issued under the terms of a Trust Indenture dated as of August 1, 2004 (the "Indenture") between the Authority and J.P. Morgan Trust Company, National Association, as trustee (the "Trustee"). The Authority will lend the proceeds from the sale of the Bonds to Maranatha Baptist Bible College, Inc., a Wisconsin nonstock, nonprofit corporation (the "Borrower"), pursuant to a Loan Agreement dated as of August 1, 2004 (the "Loan Agreement"). The Borrower currently owns and operates a college in Watertown, Wisconsin. To evidence its obligation to repay the loan, the Borrower will issue its Promissory Note, Series 2004 (the "Note") payable to the order of the Authority providing for payments sufficient to pay when due the principal of, premium, if any, and interest on the Bonds. The Authority will pledge and assign the Note and certain of its rights under the Loan Agreement to the Trustee as security for the Bonds.

The Borrower will cause Bank One, NA, with its main office in Chicago, Illinois (the "Bank") to issue an irrevocable direct pay letter of credit in favor of the Trustee to secure payment of principal of, and up to 35 days' interest on, and the Tender Price of, the Bonds (the "Letter of Credit"). The Letter of Credit will be issued pursuant to a Reimbursement Agreement dated as of August 1, 2004, between the Bank and the Borrower (the "Reimbursement Agreement"). See *"THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT"* herein and Appendix A.

Purpose of the Bonds

The proceeds of the Bonds will be used by the Borrower to (1) finance the construction of a portion of the Project described herein, (2) retire certain debt of the Borrower incurred to finance a portion of the Project, and (3) pay a portion of the costs of issuance of the Bonds. See *"PLAN OF FINANCING"* herein.

Security for the Bonds

The Bonds are not a debt or liability of the State of Wisconsin or any political subdivision or agency thereof. The Bonds are limited obligations of the Authority, payable solely from revenues received by the Trustee for the account of the Authority under the Loan Agreement, the Note, the Indenture, the Letter of Credit, or any substitute letter of credit.

For so long as the Bonds are in the Weekly Mode, a letter of credit meeting the requirements of the Indenture is required to be in effect. The letter of credit must have an available amount equal to the aggregate outstanding principal amount of the Bonds, plus 35 days' interest on the Bonds at the maximum annual interest rate of 10% per annum. No letter of credit is required if the Bonds are converted to the Fixed Mode. Pursuant to the Reimbursement Agreement, the Bank will issue and deliver to the Trustee the Letter of Credit with respect to the Bonds. The Letter of Credit will expire (unless extended in accordance with its terms) on August 15, 2011 or on

such earlier date described therein, and may be terminated or replaced by a substitute letter of credit as described herein (the "Substitute Letter of Credit"). The Letter of Credit, together with any Substitute Letter of Credit, may be referred to herein as the "Letter of Credit." the Bank, together with the issuer of any Substitute Letter of Credit, may be referred to herein as the "Letter of Credit Bank." See "THE LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT" and "SUBSTITUTE LETTER OF CREDIT" herein. See Appendix A for a description of Bank One, NA.

The Bonds in the Weekly Mode are offered for sale on the strength of the Letter of Credit and not on the basis of the financial strength of the Borrower or any collateral security provided by the Borrower.

BONDHOLDERS' RISKS

The following discussion of risk factors is not complete and should be read in conjunction with all other parts of this Official Statement.

General

The Bonds are special limited obligations of the Authority secured by and payable from payments to be made by the Letter of Credit Bank pursuant to the Letter of Credit or by the Borrower under the Note and the Loan Agreement. There is no assurance that the Borrower will make the required payments. The capabilities of the Borrower's management, future legislation, regulatory actions, economic conditions, competition, changes in the demand for the Borrower's educational services, and other factors and conditions which are unpredictable could materially and adversely affect the ability of the Borrower to meet its obligations. **The Bonds are offered for sale on the strength of the Letter of Credit and not on the basis of the financial strength of the Borrower or any collateral security provided by the Borrower.**

Letter of Credit

The ability of the Letter of Credit Bank to honor drawings on the Letter of Credit will be based solely on the Letter of Credit Bank's general credit. The Trustee may not assert a claim for federal deposit insurance against the Federal Deposit Insurance Corporation in respect of the Bonds or the Letter of Credit, and owners of the Bonds should not assume any such insurance coverages are available with respect to the Bonds or the Letter of Credit. A claim by the Trustee of the Bondowners under the Letter of Credit would probably be subordinate to the claims of the Letter of Credit Bank's depositors.

Liquidity for Optional Purchase on Demand Date and Mandatory Purchase

The Indenture permits the Bondowners of the Bonds while in the Weekly Mode to tender their Bonds on any Demand Date for purchase at a price of 100% of the principal amount thereof plus accrued interest. The Indenture also requires the Bondowners of the Bonds to tender all the outstanding Bonds for purchase on any mandatory purchase date at a price of 100% of the principal amount thereof plus accrued interest.

Although the Remarketing Agent will attempt to remarket all the Bonds so tendered or required to be tendered at a price of par plus accrued interest to the date of purchase, there is no assurance that all the Bonds will be successfully remarketed. The Letter of Credit will be available to be drawn upon by the Trustee to pay the Tender Price. The ability of the Letter of Credit Bank to honor drawings on the Letter of Credit will be based solely on the Letter of Credit Bank's general credit.

Tax-Exempt Status of the Bonds

The tax-exempt status of interest on the Bonds is based not only on maintenance by the Borrower of its tax-exempt status under Section 501(c)(3) of the Code, but also on the continued compliance by the Authority and the Borrower with certain covenants relating generally to use of the facilities of the Borrower financed with proceeds of the Bonds, arbitrage limitations, rebate of certain excess investment earnings to the federal government and restrictions on the amount of issuance costs financed with the proceeds of the Bonds. Failure to comply with such

covenants could cause interest on the Bonds to become subject to federal income taxation retroactive to the date of issue of the Bonds. In such event, the Bonds are not subject to redemption solely as a consequence thereof, although the principal thereof may be accelerated. No additional interest or penalty is payable under the terms of the Indenture in the event of the taxability of interest on the Bonds.

Possible Future Federal Tax Legislation

It is possible that future tax legislation could adversely affect the tax exemption of interest on, or the value or marketability of, the Bonds. The Bonds are not required to be redeemed in the event that interest on the Bonds becomes includable in gross income for federal income tax purposes or becomes an item of tax preference for purposes of the federal alternative minimum tax, and there is no provision in the Indenture, the Bonds, or any document related to the issuance thereof, for an increase in the rate of interest payable on the Bonds in the event that interest on the Bonds becomes includable in gross income for federal income tax purposes or becomes an item of tax preference for purposes of the federal alternative minimum tax. See "*TAX EXEMPTION*" herein.

Bankruptcy

The ability of the Authority and the Trustee to exercise rights under the Indenture or the Loan Agreement may be limited by bankruptcy, insolvency, reorganization or other similar laws or equitable principles relating to or affecting the enforcement of creditors' rights generally.

Section 105 of the United States Bankruptcy Code empowers a bankruptcy court to issue such orders as are necessary or appropriate to carry out the provisions of the Bankruptcy Code. Court decisions discussing the enforceability of letters of credit indicate that it is possible that a bankruptcy court acting pursuant to Section 105 or other equitable powers under the Bankruptcy Code could enjoin a drawing by the Trustee under the Letter of Credit or the payment by the Trustee to Bondowners of amounts drawn under the Letter of Credit under various circumstances, including the bankruptcy or insolvency of, or of a similar event with respect to, the Borrower or an affiliate of the Borrower.

Rating

There is no assurance that the rating assigned to the Bonds at the time of issuance will not be lowered or withdrawn at any time, the effect of which could adversely affect the market price and marketability of the Bonds.

Legal Matters

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment of the transaction opined upon or of the future performance of the parties. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction. The remedies available to the Trustee upon a default are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically the federal Bankruptcy Code, the remedies may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State of Wisconsin and the United States of America and bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and by general principles of equity.

A court could determine that the loan of the proceeds of the Bonds to the Borrower, which is a faith based entity, is unconstitutional as an establishment of religion contrary to the U.S. Constitution. In such an event, the court could find that the Bonds were improperly issued by the Authority. If such a decision were to become final, the Bonds could be declared unenforceable or void. In such event, interest paid on the Bonds could become includable in gross income for federal tax purposes. The Borrower has retained the right to direct a special

redemption of all or a portion of the Bonds in connection, inter alia, with any such challenge prior to such determinations by a court and has covenanted to do so.

PLAN OF FINANCING

Description of the Project

The Project includes the following new components: the construction, renovation and equipping of certain of its educational facilities, including without limitation the construction and equipping of a new classroom building, a new food service, dining/classroom building, a new dormitory, an addition to an existing dormitory and a new parking and campus roadway system, the renovation of the existing dining facility into an addition to the existing student center, and other campus improvements.

The Project also includes the following components previously financed with taxable indebtedness: the construction, renovation, remodeling and equipping of certain of its existing educational facilities, including without limitation the construction and equipping of certain dormitories, a library and an early childhood education pre-school lab.

The Borrower

The Borrower is a Wisconsin nonstock, nonprofit corporation which operates a college (the "College") in Watertown, Wisconsin.

Maranatha Baptist Bible College is a four year Bible college with a strong liberal arts emphasis, located in Watertown, Wisconsin. Founded in the historic Baptist faith, Maranatha is an independent school governed solely by its board of trustees. It is regionally accredited by the Higher Learning Commission of the North Central Association of Schools and Colleges (NCA) and is one of 115 colleges and universities approved by NCA to participate in the Academic Quality Improvement Project (AQIP), a pioneering initiative to develop accreditation protocols incorporating modern business and institutional management practices.

Maranatha offers twenty-four different degree programs in three separate divisions, with a variety of minors and concentrations. The Division of Education is the largest, followed by Arts and Sciences, then Bible and Church Ministries. Typical Education and Arts and Sciences majors include early childhood development, elementary and secondary education, business management, music and general studies. Typical Bible and Church Ministries majors include Biblical studies, counseling, and missionary aviation. The education programs are approved for state licensure by the Wisconsin Department of Public Instruction, and the Nursing Program is approved by the Board of Nursing through Madison Area Technical College. Education and nursing graduates are accepted for licensure and employment by all Wisconsin schools and health care facilities.

Maranatha is a not-for-profit charitable organization recognized under Section 501(c)(3) of the Internal Revenue Code. It complies with Title VII of the 1964 Civil Rights Act and Title IX of the Education Amendments of 1972. It is also a Title IV school under Department of Education guidelines with students benefiting from various federal and state assistance programs. Federal programs include Pell grants, Stafford (guaranteed) loans, G.I. Bill, Parent Plus (reduced interest) Loans and Federal Supplementary Education Opportunity Grants. Wisconsin programs include Wisconsin Tuition Incentive Programs (TIP), Handicap Grants, Minority Retention Grants, Wisconsin Indiana Student Assistance Grants (WISAG), Wisconsin Tuition Grants (WTG), Academic Excellence Scholarships, Nursing Student Loan Program loans, and Vocational Rehabilitation Grants.

ESTIMATED SOURCES AND USES OF FUNDS

Set forth below is a summary of the estimated sources and uses of funds related to the Bonds:

Sources:

Principal Amount of the Bonds	\$12,000,000
Borrower Funds ⁽¹⁾	<u>739,384</u>
Total Sources	\$12,739,384

Uses:

Retirement of Existing Project Debt	\$3,521,776
Remaining Costs of Project	8,927,523
Issuance Expenses ⁽²⁾	<u>290,085</u>
Total Uses	\$12,739,384

(1) Including projected interest earnings.

(2) Included in this amount are the Underwriter's discount and the estimated fees and expenses of the Underwriter, Underwriter's Counsel, Bond Counsel, Counsel to the Borrower, Counsel to the Bank, the Authority, the Trustee, the cost of printing the Official Statement, rating agency fees, a portion of the fees and expenses for the Letter of Credit and other miscellaneous costs incurred in connection with the issuance of the Bonds.

THE BONDS

The following is a summary of certain provisions of the Bonds. Reference is made to the Indenture and to the summary of the Indenture included in Appendix B hereto for a more complete description of the Bonds. Reference is also made to Appendix B for the definitions of certain terms used herein. The discussion herein is qualified in all respects by such references.

General Description of the Bonds

The Bonds will be dated the date of their original issuance. The Bonds will mature on August 1, 2026.

During the Weekly Mode, the Bonds will be available only in fully registered form, in denominations of \$100,000 and \$5,000 multiples in excess thereof. During the Fixed Mode, the authorized denominations shall be \$5,000 or any multiple thereof. The person in whose name the Bond is registered will be deemed and regarded as the absolute owner thereof for all purposes (other than demands for purchase by beneficial owners as described under "*THE BONDS - Purchase of Bonds on Demand of a Bondholder*") and payment of the principal of, premium, if any, or interest on any Bond will be made only to or upon the written order of the registered owner thereof, or such owner's legal representative. The Depository Trust Company ("DTC"), New York, New York, will initially act as securities depository for the Bonds, as described under the caption "*BOOK ENTRY ONLY SYSTEM*" herein. So long as DTC acts as securities depository for the Bonds, all references herein to "Bondholder" or "Bondholders" refer to Cede & Co., as nominee for DTC, and not to DTC Participants, Indirect Participants or Beneficial Owners (as hereinafter defined).

Interest Modes

General

Pursuant to the Indenture, the Bonds may operate in either the Weekly Mode or the Fixed Mode.

Upon the issuance and delivery of the Bonds, the Bonds will operate in the Weekly Mode. Thereafter, the Borrower may designate a conversion of the Bonds to the Fixed Mode on any Business Day, provided the requirements of the Indenture are satisfied. Any proposed Conversion Date will be a mandatory purchase date for the Bonds. *See "THE BONDS - Mandatory Purchase."*

Generally, the Modes have different operating features, including interest rate determination and rate change dates, demand features, purchase features, redemption provisions, and interest payment dates.

Weekly Mode

The Bonds in the Weekly Mode will bear interest at a rate determined each week by the Remarketing Agent, as described under *"THE BONDS - Interest on the Bonds - Weekly Rate"* below. Owners of Bonds will be entitled to demand the purchase of their Bonds as described under *"THE BONDS - Purchase of Bonds on Demand of a Bondholder"* herein. In addition, the Bonds will be subject to mandatory purchase as described under *"THE BONDS - Mandatory Purchase"* below.

Conversion to Fixed Mode

On any Business Day during the Weekly Mode, the interest rate to be borne by the Bonds shall be converted to a Fixed Rate upon receipt by the Trustee of a direction from the Borrower. A Fixed Rate will be determined for each Bond on the basis of the Maturity for such Bond, taking into consideration any serial maturity or mandatory redemption schedule for such Bond determined pursuant to the Indenture and as described in clause (i) of the next sentence. Such direction of conversion shall be accompanied by (i) a firm underwriting or purchase contract from a recognized firm of bond underwriters or recognized institutional investors to underwrite or purchase all Bonds at a price of 100% of the principal amount thereof which shall request the Trustee to designate on which dates Bonds will be subject to payment at Maturity and the mandatory redemption schedule for any term Bonds, (ii) a certification from such underwriter or purchaser that, in its best judgment under prevailing market conditions, the Fixed Rate for the Bonds specified in such underwriting or purchase contract equals the minimum interest rate necessary to remarket the Bonds on the Conversion Date at 100% of the principal amount thereof and (iii) an Opinion of Bond Counsel addressed to the Authority, the Letter of Credit Bank, if any, and the Trustee to the effect that such conversion (a) is authorized or permitted by the Indenture, (b) will not have an adverse effect on any exemption from federal income taxation to which the interest on the Bonds would otherwise be entitled and (c) will not have an adverse effect on the validity or enforceability of any of the Bonds. The conversion of the interest rate borne by the Bonds shall not become effective unless prior to 10:00 a.m., Wisconsin time, on the Conversion Date the Trustee shall have received (A) an Opinion of Bond Counsel, dated the Conversion Date, reaffirming the conclusions of the opinion accompanying the written direction of the Borrower, and (B) the purchase price of all Tendered Bonds.

Prior to the Conversion Date, the Remarketing Agent shall deliver to the Trustee, the Authority and the Borrower a certificate which may include a schedule specifying the principal amount of converted Bonds which will mature on August 1 of the years specified in such schedule and the interest rate payable on the converted Bonds of each such Maturity. The schedule shall be established in accordance with guidelines set forth in the Indenture.

At least 15 days prior to a proposed Conversion Date the Trustee will give written notice of such election by the Borrower to the owners of all Bonds to be converted, which notice will state (i) the proposed Conversion Date and (ii) that the Bonds will be subject to mandatory purchase on such proposed Conversion Date. *See "THE BONDS - Mandatory Purchase" below.*

On the Conversion Date, the Bonds of each Maturity established as described above will commence to bear interest at the Fixed Rate with respect thereto. The determination of the Fixed Rate for the Bonds will be conclusive and binding upon the owners of the Bonds, the Authority, the Borrower and the Trustee. Bonds in the Fixed Mode will bear interest at a Fixed Rate until Maturity or prior redemption or acceleration of such Bonds. Owners of Bonds in the Fixed Mode will not be entitled to demand purchase of their Bonds. The Indenture does not require a Letter of Credit during the Fixed Mode.

If for any reason the conversion of the interest rate on the Bonds does not occur, the Bonds shall continue to bear interest at a Weekly Rate from and after the proposed Conversion Date.

Interest on the Bonds

General

During the Weekly Mode, interest on the Bonds will be payable on the first Business Day of each calendar month, commencing in September, 2004. During the Fixed Mode, interest on the Bonds will be payable on each February 1 and August 1, commencing with the first such date for which the Record Date occurs after the Conversion Date. Interest on the Bonds will also be payable on the Maturity thereof.

Interest on the Bonds will accrue from and including the date of the first authentication and delivery of the Bonds until the principal thereof shall have been paid or payment thereof provided for in accordance with the Indenture. During the Weekly Mode, the interest on the Bonds will be computed on the basis of a year of 365 days or 366 days, as applicable, for the actual number of days elapsed. During the Fixed Mode, the interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months.

The Bonds authenticated prior to the first Interest Payment Date shall bear interest from the date of the first authentication and delivery of the Bonds and thereafter interest on the Bonds shall accrue from and including each Interest Payment Date to but excluding the next succeeding Interest Payment Date. The foregoing notwithstanding, no interest shall accrue on the Bonds prior to the first authentication and delivery of the Bonds or after the Maturity thereof or after the redemption or mandatory purchase date for the Bonds (provided the redemption or purchase price is paid or provided for in accordance with the provisions of the Indenture) or after the date to which the Bonds are accelerated.

From and after the date upon which the Bonds are to be purchased as described below under "*THE BONDS- Purchase of Bonds on Demand of a Bondholder*," no interest shall accrue on such Bond if sufficient moneys are on deposit in the Bond Purchase Fund to pay the applicable purchase price thereof.

Interest on Bonds which have been tendered for purchase, but neither remarketed nor purchased with amounts drawn pursuant to the Letter of Credit, shall be computed at an interest rate equal to 103% of the BMA Swap Index until remarketed or so purchased, but shall not exceed the Maximum Interest Rate.

Weekly Rate

For each Rate Period during the Weekly Mode, the Bonds will bear interest at the Weekly Rate determined in the following manner. On the Rate Determination Date for each Rate Period, the Remarketing Agent will determine the Weekly Rate, which is a per annum interest rate (not to exceed the Maximum Interest Rate) equal to the lowest interest rate which, in the judgment of the Remarketing Agent, would enable the Bonds to be remarketed at the principal amount thereof, plus accrued interest thereon, if any, on the Rate Change Date for such Rate Period. Rate Determination Dates shall occur weekly, on Wednesday or such other day of the week designated by the Remarketing Agent from time to time (unless such day is not a Business Day, in which case the Rate Determination Date for such week shall be the immediately preceding Business Day), and Rate Change Dates shall occur weekly, on Thursday or such other day of the week designated by the Remarketing Agent from time to time.

No later than 10:00 a.m., Wisconsin time, on the Rate Determination Date for each Rate Period, the Remarketing Agent is required to give telephonic notice (confirmed by telecopy or electronic notice) to the Borrower and the Trustee of the Weekly Rate. Upon receipt of notice of the interest rate from the Remarketing Agent, the Trustee shall make available by telex, telecopier or telephone to each owner of Bonds who so requests the interest rate which will apply to the Bonds during such Rate Period.

In the event the Remarketing Agent fails to determine the Weekly Rate, the rate of interest borne by the Bonds for the immediately preceding Rate Period shall remain in effect for such Rate Period; provided, however, that if the Weekly Rate is not determined by the Remarketing Agent for two consecutive Rate Periods, the rate of

interest borne by the Bonds for each succeeding Rate Period until the Remarketing Agent again determines the rate shall be 100% of the BMA Swap Index, but shall not exceed the Maximum Interest Rate.

Purchase of Bonds on Demand of a Bondholder

While the Bonds bear interest at a Weekly Rate, any Bond or portion thereof in an Authorized Denomination (other than a Bank Bond or a Borrower Bond) will be purchased (unless earlier redeemed or subject to mandatory purchase in accordance with the Indenture) on a Demand Date therefor upon the demand of the owner or beneficial owner thereof, at a purchase price equal to 100% of the principal thereof plus accrued interest, if any, to such Demand Date, upon irrevocable written notice (which may be given by telecopy or electronic notice) to the Trustee at its Principal Office not later than 9:30 a.m., Wisconsin time, in order to be effective on that day. Any such notice must state (i) the principal amount (and if the Bonds are no longer in book-entry form, the number) of the Bond, the name and address of such owner and the taxpayer identification number, if any, of such owner and (ii) the Demand Date on which the Bond is to be purchased. The Demand Date shall be the Business Day specified in the notice received by the Trustee upon which the owner or beneficial owner of the Bonds intends to tender the Bond (or any portion thereof in an Authorized Denomination) for purchase, which Business Day shall be not less than seven calendar days after the date such notice is received. Any owner of the Bonds who has so demanded a purchase of the Bonds who delivers the Bonds (with any necessary endorsements) to the Trustee at its Principal Office prior to 10:00 a.m., Wisconsin time, on the Demand Date shall be paid the purchase price of the Bonds by 2:30 p.m., Wisconsin time, on the Demand Date. The determination of the Trustee as to whether a notice of tender has been properly delivered shall be conclusive and binding on such owner.

During the Fixed Mode, Owners of Bonds will not have any right to demand purchase of their Bonds.

Mandatory Purchase

During the Weekly Mode all Bonds (other than Bank Bonds and Borrower Bonds) are required to be tendered to the Trustee for purchase on the following dates:

- i. each proposed Conversion Date,
- ii. the Business Day preceding a Substitution Date, which is the date upon which a substitute Letter of Credit is to be substituted for the Letter of Credit then in effect, and
- iii. five Business Days prior to a Stated Termination Date (if a Letter of Credit is required and no substitute Letter of Credit is issued).

The owners of the Bonds required to be tendered as described above may not elect to retain the Bonds.

On any mandatory purchase date the owners of the Bonds subject to such mandatory purchase who duly tender their Bonds (with any necessary endorsements) to the Trustee by 10:00 a.m., Wisconsin time, on such date will be paid a purchase price equal to 100% of the principal amount thereof, plus accrued interest, if any, to the mandatory purchase date by 2:30 p.m., Wisconsin time, on such purchase date.

The Trustee is required to give written notice not later than the fifteenth day next preceding any mandatory purchase date stating (i) the mandatory purchase date, and (ii) that the Bonds are required to be purchased on the mandatory purchase date.

Bondholder's Failure to Deliver Bonds

In the event that sufficient moneys are on deposit in the Bond Purchase Fund to pay the purchase price of any Tendered Bond as provided in the Indenture, such Tendered Bond shall be deemed to have been purchased whether or not delivered by the owner thereof on the date such Tendered Bond is to be purchased. From and after such date it will be the duty of the Trustee to hold moneys on deposit for the benefit of the owners of Tendered Bonds not delivered by the owner thereof on the date the Bonds are to be purchased. Any moneys so deposited and

held by the Trustee not applied to the payment of such Tendered Bonds within four years after the date on which such Tendered Bonds became due or were required to be delivered as described above will be paid by the Trustee to the Borrower upon its Written Request therefor and thereafter the registered owner of such Tendered Bond shall be entitled to look only to the Borrower for payment thereof. Such Tendered Bonds will not be deemed to be outstanding under the Indenture, new Bonds may be executed, authenticated and delivered in the place of such Tendered Bonds, and the Remarketing Agent may offer and sell the Bonds authenticated and delivered in place of such Tendered Bonds.

Redemption of Bonds

Optional Redemption During Weekly Mode

During the Weekly Mode, the Bonds shall be subject to redemption prior to Maturity at the option of the Authority upon the direction of the Borrower, with the consent of the Letter of Credit Bank, in whole or in part (and if in part in an Authorized Denomination) on any Business Day, at a redemption price equal to 100% of the principal amount thereof plus accrued interest, if any, to the redemption date.

The Reimbursement Agreement requires the Borrower to exercise its option to cause the redemption of Bonds in principal amounts and on redemption dates agreed to by the Bank and the Borrower. Such requirement is only for the benefit of the Bank, and may be waived or amended by the Bank and the Borrower.

Optional Redemption During Fixed Mode

The Bonds bearing interest at a Fixed Rate shall be subject to redemption prior to Maturity at the option of the Authority upon direction of the Borrower, in whole or in part on any Business Day (and if in part in an Authorized Denomination) applicable to the Bonds, on or after the fifth anniversary of the Conversion Date, at a redemption price of par plus accrued interest to the date fixed for redemption.

The Borrower may deliver to the Trustee an alternative redemption schedule provided that the Borrower delivers to the Authority and the Trustee an Opinion of Bond Counsel to the effect that such alternative schedule of redemption will not adversely affect the validity and enforceability of the Bonds in accordance with their terms and will not have an adverse effect on any exemption from federal income taxation to which the interest on the Bonds would otherwise be entitled. After the first Interest Payment Date succeeding the delivery of such alternative schedule and opinion, the Bonds converted to a Fixed Rate shall be subject to redemption pursuant to the terms of such alternative schedule.

Special Optional Redemptions

Under certain circumstances, the Bonds shall be subject to special optional redemption upon direction of the Borrower. Among other reasons, the Bonds may be subject to special optional redemption in whole or in part at a redemption price equal to 100% of the principal amount of Bonds being redeemed plus accrued interest, if any, to the redemption date, if

- the Borrower in its sole discretion gives notice to the Bank, the Trustee and the Authority that it intends to change the use of the Project (or any part thereof) to use which is inconsistent with its covenants concerning religious usage for
- the Borrower's use of the proceeds of the Bonds (or any portion thereof) is determined by final legislative, judicial or administrative action of the United States of America or the state to be in violation of the provisions of the religious usage covenants of the Loan Agreement or otherwise consistent with the Act or the First Amendment to the Constitution of the United States of America or corresponding provisions of the Constitution of the State of Wisconsin (or the Borrower receives an Opinion of Bond Counsel to such effect).

Mandatory redemption shall be the sole remedy for a violation of the covenants referenced above and no Default of Event of Default under the Loan Agreement or the Indenture shall exist as a result thereof. In exercising its discretion as described above, the Borrower may rely upon an Opinion of Bond Counsel regarding such matters.

Extraordinary Mandatory Redemption

The Bonds are subject to extraordinary mandatory redemption in whole or in part, at any time (upon the simultaneous prepayment of a like aggregate principal amount of the Note) by lot and in such manner as the Trustee may determine at the redemption price described below if the Borrower's use of the proceeds of Bonds for the Project (or any portion thereof) is determined by final legislative, judicial or administrative action of the United States of America or the State of Wisconsin to be in violation of or otherwise inconsistent with the Act or the First Amendment of the Constitution of the United States of America or corresponding provisions of the constitution of the State of Wisconsin, and as a result the Bonds are determined to be invalid. Bonds subject to extraordinary mandatory redemption as described above will be redeemed at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption.

Mandatory Redemption During Fixed Mode

Prior to the Conversion Date, the Remarketing Agent shall deliver to the Trustee, the Authority and the Borrower a certificate which may include a schedule specifying the principal amount of Bonds which, after the Conversion Date, shall mature on August 1 of the years specified in such schedule to be called for mandatory Bond Sinking Fund redemption on August 1 of the years specified in such schedule. The schedule shall be established in accordance with guidelines set forth in the Indenture.

Notice of Redemption

Whenever the Bonds are to be redeemed, the Trustee shall give notice of the redemption of the Bonds, which notice shall specify the redemption date, the redemption price, the place and manner of payment and that from such redemption date interest will cease to accrue on the Bonds so called for redemption. Except as provided in the next sentence, notice of the redemption of the Bonds pursuant to the provisions summarized above will be given by first class mail, postage prepaid, with respect to the Bonds bearing interest at a Weekly Rate, not less than 15 days and not more than 30 days prior to the redemption date and, with respect to the Bonds bearing interest at a Fixed Rate, not less than 30 days and not more than 60 days prior to the redemption date, to the registered owners of the Bonds to be redeemed at their addresses as shown on the Bond Register. Failure to give notice in the manner described above or a defect in the notice as to the Bonds will not affect the validity of any proceedings for redemption as to the Bonds for which notice is properly given. Interest will not accrue after redemption date of the Bond called for redemption if notice has been given and if sufficient moneys have been deposited with the Trustee to pay principal of, premium, if any, and interest on the Bonds to the redemption date.

General Provisions Regarding Redemption

No redemption of less than all of the Bonds outstanding shall be made unless the aggregate principal amount of the Bonds to be redeemed is equal to \$5,000 or any multiple thereof. Any redemption of less than all of the Bonds outstanding shall be made in such a manner that all the Bonds outstanding after such redemption are in Authorized Denominations.

In lieu of redeeming the Bonds, the Trustee may, at the request of the Borrower, use Eligible Funds (as defined in the Indenture) to purchase the Bonds in the open market at a price not exceeding the redemption price then applicable under the Indenture. Any Bonds so purchased in lieu of redemption shall be delivered to the Trustee for cancellation and shall be canceled. In the case of any optional or extraordinary redemption or purchase and cancellation of the Bonds, the Authority shall receive credit against the required Bond Sinking Fund deposits with respect to the Bonds of the maturity redeemed or purchased and with respect to term Bonds, in such order as the Borrower shall designate prior to the redemption or purchase and cancellation or, if no such election is made prior to such redemption or purchase and cancellation, in the inverse order thereof; provided, however, that following such

reduction each such mandatory Bond Sinking Fund redemption payment is made in multiples of an Authorized Denomination.

If less than all of the Bonds are called for redemption, the Bonds or portions thereof to be redeemed shall be selected by the Borrower or otherwise as required by the Indenture; provided, however, that (i) Bank Bonds shall be redeemed first; (ii) in the case of the redemption of less than all the remaining Bonds, such redemption shall be by lot; and (iii) in the case of a mandatory Bond Sinking Fund redemption of the Bonds assigned a particular Maturity in the Fixed Rate Mode, such redemption shall be by lot in such manner as the Trustee and the Borrower shall determine on the designated dates. In selecting the Bonds for redemption, the Trustee shall treat the Bonds as representing that number of the Bonds which is obtained by dividing the principal amount of the Bonds by \$5,000; provided that during the Weekly Mode, no partial redemption of a Bond shall occur unless the amount of such Bond remaining outstanding is an Authorized Denomination.

Source of Payment and Security for the Bonds

The Bonds and the interest payable thereon do not constitute a debt or liability of the State of Wisconsin or of any political subdivision thereof other than the Authority, but shall be payable solely from the funds pledged or available therefor in accordance with the Indenture. The issuance of the Bonds does not, directly, indirectly or contingently, obligate the State of Wisconsin or any political subdivision thereof to levy any form of taxation for the payment thereof or to make any appropriation for their payment. The Bonds and the interest payable thereon do not now and shall never constitute a debt of the State of Wisconsin within the meaning of the Constitution or statutes of the State of Wisconsin and do not now and shall never constitute a charge against the credit or taxing power of the State of Wisconsin or any political subdivision thereof. The State of Wisconsin shall not in any event be liable for the payment of the principal of or interest on the Bonds or for the performance of any pledge, obligation or agreement of any kind whatsoever which may be undertaken by the Authority. No breach by the Authority of any such pledge, obligation or agreement may impose any pecuniary liability upon the State of Wisconsin or any charge upon its general credit or against its taxing power. The Authority has no taxing power.

The Bonds are limited obligations of the Authority and are payable solely from revenues, including (i) amounts paid by the Letter of Credit Bank to the Trustee under the terms of the Letter of Credit securing the Bonds, (ii) payments or prepayments to be made on the Promissory Note or under the Loan Agreement (other than payments of the Authority's fees and expenses and the Authority's right to indemnification in certain circumstances and other amounts included in its unassigned rights), and (iii) certain money and investments held by the Trustee under the Indenture.

Notices

Pursuant to the Indenture, certain written notices described below are required to be sent to the owners of the Bonds by first class mail at their addresses as shown on the bond registration books kept by the Trustee (as Bond Registrar), and certain other notices are required to be sent by telephone or telecopier. Any notice given in the manner set forth in the Indenture shall be conclusively presumed to have been given, whether or not the owner receives the notice.

In addition to such notices, the Trustee shall give any Bondholder, upon the request of such Bondholder, information regarding the Interest Payment Dates, optional redemption provisions and interest rate or rates applicable to the Bonds.

Failure by the Trustee to give any notice, or any defect therein, shall not extend the period for making elections or in any way change the rights of the owners of the Bonds to elect to have their Bonds purchased on any Demand Date. Any notice mailed as provided herein shall be conclusively presumed to have been given, whether or not the owner of such Bonds receives the notice.

Discontinuation of Book Entry System

As described below under "*BOOK ENTRY ONLY SYSTEM*," the use of the system of book-entry transfers through DTC may be discontinued at any time. In such event, Bond certificates would be printed and delivered to Beneficial Owners of the Bonds, and the following provisions would apply.

The Bonds are issuable as fully registered bonds in Authorized Denominations. Any Bond may be transferred upon its presentation at the Principal Office of the Trustee if it has been duly endorsed for transfer or is accompanied by a written instrument of transfer satisfactory to the Trustee which has been executed by the Registered Owner. Bonds may be exchanged for other Bonds by surrendering the Bonds to be exchanged at the principal trust office of the Trustee. The Trustee will exchange any Bond so presented by making an appropriate entry in the Registration Books and delivering to the Registered Owner presenting the Bond for exchange one or more new Bonds which are in an authorized denomination and have the same form, terms, interest rate mode, maturity and aggregate principal amount as the Bond being exchanged. The Trustee shall require the payment by the Bondholder requesting such exchange or transfer of any resulting tax or other governmental charge required to be paid with respect to such exchange or transfer but shall not otherwise charge the Bondholder for such exchange or transfer. The Trustee is not required to register, transfer, exchange or replace any Bond (i) after such Bond has been called for redemption or (ii) after the Conversion Date, during the 15-day period immediately preceding the mailing of notice of redemption of Bonds.

So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, principal of, premium, if any, and interest on the Bonds will be paid as described herein under the caption "*BOOK ENTRY ONLY SYSTEM*." The following information is subject in its entirety to the provisions described below under the caption "*BOOK ENTRY ONLY SYSTEM*."

The principal of and premium, if any, on the Bonds bearing interest at a Weekly Rate will be payable upon the presentation and surrender thereof at the Principal Office of the Trustee. The principal of and premium, if any, on the Bonds bearing interest at a Fixed Rate will be payable at the Principal Office of the Trustee, or, at the option of the owner, at the Principal Office of any Paying Agent, if any, named in the Bonds, upon presentation and surrender of the Bonds. The payment of principal on the Bonds shall be made to any owner of \$1,000,000 or more in aggregate principal amount of Bonds by wire transfer to such owner on the principal payment date for said Bonds upon written notice from such owner containing the wire transfer address within the continental United States to which such owner wishes to have such wire directed, which written notice is received not later than the business day next preceding the 15th day prior to the principal payment date applicable to the Bonds, provided that such wire transfer shall only be made upon presentation and surrender of the Bonds at the Principal Office of the Trustee on the principal payment date.

The payment of interest on the Bonds bearing interest at a Weekly Rate or a Fixed Rate is payable by a check mailed on the applicable Interest Payment Date to the registered owner thereof as of the close of business of the Trustee on the Record Date immediately preceding such Interest Payment Date at the address of such registered owner as it appears on the Bond Register or at such other address as is furnished to the Trustee not later than the Record Date. Payment of interest on the Bonds shall be made to any owner of \$1,000,000 or more in aggregate principal amount of Bonds by wire transfer on an Interest Payment Date upon written notice from such owner containing the wire transfer address within the continental United States, which written notice is received not later than the Business Day next preceding the Record Date.

If the Bonds are no longer in the book-entry system, the purchase price of the Bonds upon optional or mandatory tender will be payable upon the presentation and surrender thereof at the Principal Office of the Trustee.

BOOK ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Bond will be issued for each maturity of the Bonds, in each case in the aggregate principal amount of such maturity, and will be deposited with DTC. **So long as Cede & Co. (as nominee**

of DTC) is the Registered Owner of the Bonds, references herein to the Registered Owners or owners of the Bonds shall mean DTC or its nominee, and shall not mean the Beneficial Owners (as hereinafter defined) of the Bonds.

DTC 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, as amended. DTC holds securities that its participants (the "DTC Participants") deposit with DTC. DTC also facilitates the settlement among DTC Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book entry changes in accounts of the DTC Participants, thereby eliminating the need for physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of the DTC Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (the "Indirect Participants"). The rules applicable to DTC and DTC Participants are on file with the Securities and Exchange Commission.

Purchases of the Bonds (in authorized denominations) under DTC's book entry system may be made only through brokers and dealers who are, or act through, DTC Participants. The DTC Participants purchasing the Bonds will receive a credit balance in the records of DTC. The ownership interest of each actual purchaser of each Bond (a "Beneficial Owner") will be recorded in the records of the applicable DTC Participant or Indirect Participant. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive from the applicable DTC Participant or Indirect Participant, written confirmations of their purchases providing details of the Bonds acquired, as well as periodic statements of their holdings. Transfers of beneficial ownership of the Bonds will be accomplished by book entries made by the DTC Participants or Indirect Participants who act on behalf of the Beneficial Owners and, if necessary, in turn by DTC. No Bond will be delivered to or registered in the names of the Beneficial Owners, except in the event participation in the book entry system is discontinued as described below.

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

The Authority and the Trustee will recognize DTC or its nominee as the owner of the Bonds for all purposes, including notice purposes. Conveyance of notices and other communications by DTC to DTC Participants, by DTC 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 and regulatory requirements as may be in effect from time to time.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its DTC Participant, to the Trustee, and shall effect delivery of such Bonds by causing the DTC Participant to transfer the DTC Participant's interest in the Bonds, on DTC's records, to the purchaser or the Trustee, as appropriate. Payment of the purchase price of Bonds purchased upon mandatory or optional tender thereof shall be made through the facilities of DTC, as described below.

Redemption notices will be sent to Cede & Co. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each DTC Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those DTC Participants to whose accounts the Bonds are credited on the record date identified in a listing attached to the Omnibus Proxy.

Payments of principal of and interest and premium, if any, on the Bonds will be made to DTC or its nominee, Cede & Co., as Registered Owner of the Bonds. Upon receipt of moneys, DTC's practice is to credit the accounts on payable date, of the DTC Participants in accordance with their respective holdings shown on the records of DTC unless DTC has reason to believe that it will not receive payment on payable date. Payments by DTC Participants and Indirect 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 DTC Participant or Indirect Participant and not of DTC, the Trustee or the Authority, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal, premium and interest to DTC is the responsibility of the Trustee; 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 the DTC Participants and Indirect Participants.

DTC may discontinue providing its services as security depository with respect to the Bonds at any time by giving notice to the Trustee or the Authority. Under such circumstances, in the event a successor securities depository is not selected as provided in the Indenture, Bond certificates are required to be printed and delivered. The Authority may decide to discontinue use of the system of book entry transfers through DTC (or a successor securities depository). In such event, Bond certificates would be printed and delivered.

The above information concerning DTC and DTC's book entry system has been obtained from sources that the Authority and the Borrower believe to be reliable, but the Authority and the Borrower take no responsibility for the accuracy thereof.

Neither the Authority, the Borrower, the Letter of Credit Bank nor the Trustee will have any responsibility or obligation to any DTC Participant, Indirect Participant, Beneficial Owner or any other person with respect to: (i) the Bonds, (ii) the accuracy of any records maintained by DTC or any DTC Participant or Indirect Participant, (iii) the payment by DTC or any DTC Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Bonds, (iv) the delivery by DTC or any DTC Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Indenture to be given to Bondholders, (v) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds, or (vi) any other action taken by DTC as Bondholder.

The Authority, the Borrower, the Letter of Credit Bank and the Trustee cannot and do not give any assurances that DTC, the DTC Participants or the Indirect Participants will distribute to the Beneficial Owners of the Bonds (i) payments of principal or redemption price of or interest on the Bonds, (ii) certificates representing an ownership interest or other confirmation of Beneficial Ownership interests in Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as the Registered Owner of the Bonds, or that they will do so on a timely basis or that DTC, DTC Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission, and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

REMARKETING

Bondowners of the Bonds have the right to tender their Bonds for purchase on certain dates in advance of their maturity, as described above under the heading "*THE BONDS - Purchase of Bonds on Demand of a Bondholder.*" In addition, on a mandatory purchase date, the owners of all Bonds will be required to tender their Bonds for purchase as described under the heading "*THE BONDS - Mandatory Purchase.*" In order to facilitate remarketing of the Bonds which are tendered or are required to be tendered for purchase, the Borrower will enter

into a remarketing agreement (the "Remarketing Agreement") with B.C. Ziegler and Company (the "Remarketing Agent").

Pursuant to the Remarketing Agreement, the Remarketing Agent agrees to use its best efforts to remarket (i) the Bonds which Bondowners have tendered for purchase pursuant to the provisions of the Indenture and (ii) on a mandatory purchase date, all then outstanding Bonds. The Remarketing Agent will solicit purchases of such Bonds at a price equal to the amount of such Bonds plus accrued interest. The Remarketing Agent's responsibilities are subject to the various conditions set forth in the Remarketing Agreement and the Indenture. Those Bonds which the Remarketing Agent is unable to remarket before the date on which purchase is required, are required to be purchased pursuant to a draw on the Letter of Credit for the Bonds for the purpose of paying amounts due on any tender date.

Under the terms of the Remarketing Agreement, upon 30 days' prior written notice, the Remarketing Agent may be removed by the Borrower or the Remarketing Agent may resign. The Borrower will pay the Remarketing Agent a reasonable fee for its services.

THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT

The Letter of Credit will be issued pursuant to the Reimbursement Agreement. The following summarizes certain provisions of the Letter of Credit and the Reimbursement Agreement, to which documents, in their entirety, reference is made for the complete provisions thereof. The provisions of any Substitute Letter of Credit and related Reimbursement Agreement may be different from those summarized below.

Letter of Credit

The Letter of Credit will be in all respects an irrevocable obligation of the Bank. The Letter of Credit will be issued in an amount equal to the aggregate principal amount of the outstanding Bonds, plus 35 days' interest thereon at the rate of 10% per annum (the "Cap Interest Rate"). The Trustee, upon compliance with the terms of the Letter of Credit, is authorized and directed to draw up to (a) an amount sufficient (i) to pay principal of the Bonds when due, whether at maturity or upon redemption or acceleration, and (ii) to pay the portion of the purchase price of Bonds delivered for purchase pursuant to a demand for purchase by the owner thereof or a mandatory tender for purchase and not remarketed equal to the principal amount of such Bonds, plus (b) an amount not to exceed 35 days of accrued interest on such Bonds at the Cap Interest Rate (i) to pay interest on Bonds when due, and (ii) to pay the portion of the purchase price of Bonds delivered for purchase pursuant to a demand for purchase by the owner thereof or a mandatory tender for purchase and not remarketed, equal to the interest accrued, if any, on such Bonds. Notwithstanding the foregoing, no drawings shall be made under the Letter of Credit for payment of the principal or purchase price of or interest on Bank Bonds or Borrower Bonds.

The Letter of Credit will terminate on the Bank's close of business on the earliest of (a) the stated expiration date (which is August 15, 2011, unless renewed or extended); (b) the earlier of (i) the date which is fifteen days following the Conversion Date as specified in a notice from the Trustee to the Bank, or (ii) the date on which the Bank honors a drawing under the Letter of Credit on or after the Conversion Date; (c) the date which is fifteen days following the Bank's receipt of written notice from the Trustee that all Bonds have been paid or that a Substitute Letter of Credit has been issued in substitution for the Letter of Credit in accordance with the terms of the Indenture and the Reimbursement Agreement; (d) the date on which an acceleration drawing is honored by the Bank; or (e) the date which is fifteen days following the date the Trustee receives a written notice from the Bank specifying the occurrence of an event of default under the Reimbursement Agreement and directing the Trustee to cause an acceleration of the Bonds.

The stated amount available under the Letter of Credit will automatically be reduced by the amount of each drawing paid by the Bank, subject to reinstatement as provided below. Amounts drawn for payment of the principal portion and interest portion of tendered Bonds shall be reinstated only upon the receipt of and in the amount of any reimbursement received by the Bank as a result of the remarketing of the Bonds. Amounts drawn for payment of interest on the Bonds (other than interest allocable to principal of Bonds being redeemed or of tendered Bonds) shall automatically be reinstated immediately upon payment of such drawing by the Bank. Any other amounts drawn for the payment of principal of the Bonds shall not be reinstated.

Upon an acceleration of the Bonds, the Trustee will be entitled to draw on the Letter of Credit to the extent of the aggregate principal amount of the Bonds then outstanding plus accrued interest on such Bonds (up to 35 days) upon acceleration, less amounts paid in respect of interest on any Bond and the purchase price of any Bonds for which the Letter of Credit has not been reinstated.

Reimbursement Agreement

At the time of delivery of the Letter of Credit, the Bank and the Borrower will enter into the Reimbursement Agreement. Under the Reimbursement Agreement, the Borrower agrees to reimburse the Bank for the amount of any drawing under the Letter of Credit, plus interest thereon. Under the Reimbursement Agreement, the Borrower also agrees to pay certain fees and expenses and other amounts to the Bank. The Reimbursement Agreement contains certain covenants of and restrictions of the Borrower which are typically found in such agreements, which are for the benefit of the Bank only and may be waived or amended by the Bank and the Borrower without the consent of the Trustee or any Bondowners. The Bondowners will have no rights or obligations as a result of any such covenants or amendments thereto or waivers thereof.

The Borrower's obligations under the Reimbursement Agreement shall be secured by a mortgage on the Borrower's real property and a security interest in the Borrower's personal property granted pursuant to a mortgage (the "Mortgage") and a security agreement (the "Security Agreement") from the Borrower to the Bank. The collateral securing the Borrower's obligations under the Reimbursement Agreement will not be part of the trust estate securing the Bonds, and the Bondowners will have no rights with respect thereto.

If an event of default under the Reimbursement Agreement occurs and is continuing, the Bank may, among other things (i) require that the Borrower immediately prepay to the Bank an amount equal to the amount then available under the Letter of Credit, (ii) declare all amounts due thereunder by the Borrower immediately due and payable, (iii) give notice of the occurrence of such event of default to the Trustee directing the Trustee to accelerate the maturity of the Bonds, thereby causing the Letter of Credit to expire 15 days thereafter, (iv) take action to enforce the Bank's security interest in the Borrower's personal property, (v) pursue any rights or remedies the Bank may have under the Related Documents, or (vi) pursue any other action available at law or in equity. The Indenture directs the Trustee, upon receipt of the notice described in clause (iii) of the preceding sentence, to accelerate the maturity of the Bonds and to make the required drawing prior to the termination of the Letter of Credit.

Events of default under the Reimbursement Agreement include the following:

- (a) any material representation or warranty made by the Borrower in the Reimbursement Agreement (or incorporated therein by reference) or in any of the other Related Documents or in any certificate, document, instrument, opinion or financial or other statement contemplated by or made or delivered pursuant to or in connection with the Reimbursement Agreement or with any of the other Related Documents, shall prove to have been incorrect, incomplete or misleading in any material respect;
- (b) any "event of default" shall have occurred under any of the Related Documents;
- (c) failure to reimburse the Bank for any obligations when and as due;
- (d) default in the due observance or performance of certain covenants set forth in the Reimbursement Agreement;
- (e) default in the due observance or performance by the Borrower of any other term, covenant or agreement set forth in the Reimbursement Agreement or in the Security Documents and the continuance of such default for 30 days;
- (f) any material provision of the Reimbursement Agreement or any of the Related Documents shall cease to be valid and binding, or the Borrower shall contest any such provision, or the Borrower or any agent or trustee on behalf of the Borrower shall deny that it has any or further liability under the Reimbursement Agreement or any of the Related Documents;

- (g) the occurrence of certain events of bankruptcy, insolvency or liquidation of the Borrower or any subsidiary of the Borrower;
- (h) dissolution or termination of the existence of the Borrower or any subsidiary;
- (i) default by the Borrower under certain evidences of indebtedness issued, assumed or guaranteed by the Borrower or any subsidiary of the Borrower;
- (j) certain judgment or writs are entered or filed against the Borrower or any subsidiary of the Borrower or against any of their respective property and remain unvacated, unbonded or unstayed for a period of 30 days;
- (k) the occurrence of certain events with respect to certain retirement plans maintained by the Borrower or certain related entities; or
- (l) a default shall occur and be continuing under any other agreement between the Borrower and the Bank or under any other obligation owed by the Borrower to the Bank.

For this purpose:

"Related Documents" means the Reimbursement Agreement, the Letter of Credit, the Indenture, the Loan Agreement, the Bonds, the Remarketing Agreement, the Bond Purchase Agreement described under the heading "UNDERWRITING," the Mortgage, the Security Agreement, the Pledge and Security Agreement and this Official Statement.

"Security Documents" means, collectively, the Mortgage, the Security Agreement, the Pledge and Security Agreement and all other mortgages, deeds of trust, security agreements, assignments, financing statements and other documents as shall from time to time secure the Borrower's obligations under the Reimbursement Agreement.

SUBSTITUTE LETTER OF CREDIT

For so long as Bonds are in the Weekly Mode, the Borrower is required to maintain in effect a Letter of Credit meeting the requirements of the Indenture.

The Trustee will, from time to time, at the written direction of the Borrower, accept a substitute or replacement Letter of Credit (a "Substitute Letter of Credit") to replace the Letter of Credit then in effect (the "Existing Letter of Credit") if the Substitute Letter of Credit meets the following conditions: (i) the Substitute Letter of Credit is in an amount not less than the sum of the maximum principal amount of Bonds that will be outstanding commencing on the first date on which draws are permitted thereunder plus 35 days' interest thereon at the Maximum Interest Rate; (ii) the Substitute Letter of Credit permits draws to pay the Tender Price of any Bond; (iii) the Substitute Letter of Credit has an effective date not later than the expiration date of the Existing Letter of Credit; (iv) the Substitute Letter of Credit has an expiration date of not less than 12 months from its effective date; (v) the Substitute Letter of Credit shall not have an expiration date which occurs within 10 days following an interest payment date; (vi) the Borrower has delivered to the Trustee an opinion of counsel to the effect that the Substitute Letter of Credit has been duly authorized, executed and delivered and is a legally valid and binding obligation of its issuer enforceable in accordance with its terms (subject to customary exceptions as to enforceability), and (vii) the Borrower has delivered to the Trustee an opinion of Bond Counsel to the effect that the Substitute Letter of Credit is permitted by the Indenture and it will not adversely affect the validity of the Bonds or any exemption from federal income taxation to which the Bonds would otherwise be entitled.

In the event of the delivery of a Substitute Letter of Credit, the Bonds will be subject to mandatory purchase on the Business Day before the Substitution Date, as described under the heading "*THE BONDS - Mandatory Purchase.*" The Trustee is required to give Immediate Notice to the owners of the Bonds not later than the fifteenth day next preceding the Substitution Date stating that the Bonds are required to be purchased by the Trustee on the Business Day prior to the Substitution Date.

On the effective date of a Substitute Letter of Credit accepted by the Trustee, the Existing Letter of Credit may be delivered to its issuer for cancellation and thereupon all references herein, and in the Indenture and the Loan Agreement to the Letter of Credit, the Letter of Credit Bank, the Reimbursement Agreement and the Letter of Credit expiration date will be construed by reference to the Substitute Letter of Credit.

THE AUTHORITY

Powers

The Authority has, among other powers, the statutory power to make loans to certain health care and educational institutions in Wisconsin, to finance the cost of Project and refinance or refund outstanding indebtedness and to assign loan agreements, notes, mortgages and other securities of health care and educational institutions to which the Authority has made loans, and the revenues therefrom, for the benefit of the holders of bonds issued to finance or refinance such Project.

Members of the Authority

The Authority consists of seven members, all of whom must be Wisconsin residents, appointed by the Governor by and with the consent of the State Senate. Members of the Authority serve staggered seven-year terms and continue to serve until their successors are appointed. The members of the Authority receive no compensation for the performance of their duties but are paid their necessary expenses while engaged in the performance of such duties. No member, officer, agent or employee of the Authority may, directly or indirectly, have any financial interest in any bond issue or in any loan or any property to be included in, or any contract for property or materials to be furnished or used in connection with, any project of the Authority, under penalty of law. Members of the Authority, however, may serve as directors or officers of institutions for which the Authority is providing financing, but they may not vote or take part in the Authority's deliberations concerning such financings.

The present members of the Authority are:

	<u>Terms Expires June</u>
John A. Noreika, <i>Chairperson</i> Executive Director Oakwood Village Madison, Wisconsin	2009
Tim Size, <i>Vice Chairperson</i> Executive Director Rural Wisconsin Health Cooperative Sauk City, Wisconsin	2004 ¹
Edward M. Aprahamian President Ficht Services Milwaukee, Wisconsin	2005
Linda C. Bruce Family Living Educator UW Extension Superior, Wisconsin	2008
Tonit M. Calaway Senior Counsel Harley-Davidson Motor Company Milwaukee, Wisconsin	2010
Paul B. Luber Chief Executive Officer The Jor-Mac Company Grafton, Wisconsin	2006
Paul J. Senty Corporate Legal Counsel The Park Bank Madison, Wisconsin	2007

General Counsel

Quarles & Brady LLP serves as general counsel to the Authority.

Bonds of the Authority

The Authority may from time to time issue bonds for any corporate purpose, and these bonds are negotiable for all purposes notwithstanding their payment from a limited source. The bonds are payable solely out of revenues of the Authority specified in the resolution under which they are issued or in a related trust indenture or mortgage. The Authority must pledge the revenues to be received by it on account of each financing as security for the bonds issued in that financing.

Interest Not Exempt from Wisconsin Income Taxes

Interest on bonds issued by the Authority is not exempt from current Wisconsin income taxes.

¹ Mr. Size's term expired June 30, 2004. He has been nominated by the Governor for another seven year term, and he continues to serve pending the advice and consent of the State Senate to his nomination.

Financing Program of the Authority

The following summary outlines the principal amount of revenue bonds and notes issued during each of the Authority's fiscal years. These previous issues are secured by instruments separate and apart from the Indenture and the security for the Bonds.

Fiscal Year Ended June 30	Public Issues		Private Placements		Total	
	Number of Issues	Amount	Number of Issues	Amount	Number of Issues	Amount
1980	-	-	1	\$ 1,300,000	1	\$ 1,300,000
1981	3	\$ 24,480,000	4	20,365,000	7	44,845,000
1982	3	34,100,000	4	12,575,000	7	46,675,000
1983	1	4,000,000	1	600,000	2	4,600,000
1984	4	16,375,000	3	13,225,000	7	29,600,000
1985	6	196,505,000	2	2,200,000	8	198,705,000
1986	9	213,260,000	5	17,478,000	14	230,738,000
1987	12	191,610,000	9	48,410,000	21	240,020,000
1988	14	170,890,000	14	81,589,000	28	252,479,000
1989	20	254,979,000	6	14,394,000	26	269,373,000
1990	14	277,605,000	9	45,737,000	23	323,342,000
1991	11	233,590,000	3	37,500,000	4	271,090,000
1992	15	346,160,000	5	43,500,000	20	389,660,000
1993	25	579,235,000	6	18,775,000	31	598,010,000
1994	16	434,495,000	6	46,615,000	22	481,110,000
1995	7	101,770,000	6	18,847,000	13	120,617,000
1996	14	382,905,000	2	8,800,000	16	391,705,000
1997	28	706,960,000	1	764,000	29	707,724,000
1998	25	722,050,000	1	2,700,000	26	724,750,000
1999	28	710,960,000	4	36,000,000	32	746,960,000
2000	16	415,710,000	6	17,736,000	22	433,466,000
2001	19	437,580,000	8	26,589,000	27	464,169,000
2002	18	815,100,000	2	8,000,000	20	823,100,000
2003	14	291,895,000	3	15,935,000	17	307,830,000
2004	<u>26</u>	<u>912,245,000</u>	<u>4</u>	<u>25,980,000</u>	<u>30</u>	<u>938,225,000</u>
TOTAL	348	\$8,474,459,000*	115	\$565,614,000**	463	\$9,040,073,000

* Includes \$1,983,436,557 which was refinanced by subsequent Authority bond issues.

** Includes \$71,858,136 which was refinanced by subsequent Authority bond issues.

In its fiscal year beginning July 1, 2004, the Authority has issued and has authorized the issuance of additional issues of bonds. The Authority plans to offer other obligations from time to time to finance other health and educational facilities. Such other obligations will be issued pursuant to and secured by instruments separate and apart from the Indenture and the security for the Bonds.

ABSENCE OF MATERIAL LITIGATION

Authority

There is not now pending or, to the knowledge of the Authority, threatened any litigation restraining or enjoining the issuance or delivery of the Bonds or questioning or affecting the validity of the Bonds or the proceedings or authority under which they are to be issued. There is no litigation pending or, to its knowledge, threatened which in any manner questions the right of the Authority to enter into the Loan Agreement or to secure the Bonds in the manner provided in the Indenture.

Borrower

There is no litigation or proceedings pending or, to the knowledge of the Borrower, threatened against the Borrower except litigation in which the probable recoveries and the estimated costs and expenses of defense, in the opinion of counsel to the Borrower, will be entirely within the applicable insurance policy limits of the Borrower (subject to applicable deductibles) or which will be otherwise immaterial.

LEGAL MATTERS

All legal matters incidental to the authorization and issuance of the Bonds by the Authority are subject to the approval of Quarles & Brady LLP, Bond Counsel. Certain matters will be passed upon for the Authority by its general counsel, Quarles & Brady LLP, for the Borrower by its counsel, Michael D. Dean, LLC, Waukesha, Wisconsin, for the Bank by its counsel, Whyte Hirschboeck Dudek S.C., Milwaukee, Wisconsin, and for the Underwriter by its counsel, Ice Miller, Indianapolis, Indiana.

TAX EXEMPTION

In General

The opinion of Bond Counsel and the descriptions of the tax laws contained in this Official Statement are based on laws and official interpretations of them which are in existence on the date the Bonds are issued. There can be no assurance that those laws or the interpretation of them will not change or that new laws will not be enacted or regulations issued while the Bonds are outstanding in a manner that would adversely affect the value of an investment in the Bonds or the tax treatment of the interest paid on the Bonds.

Federal Income Tax Opinion of Bond Counsel

Quarles & Brady LLP, Bond Counsel, will deliver a legal opinion, in substantially the form found in APPENDIX C hereto, with respect to whether the interest on the Bonds must be included in the gross income for federal income tax purposes of an owner of a Bond under existing law in substantially the following form:

The interest on the Bonds is excludable for federal income tax purposes from gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on corporations (as that term is defined for federal income tax purposes) and individuals. The interest on the Bonds is, however, included in adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from the gross income of the owners of the Bonds for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Authority, the Trustee and the Borrower have agreed to comply with all of those requirements and the opinion set forth in the first sentence of this paragraph is subject to the condition that the Authority, the Trustee and the Borrower comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

Other Federal Income Tax Considerations

As noted above, interest on the Bonds is included in the adjusted current earnings of corporations for purposes of the alternative minimum tax imposed by Section 55 of the Code. The Code also contains numerous other provisions which could adversely affect the value of an investment in the Bonds for particular Bondholders. For example, (i) Section 265 of the Internal Revenue Code of 1986, as amended (the "Code"), denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution, that portion of a holder's interest expense allocated to interest on the Bonds, (ii) interest on the Bonds may affect the federal income tax liabilities of life insurance companies and, with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Bonds, (iii) interest on the Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (iv) passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of the Subchapter S corporation is passive investment income and (v) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account receipts or accruals of interest on the Bonds in determining gross income. There may be other provisions of the Code which could adversely affect the value of an investment in the Bonds for particular Bondholders. Investors should consult their tax advisors to determine how the provisions described under this heading and other provisions of the Code relating to the ownership of tax-exempt obligations apply to them.

Wisconsin Income Tax

The interest on the Bonds is not exempt from present Wisconsin income taxes.

RATING

The Bonds have been assigned a bond rating of "AA-/A-1+" by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. (the "Rating Agency") based on the condition that the Bank will issue its Letter of Credit securing repayment of the Bonds, and up to 35 days' interest thereon. The rating will apply to Bonds while the Letter of Credit secures the Bonds. Such rating is not based upon a credit evaluation of the Borrower.

The Rating Agency is in the business, among others, of assigning ratings to bonds to provide investors with a simple system of graduation by which the relative investment qualities of bonds may be noted. Since the ratings are designed exclusively for the purpose of grading bonds according to their investment qualities, they should not be used alone as a basis for investment decisions. For example, the ratings have no value in forecasting the direction of future trends of market prices, which are influenced not only by the investment quality of bonds but also by changes in prevailing market interest rates, general economic trends, the length of time of maturity and provisions for redemptions prior to maturity.

The Rating Agency's bond rating for the Bonds reflects only the opinion of the Rating Agency, based on information gathered by it and on various investigations, studies and assumptions made by it. The Bank and the Borrower have furnished certain information and materials to the Rating Agency which is not included in this Official Statement. The Borrower will pay the Rating Agency a fee for its service in assigning the bond rating to the Borrower. There is no assurance that the bond rating assigned to the Bonds will be maintained for any given period of time or that it will not be lowered or withdrawn entirely by the Rating Agency. There is no assurance that the rating will remain in effect for any given period of time or that it will not be revised downward or withdrawn entirely by the Rating Agency if, in its judgment, circumstances so warrant. None of the Underwriter, the Authority, the Bank nor the Borrower has undertaken any responsibility to bring to the attention of the Bondowners any proposed revision or withdrawal of a bond rating for the Bonds or to oppose any such proposed revision or withdrawal. Any downward change in or withdrawal of the bond rating for the Bonds could have an adverse effect on the market price and marketability of the Bonds.

For further information regarding the significance of the ratings, prospective investors in the Bonds may contact the Rating Agency at 25 Broadway, New York, New York 10004.

UNDERWRITING

The Underwriter will agree to purchase the Bonds at an aggregate purchase price of \$11,892,000 pursuant to a Bond Purchase Agreement to be dated August 11, 2004, as accepted by the Borrower and the Authority. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The obligation of the Underwriter to accept delivery of the Bonds will be subject to various conditions set forth in the Bond Purchase Agreement.

The Borrower will agree to indemnify the Underwriter and the Issuer against certain liabilities, including federal securities law liabilities arising from statements or omissions in this Official Statement.

MISCELLANEOUS

The references herein to the Bonds, the Indenture, the Note, the Letter of Credit, the Reimbursement Agreement and the Loan Agreement are brief outlines of certain provisions thereof and do not purport to be complete. For full and complete statements of such provisions reference is made to such documents. Copies of the documents mentioned under this heading are on file at the offices of the Authority and following delivery of the Bonds will be on file at the offices of the Trustee.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error in the printing of such numbers shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for any Bonds.

The attached Appendices are integral parts of this Official Statement and must be read together with all of the foregoing statements.

The Borrower has reviewed the information contained herein, including the Appendices hereto, and has approved such information for use within the Official Statement.

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

WISCONSIN HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

By: /s/ Lawrence R. Nines
Executive Director

This Official Statement is approved by:

MARANATHA BAPTIST BIBLE COLLEGE, INC.

By: /s/ Dr. David B. Jaspers
President

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APPENDIX A

BANK ONE, NA

The Bank

Bank One, NA, whose main office is located in Chicago, Illinois (the "Bank"), is a wholly owned subsidiary of J. P. Morgan Chase & Co. The Bank provides a broad range of banking, fiduciary, financial and other services domestically and overseas to corporations, governmental entities and individuals. The principal focus of the Bank's corporate and institutional banking activities is the delivery of corporate financial services, including the extension of credit, to commercial, financial and governmental customers. The Bank also offers capital raising products, as well as cash management, operating, clearing and other noncredit products and services. The Bank also provides traditional retail banking products and services to customers in several states. The Bank had total domestic deposits of \$130.020 billion as of March 31, 2004.

All phases of the Bank's activities are highly competitive. The Bank competes actively with money market mutual funds, national and state banks, mutual savings banks, savings and loan associations, finance companies, credit unions and other financial institutions located throughout the United States. For international business, the Bank competes with other United States banks which have foreign installations and with other major banks and financial institutions located throughout the world. In addition, the Bank and its subsidiaries are subject to competition from a variety of financial and other institutions which provide a wide array of products and services.

The earnings of the Bank are affected by the policies of regulatory authorities, including the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"). An important function of the Federal Reserve Board is to promote orderly economic growth by influencing interest rates and the supply of money and credit. Among the methods that have been used to implement this objective are open market operations in United States government securities, changes in the discount rate on member bank borrowings and changes in reserve requirements against bank deposits. These methods are used in varying combinations to influence overall growth and distribution of bank loans, investments and deposits, interest rates on loans and securities and rates paid for deposits. The monetary policies of the Federal Reserve Board strongly influence the behavior of interest rates and can have a significant effect on the operating results of the Bank. The effect on the future business and earnings of the Bank of the aforementioned measures and any other economic controls which may be imposed by executive, legislative and regulatory authorities from time to time cannot be predicted.

There are also various requirements and restrictions in the laws of the United States and the State of Illinois affecting the Bank and its operations, including the requirement to maintain reserves against deposits, restrictions on the nature and amount of loans which may be made by the Bank, restrictions relating to the investments and other activities of the Bank. The Bank, as a national bank, is subject to regulation by the Office of the Comptroller of the Currency (the "Comptroller"), the Federal Reserve Board and the Federal Deposit Insurance Corporation. The operations of the Bank are also subject to various restrictions imposed by the laws and regulators of other countries in which the Bank conducts business.

The Bank files Consolidated Reports of Condition and Income (each, a "Call Report") with the Comptroller on a quarterly basis. Each Call Report contains various financial and statistical information on the Bank. Copies of the Call Reports can be inspected and reproduced at the Comptroller's office at 490 L'Enfant Plaza, S.W., 6th Floor, Washington, D.C. 20219, and can be obtained by mail upon request and subject to availability from J. P. Morgan Chase & Co. at the address set forth below or from the Manager, Statistical Branch, Data Processing, Comptroller of the Currency, Washington, D.C. 20219.

J. P. Morgan Chase & Co.

On July 1, 2004, J. P. Morgan Chase & Co. (the "Corporation") acquired the Bank as a result of the merger of the Corporation and Bank One Corporation. The Corporation, which is a legal entity separate and distinct from

the Bank and its other affiliates, also owns, directly or through one or more subsidiaries, the outstanding capital stock of other banking organizations.

The Corporation, which is headquartered in New York City, is the second largest bank holding company in the United States with assets of \$1.1 trillion and operations in more than 50 countries. The Corporation is a leader in investment banking, financial services for consumers and businesses, financial transaction processing, asset and wealth management and private equity.

The Corporation is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "Commission"). Consolidated financial information for the Corporation and its subsidiaries for the year ended December 31, 2003, is set forth in the Corporation's Annual Report on Form 10-K filed with the Commission. The Corporation also will prepare and file with the Commission other periodic reports, including Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

Copies of reports filed with the Commission can be inspected and reproduced at the Public Reference Room of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. The Commission also maintains an Internet world wide web site that contains reports, proxy statements and other information about issuers, like the Corporation, who file electronically with the Commission. The address of that site is <http://www.sec.gov>. In addition, such reports and other material concerning the Corporation can be inspected at the New York Stock Exchange, 20 Broad Street, New York, New York. Upon request and subject to availability, the Corporation will provide to each person to whom this Official Statement is delivered a copy of any of the documents referred to above except for the exhibits to such documents (unless such exhibits are specifically incorporated by reference into such documents). Requests should be sent to the office of the Secretary, J.P. Morgan Chase & Co., 270 Park Avenue, New York, New York 10017.

The information on the Corporation contained herein is being provided for informational purposes only. The Corporation is not a party to the Reimbursement Agreement and has no obligation thereunder or under the Letter of Credit, and has not guaranteed the obligations of the Bank under the Letter of Credit.

Delivery of this Official Statement shall not create any implication that there has been no change in the affairs or financial condition of the Bank or the Corporation since the date hereof, or that the information contained or referred to in this Official Statement is correct as of any time subsequent to its date.

APPENDIX B

SUMMARY OF TRUST INDENTURE AND LOAN AGREEMENT

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SUMMARY OF INDENTURE AND LOAN AGREEMENT

Brief descriptions of the Indenture and Loan Agreement are set forth below. Those descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to those documents are qualified in their entirety by reference to each document, copies of which are available for review prior to the issuance and delivery of the Bonds at the offices of the Authority and thereafter at the offices of the Trustee.

DEFINITIONS OF CERTAIN TERMS

The following terms have the following meanings in this Official Statement:

"Act" means Chapter 231 of Wisconsin Statutes, as amended from time to time.

"Arbitrage Bonds" means bonds which are arbitrage bonds within the meaning of Section 148 of the Code.

"Authority" means the Wisconsin Health and Educational Facilities Authority, a public body politic and corporate organized under the laws of the State of Wisconsin, and its successors and assigns.

"Authorized Denomination" means (a) when the Bonds are in a Fixed Mode, \$5,000 or any multiple thereof and (b) when the Bonds are in the Weekly Mode, \$100,000 or any multiple of \$5,000 in excess of \$100,000.

"Bank" means (a) Bank One, NA, with its main office in Chicago, Illinois, and any successor banking institution and (b) any financial institution which issues a Substitute Letter of Credit in accordance with the provisions summarized in the second paragraph under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Letter of Credit; Substitute Letter of Credit," and any successor financial institution.

"Bank Bonds" means Bonds purchased with moneys drawn under the Letter of Credit for so long as the Bonds are so held by the Bank.

"Bankruptcy Condition" means (a) the filing of a petition in bankruptcy by or against the Borrower or the Authority as debtor under the United States Bankruptcy Code, 11 U.S.C. Sections 101 et seq. or (b) the commencement and continuance of other judicial proceedings with respect to the Borrower or the Authority as debtor under similar or successor federal or state bankruptcy, reorganization or insolvency laws.

"BMA Swap Index" means The Bond Market Association Municipal Swap Index as of the most recent date for which such index was published or such other weekly, high-grade index comprised of seven-day, tax-exempt variable rate demand notes produced by Municipal Market Data, Inc. or its successor, or as otherwise designated by The Bond Market Association; provided, however, that if such index is no longer produced by Municipal Market Data, Inc. or its successor, then "BMA Swap Index" means such other reasonably comparable index selected by the Remarketing Agent.

"Bond" or "Bonds" means the Authority's Adjustable Rate Put Option Revenue Bonds, Series 2004 (Maranatha Baptist Bible College, Inc.) in an aggregate principal amount of up to \$12,000,000 issued under the Indenture and any bond or bonds duly issued in exchange or replacement therefor.

"Bond Counsel" means Quarles & Brady LLP or any other nationally recognized municipal bond counsel acceptable to the Authority and the Trustee.

"Bond Purchase Agreement" means the Bond Purchase Agreement between the Purchaser, the Borrower and the Authority providing for the sale of the Bonds by the Authority to the Purchaser.

"Bond Purchase Fund" means the fund by that name created by the Indenture.

"Bond Sinking Fund" means the fund of that name created by the Indenture.

"Bondholder," "holder," "owner" "owner of the Bonds" or "owner of the Bonds" means the registered owner of any Bond.

"Book Entry Termination Date" means the date on which the Bonds are no longer registered so as to participate in a securities depository system.

"Borrower" means Maranatha Baptist Bible College, Inc. or any successor.

"Borrower Bonds" means any Bond which is registered in the name of the Borrower and is not a Bank Bond.

"Borrower's Closing Certificate" means the certificate of the Borrower dated the date of and delivered at the time of the issuance and sale of the Bonds.

"Borrower's Documents" means the Loan Agreement, the Bond Purchase Agreement, the Note, the Tax Exemption Agreement, the Reimbursement Agreement and the Remarketing Agreement.

"Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which commercial banks are required or authorized to be closed in the city or cities in which the Principal Office of the Trustee or any of the respective designated offices of the registrar and Paying Agent are located or in Milwaukee, Wisconsin, or Chicago, Illinois, or (c) a day on which The New York Stock Exchange is closed for the entire day or Federal Reserve Banks are closed.

"Closing Date" means the date of the initial authentication and delivery of the Bonds.

"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 B shall be deemed to include the United States Treasury Regulations, including temporary regulations, relating to such section which are applicable to the Bonds or the use of the proceeds thereof.

"Conversion Date" means the date on which the Bonds begin to bear interest at a Fixed Rate as provided in the Indenture.

"Default" means the occurrence of an event which, with the lapse of time or the giving of notice, or both, would constitute an Event of Default.

"Demand Date" means with respect to any Bond bearing interest at a Weekly Rate, the Business Day specified in the notice of demand received by the Trustee upon which the owner of such Bond intends to tender such Bond (or any portion thereof in an Authorized Denomination) for purchase as provided in the Indenture, which Business Day shall be not less than seven calendar days after the date such notice of demand is received.

"Eligible Funds" means (a) all amounts (including investment earnings) in the Letter of Credit Fund and in the Bond Purchase Fund to the extent such funds are the result of a draw on the Letter of Credit; (b) amounts in the Bond Sinking Fund and the Interest Fund and the Redemption Fund which have been held in them for the Minimum Holding Period, together with investment earnings on such amounts; (c) proceeds from the remarketing of any Bonds pursuant to the provisions of the Indenture to any person other than the Borrower, the Authority or any affiliate (as defined in Title 11 of the United States Bankruptcy Code) or any guarantor of any of them and (d) any other money which, in the opinion of nationally recognized bankruptcy counsel, is not recoverable from the Bondholders of the Bonds as a transfer avoidable as a preference in the event a petition is filed under the United States Bankruptcy Code with respect to the Borrower, as debtor.

"Event of Default" as used in or with reference to (a) the Loan Agreement has the meaning attributed to it under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT - Events of Default," (b) the Indenture has the meaning attributed to it under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Events of Default," (c) the initial Reimbursement Agreement has the meaning attributed to it in such Reimbursement Agreement and (d) any Reimbursement Agreement or similar

agreement between the Borrower and a Bank which is the issuer of a Substitute Letter of Credit has the meaning attributed to it in such agreement.

"Event of Taxability" means any act, omission or event which results in the interest paid or payable on any Bonds becoming includable for federal income tax purposes in the gross income of any Bondowner.

"Expense Fund" means the fund by that name created by the Indenture.

"Facilities" means the Borrower's existing educational facilities located in Watertown, Wisconsin, the Project Property and all additions and improvements to the foregoing.

"Financial Statement Recipients" means the Authority, the Trustee, the Purchaser, the Bank and Rating Agency.

"Fixed Mode" means the period commencing on the Conversion Date during which the Bonds bear interest at the Fixed Rate.

"Fixed Rate" means, for the Fixed Mode, a per annum interest rate borne by the Bonds established pursuant to the Indenture equal to the lowest interest rate which, in the judgment of the Remarketing Agent, would enable such Bonds to be remarketed at the principal amount thereof on the Conversion Date.

"Fund" means any of the funds established pursuant to the Indenture.

"Indenture" means the Trust Indenture dated as of August 1, 2004 between the Authority and the Trustee, as it may from time to time be amended or supplemented.

"Independent Counsel" means an attorney duly admitted to practice law before the highest court of any state and, without limitation, may include independent legal counsel for the Borrower, the Trustee or the Authority.

"Interest Fund" means the fund by that name created by the Indenture.

"Interest Payment Date" means: (a) while the Bonds are in the Weekly Mode, the first Business Day of each calendar month, commencing the first Business Day of September, 2004, (b) while the Bonds are in the Fixed Mode, each August 1 and February 1, commencing as provided in the Indenture, (c) for each Bond, the Maturity thereof and (d) for any Borrower Bond, the date such Borrower Bond is remarketed pursuant to the Remarketing Agreement.

"Issuing Expenses" means fees and expenses incurred or to be incurred by or on behalf of the Authority, the Trustee, the Borrower or Bond Counsel for the Bonds in connection with the issuance and sale of the Bonds including, but not limited to, underwriting costs (whether in the form of discount in the purchase of the Bonds or otherwise), fees and expenses of legal counsel (including Bond Counsel and Counsel for the Authority, the Trustee, the Bank, the Purchaser and the Borrower), fees and expenses of financial advisors, feasibility consultants and accountants, rating agency fees, fees of the Trustee, fees of the Bank, printing costs, recording expenses, costs associated with the acquisition of securities for any defeasance escrow and for verifying the sufficiency of any defeasance escrow and title insurance and survey costs.

"Letter of Credit" means (a) the irrevocable letter of credit dated the Closing Date issued by the Bank in favor of the Trustee with respect to the Bonds and (b) any Substitute Letter of Credit delivered to the Trustee pursuant to the provisions summarized in the second paragraph under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Letter of Credit; Substitute Letter of Credit," and any expansions, extensions or renewals of the foregoing or endorsements or amendments to the foregoing.

"Letter of Credit Fund" means the fund by that name created by the Indenture.

"Letter of Credit Interest Amount" means while the Bonds are in the Weekly Mode, an amount equal to interest on the outstanding principal amount of the Bonds calculated at the Maximum Interest Rate on such Bonds for 35 days and computed on the basis of a 365/366-day year for the actual number of days elapsed.

"Loan" means the loan made by the Authority to the Borrower under the Loan Agreement in a maximum aggregate principal amount not to exceed \$12,000,000.

"Loan Agreement" means the Loan Agreement dated August 1, 2004 between the Borrower and the Authority, as amended from time to time.

"Maturity" means August 1, 2026; provided, however, with respect to each Bond bearing interest at a Fixed Rate which has been assigned a specific date of Maturity pursuant to the Indenture, such date of Maturity.

"Maximum Interest Rate" means the lesser of (a) 10% per annum or (b) the maximum interest rate permitted by law.

"Minimum Holding Period," with respect to any funds, means a continuous period of 124 days during which (a) the Trustee holds such funds in the Bond Sinking Fund, Interest Fund or Redemption Fund and (b) no Bankruptcy Condition has occurred.

"Mode" means a Weekly Mode or Fixed Mode.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, at the written direction of the Borrower with written notice to the Authority, the Remarketing Agent and the Bank.

"No-Call Period" means the period of time equal to 5 years (measured from the Conversion Date) during which a Bond in the Fixed Mode may not be called for optional redemption.

"Note" means the Borrower's Promissory Note, Series 2004 in the principal amount of \$12,000,000 issued pursuant to the Loan Agreement.

"Officer's Certificate" means a certificate signed by the President, any Vice President, Secretary or Assistant Secretary of the Borrower.

"Opinion of Bond Counsel" means a written opinion of Bond Counsel obtained at the expense of the Borrower, which is satisfactory in form and substance to the Trustee.

"Opinion of Counsel" means a written opinion, satisfactory in form and substance to the Trustee, of legal counsel selected and paid by the Borrower and approved by the Trustee.

"Outstanding," "Bonds outstanding" or "outstanding Bonds" means, as of any given date, all Bonds which have been duly authenticated and delivered under the Indenture, except: (a) Bonds canceled after purchase in the open market or because of payment at or redemption prior to Maturity; (b) Bonds for the payment or redemption of which cash or U.S. Government Obligations shall have been theretofore deposited with the Trustee (whether upon or prior to the Maturity or redemption date of any such Bonds) in accordance with the Indenture; provided that if such Bonds are to be redeemed prior to the Maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee; (c) Tendered Bonds for which amounts needed to pay the purchase price thereof have been segregated in accordance with the provisions summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Nonpresentation of Tendered Bonds" or Bonds no longer deemed to be outstanding as provided in the Indenture; (d) Bonds in lieu of which other Bonds have been authenticated under the Indenture; and (e) for the purpose of all consents, approvals, waivers and notices

required to be obtained or given under the Indenture, Borrower Bonds and any other Bonds held or owned by the Borrower.

"Paying Agent" means the bank or banks, if any, designated pursuant to the Indenture to receive and disburse the principal of and interest and premium, if any, on the Bonds.

"Permitted Investments" means, subject to the Tax Exemption Agreement, (a) U.S. Government Obligations and bonds or securities issued or guaranteed as to principal and interest by a commission, board or other instrumentality of the federal government, (b) short-term discount obligations of the Federal National Mortgage Association, (c) certificates of deposit or time deposits constituting direct obligations of any bank the full amount of which is insured by the Federal Deposit Insurance Corporation, (d) time deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in the State if the time deposits mature in not more than three years, (e) bonds or securities of any county, city, drainage district, technical college district, village, town or school district of the State, (f) any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by S&P, Moody's or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating, (g) securities of an open-end management investment company or investment trust if the investment company or investment trust does not charge a sales load, if the investment company or investment trust is registered under the Investment Company Act of 1940, 15 USC 80a-1 to 80a-64, and if the portfolio of the investment company or investment trust is limited to the following: (i) bonds and securities issued by the federal government or a commission, board or other instrumentality of the federal government, (ii) bonds that are guaranteed as to principal and interest by the federal government or a commission, board or other instrumentality of the federal government and (iii) repurchase agreements that are fully collateralized by bonds or securities described under (i) or (ii) and (h) any other obligation or security which constitutes a permitted investment for money of the Authority as a result of an amendment of the Act subsequent to August 1, 2004 if the prior written consent of the Authority and the Bank are obtained.

"Person" means any natural person, firm, joint venture, association, partnership, business trust, corporation, public body, agency or political subdivision thereof or any other similar entity.

"Plans and Specifications" means the plans and specifications prepared for the Project as amended by the Borrower from time to time.

"Principal Office" means (a) when used with respect to the Trustee, the corporate trust office of the Trustee designated as its address for receiving notices under the Indenture and (b) when used with respect to the Paying Agent, the Trustee's Agent and the Remarketing Agent, the respective offices thereof designated in writing to the Trustee, the Remarketing Agent and the Bank unless, in the case of the Paying Agent, the Trustee is performing such functions, in which case it shall mean the Principal Office of the Trustee.

"Principal Payment Date" means each date on which a payment of principal (whether upon Maturity, redemption, acceleration, demand or otherwise) on the Bonds is due.

"Project" means the project described under the heading "PLAN OF FINANCING - Description of the Project" in the front section of this Official Statement.

"Project Fund" means the fund by that name created by the Indenture.

"Project Property" means any land, improvements, equipment, or other real or personal property acquired or constructed in connection with the Project and financed with proceeds of the Bonds or acquired or constructed from the proceeds of the debt which is being refinanced in whole or in part with the proceeds of the Bonds.

"Purchaser" means B.C. Ziegler and Company, the initial purchaser of the Bonds.

"Purchase Date" means the date on which the Bank purchases a Tendered Bond.

"Rate Change Date" means during the Weekly Mode, Thursday or such other day of the week designated as such by the Remarketing Agent from time to time, in accordance with the provisions of the Indenture.

"Rate Determination Date" means for (a) each Rate Period during any Weekly Mode, the Wednesday (or such other day of the week designated as such by the Remarketing Agent from time to time in accordance with the provisions of the Indenture) next preceding the Rate Change Date for such Rate Period (unless such day is not a Business Day, in which case the Rate Determination Date shall be the immediately preceding Business Day); provided, however, the initial Rate Determination Date is August 4, 2004, (b) the Fixed Mode, the date of the firm underwriting or purchase contract referred to in the Indenture and (c) the Rate Period following a proposed Conversion Date in the event of a failed conversion, such proposed Conversion Date.

"Rate Period" means each period commencing on a Rate Change Date to and including the Maturity or the day immediately preceding the immediately succeeding Rate Change Date, during which period the Bonds shall bear interest at one particular interest rate.

"Rating Agency" means each nationally recognized securities rating agency then maintaining a rating on the Bonds at the request of the Borrower, and initially means S&P.

"Rebate Fund" means the fund created under the Tax Exemption Agreement to comply with Section 148(f) of the Code.

"Redemption Fund" means the fund by that name created by the Indenture.

"Reimbursement Agreement" means the Reimbursement Agreement dated as of August 1, 2004 between the Borrower and the Bank pursuant to which the Bank will issue the Letter of Credit, any similar agreement between the Borrower and a Bank which is the issuer of a Substitute Letter of Credit, and all amendments, supplements, changes and modifications to any of those agreements.

"Remarketing Agent" means B.C. Ziegler and Company in its capacity as remarketing agent for the Borrower under the Remarketing Agreement, and its successors and assigns in such capacity.

"Remarketing Agreement" means the Remarketing Agreement dated as of August 1, 2004 by and between the Borrower and the Remarketing Agent, as the same may be amended, supplemented or assigned from time to time, or any similar agreement as may be substituted therefor.

"Revenue Fund" means the fund by that name created by the Indenture.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill, Inc. Company, a corporation organized and existing under the laws of the State of New York, its successors and its assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, at the written direction of the Borrower, with written notice to the Authority, the Remarketing Agent and the Bank.

"Series 2004 Funded Interest" means an amount to be applied to the payment of interest on the Bonds (a) which could be requisitioned pursuant to the Loan Agreement and the Indenture, (b) which does not exceed the interest which has accrued on the Bonds to a date no later than 6 months after the completion of the Project or, if the Project is made up of two or more discrete parts, through the completion of the applicable part, (c) which will be treated, in accordance with generally accepted accounting principles, as part of the cost of the asset to which it relates and (d) the payment of which will not adversely affect the validity of the Bonds or any exemption from federal income taxation to which the interest on the Bonds would otherwise be entitled as determined by Bond Counsel.

"State" means the State of Wisconsin.

"Stated Termination Date" means the stated date of expiration set forth in the then-current Letter of Credit, including any extensions or renewals thereof.

"Substitute Letter of Credit" has the meaning attributed to it the second paragraph under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Letter of Credit; Substitute Letter of Credit."

"Substitution Date" means the date upon which a Substitute Letter of Credit becomes effective.

"Tax Exempt Organization" means an organization described in Section 501(c)(3) of the Code which is exempt from federal income taxes under Section 501 (a) of the Code.

"Tax Exemption Agreement" means the Tax Exemption Certificate and Agreement dated the Closing Date between the Borrower, the Authority and the Trustee.

"Tender Price" means the applicable purchase price for Tendered Bonds which is 100% of the principal amount of such Bonds, plus accrued interest to the scheduled purchase date and without premium; provided, however, that if a purchase date is an Interest Payment Date, then the purchase price is 100% of the principal amount of such Bonds.

"Tendered Bonds" means Bonds tendered or deemed tendered for purchase pursuant to the Indenture.

"Trust Estate" has the meaning attributed to it under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Granting Clauses."

"Trustee" means J.P. Morgan Trust Company, National Association or any successor trustee under the Indenture.

"Trustee's Agent" means any agent designated by the Trustee pursuant to the Indenture.

"Unassigned Rights" means the Authority's rights (a) to receive indemnity, payments for its expenses and other payments under the Loan Agreement or any other document associated with the issuance of any Bonds and (b) to execute and deliver amendments to the Loan Agreement and the Indenture and to receive notices and other documents and to provide its consent, acceptance or approval with respect to matters as to which that right is given in the Loan Agreement or the Indenture.

"U.S. Government Obligations" means obligations which are direct, full faith and credit obligations of the United States of America or are obligations with respect to which the United States of America has unconditionally guaranteed the timely payment of all principal or interest or both, but only to the extent of the principal or interest so guaranteed.

"Weekly Mode" means the period prior to the Conversion Date during which the Bonds bear interest at the Weekly Rate.

"Weekly Rate" means, for each Rate Period within the Weekly Mode, a per annum interest rate borne by the Bonds established pursuant to the Indenture equal to the lowest interest rate which, in the judgment of the Remarketing Agent, would enable the Bonds to be remarketed at the principal amount thereof, plus accrued interest thereon, if any, on the Rate Change Date for such Rate Period.

"Written Request" means (a) with reference to the Authority, a request in writing signed by the Chairperson, Vice Chairperson, Executive Director or Associate Executive Director of the Authority and (b) with reference to the Borrower, means a request in writing signed by the President, a Vice President, Secretary or Assistant Secretary of the Borrower or any other officers designated by the Authority or the Borrower, as the case may be.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

Granting Clauses

In consideration of the premises and of the purchase of the Bonds, the issuance by the Bank of the Letter of Credit and of other good and lawful consideration, and to secure the payment of the principal of, premium, if any, and interest on the Bonds, the performance and observance of all of the covenants and conditions therein contained, the Authority has executed and delivered the Indenture and has conveyed, granted, assigned, transferred, pledged, set over and confirmed and granted a security interest in, unto the Trustee, its successor or successors and its or their assigns forever, with power of sale, the following property (the "Trust Estate"): (a) all right, title and interest of the Authority in and to the Note and all sums payable in respect of the indebtedness evidenced thereby; (b) all right, title and interest of the Authority in and to the Loan Agreement and the amounts payable to the Authority under the Loan Agreement (excluding Unassigned Rights) and all cash and securities and other investments held by the Trustee in any of the Funds (which does not include the Rebate Fund) or otherwise under the terms of the Indenture; and (c) any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred as and for additional security under the Indenture by the Authority, the Borrower or by anyone on their behalf to the Trustee. There is, however, expressly excepted and excluded from the lien and operation of the Indenture (i) amounts held by the Trustee in the Rebate Fund established pursuant to the Tax Exemption Agreement and (ii) amounts on deposit in the Bond Purchase Fund, to pay the purchase price of Tendered Bonds.

Authorization and Issuance of the Bonds

The Indenture authorizes the issuance of the Bonds and limits their aggregate principal amount to the amount stated on the cover page of this Official Statement.

Application of Bond Proceeds

The Authority agrees in the Indenture to deposit the purchase price of the Bonds with the Trustee and, upon receipt, the Trustee agrees in the Indenture to apply the purchase price as described in the front section of this Official Statement under the heading "ESTIMATED SOURCES AND USES OF FUNDS."

Expense Fund

The Indenture creates an expense fund known as the "Maranatha Baptist Bible College, Inc. Expense Fund" (the "Expense Fund"). Amounts in the Expense Fund will be disbursed upon receipt of a Written Request of the Borrower for the payment of Issuing Expenses. Upon the earlier to occur of (i) such time as the Trustee is furnished with a Written Request of the Borrower stating that all Issuing Expenses have been paid or (ii) the first anniversary of the issuance and delivery of the Bonds, the Trustee shall transfer any funds remaining in the Expense Fund to the Project Fund.

Project Fund

The Indenture creates a fund to be known as the "Maranatha Baptist Bible College Project Fund" (the "Project Fund"). The moneys in the Project Fund shall be held in trust by the Trustee and shall be applied to the payment of the costs of the Project and the payment of Series 2004 Funded Interest and, pending such application, shall be held as a trust fund under the Indenture in favor of the owners of the outstanding Bonds and for the further security of such owners until paid out or transferred as provided in the Indenture.

Moneys deposited in the Project Fund shall be paid out from time to time by the Trustee in order to pay, or to reimburse the Borrower for payment made, for the costs of the Project, for such other costs related to the Project and for Series 2004 Funded Interest as are permitted under the Act, in each case within three Business Days after receipt by the Trustee of a Project Fund Payment Requisition.

If after payment by the Trustee of all Project Fund Payment Requisitions for withdrawal of funds theretofore submitted to the Trustee and after receipt by the Trustee of a completion certificate described in the Indenture there shall remain any moneys in the Project Fund, the Borrower may elect to (i) retain all or a portion of such moneys in the Project Fund until, the third anniversary of the issuance and delivery of the Bonds and withdraw such moneys in accordance with the provisions of the Indenture to pay or reimburse the Borrower for payment of the "cost" of an additional "project" or "projects" (as such terms are defined in the Act) if the Borrower complies with the provisions of the Loan Agreement relating to recalculation of the average reasonably economic life of the Project and has delivered to the Trustee an Opinion of Bond Counsel to the effect that such payment or reimbursement will not adversely affect the validity of the Bonds or any exemption from federal income taxation to which the interest on the Bonds would otherwise be entitled, or (ii) transfer such moneys to the Bond Sinking Fund to the extent necessary to make the next payment therefrom if such principal payment is required to be made within one year from the date of deposit therein and then to the Redemption Fund.

The Borrower may make the election described in clause (i) of the immediately preceding paragraph only if no Event of Default has occurred and is continuing under the Indenture. If an Event of Default under the Indenture has occurred and is continuing, then the Trustee shall proceed pursuant to clause (ii) of the immediately preceding paragraph. If the Borrower is entitled to make an election but does not do so and in any event on the third anniversary of the Closing Date the Trustee shall transfer such moneys to the Interest Fund to the extent necessary to make interest payments therefrom coming due within a year from the date of deposit therein, then to the Bond Sinking Fund to the extent necessary to make the next payment therefrom if such principal payment is required to be made within one year from the date of deposit therein and then to the Redemption Fund; provided, however, that if the Borrower and the Trustee receive an Opinion of Bond Counsel to the effect that such moneys may be retained in the Project Fund or deposited in a manner not in accordance with the foregoing provisions, such moneys may be retained in the Project Fund or, if such Opinion is received by the Trustee in sufficient time to permit the Trustee to follow any directions contained therein, deposited as set forth in such Opinion.

As soon as practicable after the Borrower has made an election as described above under this heading, the Borrower shall recalculate the average reasonably expected economic life of the Project. If any recalculation demonstrates that the average maturity of the Bonds exceeds 120% of the average reasonably expected economic life of the assets financed with the proceeds of the Bonds, the Trustee shall call Bonds for optional redemption pursuant to the Indenture no later than the first date the Bonds can be redeemed at a price of par with the funds deposited in the Redemption Fund pursuant to the Loan Agreement.

Subject to the provisions summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Investment of Funds," moneys at any time on deposit in the Project Fund shall be invested or reinvested by the Trustee in Permitted Investments maturing at such time or times so that the Trustee will be able to pay the costs of the Project and the Series 2004 Funded Interest from time to time upon the order of the Borrower as provided in the Indenture. The Trustee and the Borrower shall be entitled to rely upon a schedule of anticipated payments of Project costs approved by the Borrower in scheduling such investments. Any interest or profit on such investments shall be credited to and any losses on such investments shall be charged against the Project Fund. The Trustee shall not be obligated to invest any moneys held by it under the Indenture except as directed by the Borrower. The Trustee may sell or present for redemption any obligations so purchased whenever it shall be necessary in order to provide moneys to meet any payment pursuant the Indenture and the Trustee shall not be liable or responsible for any loss resulting from such investments. Notwithstanding any other provisions of the Indenture, all investment earnings shall be subject to the provisions of the Tax Exemption Agreement.

Revenue Fund

The Indenture creates a trust fund designated the "Maranatha Baptist Bible College, Inc. Revenue Fund" (the "Revenue Fund"). Within the Revenue Fund are created the following trust funds:

Bond Sinking Fund. Except as provided in the Indenture, money in the Bond Sinking Fund shall be used solely (i) for the payment or scheduled mandatory redemption or optional redemption of the principal of the Bonds as it becomes due, whether at Maturity, acceleration or otherwise and (ii) for the redemption of Bonds from amounts transferred to the Bond Sinking Fund from the Redemption Fund.

Interest Fund. Except as provided in the Indenture, money in the Interest Fund will be used solely for the payment of interest on the Bonds as it becomes due. No interest shall be paid on Borrower Bonds on any date unless and until interest shall be paid on all other Bonds due on such date.

Redemption Fund. Money in the Redemption Fund will be used first to make up any deficiencies existing in the Interest Fund and the Bond Sinking Fund (in that order) and second for the payment of the principal of and premium, if any, on Bonds called for redemption as provided in the Indenture; provided, however, that only Eligible Funds may be deposited in the Interest Fund or the Principal Fund. No redemption of Borrower Bonds shall be paid unless and until the redemption price of all other Bonds due on such date shall be paid. Money on deposit in the Redemption Fund which is not needed to pay the principal of or premium, if any, on Bonds called for redemption may be used by the Trustee to purchase Bonds in the open market for cancellation if the Trustee is requested to do so by the Borrower. The amount of Bonds to be redeemed on any date pursuant to any mandatory redemption schedule provided in the Indenture shall be reduced by the principal amount of Bonds of such Maturity which are acquired by the Borrower with Eligible Funds and delivered to the Trustee for cancellation. Moneys on deposit in the Redemption Fund may be used to reimburse the Bank for a draw on the Letter of Credit when proceeds of the Letter of Credit are used for the payment of the principal of Bonds called for redemption as provided in the Indenture.

Letter of Credit Fund. Money in the Letter of Credit Fund shall be used solely for the payment or scheduled mandatory redemption or optional redemption of the principal of the Bonds entitled to the benefit of the Letter of Credit as it becomes due (whether at Maturity, acceleration or redemption) and for the payment of interest on the Bonds entitled to the benefit of the Letter of Credit as it becomes due.

Whenever the amount in the Revenue Fund from any source is sufficient to pay with Eligible Funds the principal of, unpaid interest which has accrued on the Bonds and will accrue through the date the Bonds are redeemed and any redemption premiums on all the Bonds then Outstanding and is available for that purpose the Trustee, upon the Written Request of the Borrower, is instructed and agrees in the Indenture to take or cause to be taken the necessary steps to pay or redeem all of the Bonds then Outstanding on the next date on which all of the Bonds may be redeemed and for which the required redemption notice may be given.

The Trustee will pay principal of and interest on the Bonds from the following sources and in the following priority:

FIRST: from the Letter of Credit Fund in the Revenue Fund;

SECOND: from Eligible Funds on deposit in the Interest Fund, the Bond Sinking Fund and the Redemption Fund, as applicable; and

THIRD: from other money in the Revenue Fund.

Letter of Credit; Substitute Letter of Credit

Pursuant to the Loan Agreement, the Borrower covenants and agrees to maintain in effect at all times while the Bonds are in the Weekly Mode a Letter of Credit meeting the requirements summarized under this heading. Each Letter of Credit: (i) shall permit draws to be made against it by the Trustee as set forth in the Indenture; (ii) shall be in an amount not less than the sum of the maximum principal amount of all Bonds then Outstanding (other than Borrower Bonds and Bank Bonds) commencing on the first date on which draws are permitted thereunder plus interest thereon in the Letter of Credit Interest Amount; and (iii) while the Bonds are in the Weekly Mode, shall permit draws to be made against it to pay the Tender Price of any Bond.

The Trustee will, from time to time, at the Written Request of the Borrower, accept a substitute or replacement Letter of Credit, which does not include an extension or renewal of the then-current Letter of Credit, (a "Substitute Letter of Credit") to replace the Letter of Credit then in effect if the Substitute Letter of Credit meets the following conditions: (i) the Substitute Letter of Credit meets the conditions for a Letter of Credit summarized in the first paragraph under this heading; and (ii) the Substitute Letter of Credit (A) has an effective date not later than

the Stated Termination Date of the Letter of Credit then in effect, (B) has an expiration date of not less than 12 months from its effective date and (C) shall not have an expiration date which occurs within 10 days following an Interest Payment Date. A Substitute Letter of Credit may become effective on any Business Day, which shall be a Substitution Date. The Borrower shall cause to be delivered to the Trustee, with a copy to the Authority, not less than 30 days prior to the proposed Substitution Date, a draft of any Substitute Letter of Credit in substantially final form and a commitment letter with respect thereto. On each Substitution Date, the Borrower shall cause the Authority and the Trustee to receive the following: (A) the original executed Substitute Letter of Credit; (B) written evidence from the Rating Agency, if any, rating the Bonds prior to the Substitution Date of the rating on the Bonds after the Substitution Date; (C) an Opinion of Counsel for the Bank regarding the enforceability of the Substitute Letter of Credit, including its enforceability under the laws of the Bank's country of organization if the Bank's country of organization is not the United States, in substantially the form delivered to the Trustee upon execution and delivery of the Letter of Credit then in effect, which Opinion of Counsel for the Bank shall also include an opinion that the Substitute Letter of Credit is not subject to registration under the Securities Act of 1933, as amended, if the Bank's country of organization is not the United States; and (D) an Opinion of Bond Counsel to the effect that the substitution of the Letter of Credit then in effect is permitted by the Indenture and will not adversely affect the validity of the Bonds or any exemption from federal income taxation to which the interest on the Bonds would otherwise be entitled.

On any Substitution Date, the Bonds shall be subject to mandatory purchase pursuant to the Indenture.

Immediate notice shall be given by the Trustee to the Bank, the Borrower, the Authority and the Rating Agency if no commitment to issue a Substitute Letter of Credit meeting the requirements of summarized in the second paragraph under this heading has been furnished to the Trustee on or prior to the 30th day preceding the Stated Termination Date of the then-current Letter of Credit.

On any Substitution Date on which a Substitute Letter of Credit becomes effective in accordance with the provisions summarized under this heading, the Letter of Credit in effect prior to such Substitution Date may be delivered to its issuer for cancellation and thereupon, if no obligations remain outstanding under the Reimbursement Agreement, all references in the Indenture and the Loan Agreement to the Letter of Credit, the Bank, the Reimbursement Agreement and the Stated Termination Date will be construed by reference to the Substitute Letter of Credit.

For so long as its Letter of Credit is outstanding, the Bank has the right to purchase any Bonds which have been accelerated pursuant to the provisions summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Acceleration" upon the occurrence of an Event of Default under the Indenture and which otherwise would be retired by a draw on the Letter of Credit. The purchase price due the registered owners of the Bonds so purchased is 100% of the principal amount of the Bonds, plus accrued interest to the scheduled redemption date and without premium; provided, however, that if a redemption date is an Interest Payment Date, then the purchase price is 100% of the principal amount of the Bonds. The purchase price is payable in immediately available funds for the account of the registered owners at the Principal Office of the Trustee prior to 2:00 p.m., Wisconsin time, on the day the Trustee would otherwise be required to make a drawing on the Letter of Credit for the retirement of the Bonds. The Bank will exercise its option to purchase the Bonds by so notifying the Trustee together with timely payment of the purchase price. If and to the extent the Bank exercises its option and the Trustee is in receipt of the full purchase price by the time specified, the Trustee will rescind the Letter of Credit drawing in respect of the Bonds so purchased.

Investment of Funds

Subject to the Tax Exemption Agreement and the limitations summarized under this heading, upon direction via facsimile transmission promptly followed by a Written Request of the Borrower filed with the Trustee, moneys on deposit in the Revenue Fund, the Interest Fund, the Project Fund, the Bond Sinking Fund, the Expense Fund and the Redemption Fund shall be invested in Permitted Investments; provided, however, that moneys held in the Letter of Credit Fund and the Redemption Fund shall only be invested in U.S. Government Obligations with a term not exceeding the date or dates that moneys therefrom are anticipated to be required. As and when any amounts invested pursuant to the Indenture may be needed for disbursements from the Bond Sinking Fund or the

Interest Fund, the Trustee shall cause a sufficient amount of such investments to be sold or otherwise converted into cash to the credit of such Fund. The Trustee may trade with itself in the purchase and sale of securities for such investment; provided, however, that in no case shall any investment be otherwise than in accordance with the investment limitations contained in the Indenture and in the Tax Exemption Agreement. The Trustee shall not be liable or responsible for any loss resulting from any such investments. Losses on investments shall be charged to the Fund from which the investment is made.

All gains from the investment of moneys on deposit in any Fund shall be deposited in the following Funds, in the order listed: (i) until acquisition and construction of the Project is complete, to the Project Fund; (ii) the Interest Fund to the extent of the amount which the Trustee estimates will be required to be deposited therein within one year of the date of deposit to pay interest on the Bonds; (iii) the Bond Sinking Fund to the extent of the amount required to be deposited therein on the next scheduled Maturity or mandatory redemption date if one is scheduled within one year of the date of deposit; and (iv) the balance, if any, in the Redemption Fund.

Non-Presentation of Tendered Bonds

In the event any Tendered Bonds shall not be presented for purchase and moneys sufficient to pay the purchase price of such Tendered Bonds are held in the Bond Purchase Fund, the Trustee shall segregate and hold such moneys in trust (but shall not invest such moneys), without liability for interest thereon, for the benefit of the holders of such Tendered Bonds who shall, except as summarized in the last paragraph under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Bond Purchase Fund," thereafter be restricted exclusively to such moneys, for the satisfaction of any claim of whatever nature on their part under the Indenture or on, or with respect to, said Tendered Bonds.

Bond Purchase Fund

The Trustee shall establish and maintain, so long as any Bonds are outstanding which have not been converted to a Fixed Rate, a separate fund to be known as the "Maranatha Baptist Bible College, Inc. Bond Purchase Fund" (the "Bond Purchase Fund"). There shall be deposited into the Bond Purchase Fund from time to time the following: (a) the price received upon the remarketing of Tendered Bonds to any Person pursuant to the Remarketing Agreement (other than Tendered Bonds sold to the Borrower, any affiliate of the Borrower or the Authority in violation of the Indenture); (b) the price received from the underwriter or purchaser (other than the Borrower, any affiliate of the Borrower or the Authority) of Tendered Bonds upon the conversion of the interest rate thereon to a Fixed Rate; and (c) moneys obtained by the Trustee as proceeds of a draw made pursuant to the Letter of Credit to be applied to pay the purchase price of Tendered Bonds.

Moneys in the Bond Purchase Fund shall be held exclusively for the payment of the purchase price of Tendered Bonds. There shall be no investment of the funds or moneys on deposit in the Bond Purchase Fund. Amounts held to pay the purchase price for more than four years shall be applied in the same manner as summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Unclaimed Moneys" with respect to unclaimed payments of principal and interest.

Payment of Principal, Premium, if any, and Interest

Subject to the limited source of payment as summarized in this Appendix B, the Authority covenants in the Indenture that it will promptly pay the principal of, premium, if any, and interest on every Bond issued under the Indenture at the place, on the dates and in the manner provided in the Indenture and in said Bonds according to the true intent and meaning thereof. The principal of, and interest and premium, if any, on the Bonds are payable solely from payments or prepayments by the Borrower upon the Note and otherwise as provided in the Indenture and the Loan Agreement, which payments are specifically assigned and pledged to the payment of the Bonds in the manner and to the extent specified in the Indenture, and nothing in the Bonds or in the Indenture shall be considered as assigning or pledging any funds or assets of the Authority (except the moneys, the Note and the Loan Agreement (other than Unassigned Rights) and other property and rights pledged under the Indenture).

Rights Under the Loan Agreement

The Authority agrees in the Indenture that the Trustee in its own name or in the name of the Authority may enforce all rights of the Authority and all obligations of the Borrower under and pursuant to the Loan Agreement for and on behalf of the Bondholders (other than Unassigned Rights), whether or not the Authority is in default under the Indenture. The Trustee shall be considered the holder of the Note.

Arbitrage; Compliance with Tax Exemption Agreement

The Authority covenants and agrees in the Indenture that it will take such actions as are directed by the Borrower and are within its control, and will not fail to take any action directed by the Borrower and are within its control, with respect to the investment of the proceeds of the Bonds (regardless of the source thereof and whether or not held under the Indenture) or with respect to the payments derived from the Note and from the Loan Agreement, designed to keep the Bonds from becoming Arbitrage Bonds. The Authority further covenants and agrees in the Indenture that it will comply with and take all actions required of it by the Tax Exemption Agreement.

Events of Default

Each of the following events is an "Event of Default" under the Indenture:

(a) payment of any installment of interest payable on any of the Bonds (other than Borrower Bonds) shall not be made when the same shall become due and payable; or

(b) payment of the principal of or the premium, if any, payable on any of the Bonds (other than Borrower Bonds) shall not be made when the same shall become due and payable, either at Maturity, by proceedings for redemption or upon acceleration; or

(c) payment of any amount due in respect of the purchase price of Tendered Bonds (excluding any Borrower Bonds) delivered to the Trustee pursuant to the provisions of the Indenture shall not be made when the same shall become due and payable; or

(d) the Authority shall for any reason be rendered incapable of fulfilling any of its material obligations under the Indenture; or

(e) the Authority shall default in the due and punctual performance of the covenants, conditions, agreements and provisions contained in the Bonds or in the Indenture or in any indenture supplemental thereto to be performed on the part of the Authority, and such default shall continue for 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Authority and the Borrower by the Trustee; provided that the Trustee shall give such notice at the written request of the Bank or the owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding under the Indenture with the consent of the Bank; provided that if such default cannot with due diligence and dispatch be wholly cured within 30 days but can be wholly cured, the failure of the Authority to remedy such default within such 30-day period shall not constitute an Event of Default under the Indenture if the Authority shall immediately upon receipt of such notice commence with due diligence and dispatch the curing of such default and, having so commenced the curing of such default, shall thereafter prosecute and complete the same with due diligence and dispatch; or

(f) the occurrence and continuation of any Event of Default under the Loan Agreement; or

(g) the Authority, the Borrower or the Trustee shall default in the performance of any covenant, condition, agreement or provision of the Tax Exemption Agreement, and such default shall continue for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the party in default and the Borrower by the other party; provided that if such default cannot with due diligence and dispatch be wholly cured within 30 days but can be wholly cured, the failure of the Authority, the Borrower or the Trustee to remedy such default within such 30-day

period shall not constitute an Event of Default under the Indenture if any of the foregoing shall immediately upon receipt of such notice commence with due diligence and dispatch the curing of such default and, having so commenced the curing of such default, shall thereafter prosecute and complete and the same with due diligence and dispatch; or

(h) if, when a Letter of Credit is required as summarized under the headings "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Letter of Credit; Substitute Letter of Credit" and "SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT - Letter of Credit," (i) the Bank (A) admits insolvency; (B) becomes unable to pay its debts as they mature; (C) commences a proceeding under any federal or state insolvency, reorganization or similar law or has such a proceeding commenced against it and either has an order of insolvency or reorganization entered against it or has the proceedings remain undismissed and unstayed for forty-five (45) days or (D) a receiver, conservator, liquidator, or trustee is appointed for the Bank or for the whole or any substantial part of its property; and (ii) the Borrower fails within 45 days thereafter to deliver to the Trustee (A) a Letter of Credit meeting the requirements summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Letter of Credit; Substitute Letter of Credit;" or

(i) if, when a Letter of Credit is required as summarized under the headings "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Letter of Credit; Substitute Letter of Credit" and "SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT - Letter of Credit," the Trustee receives a written notice from the Bank that an Event of Default has occurred under the Reimbursement Agreement and directing the Trustee to accelerate the payment of principal and interest on the Bonds; or

(j) if, when a Letter of Credit is required as summarized under the headings "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Letter of Credit; Substitute Letter of Credit" and "SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT - Letter of Credit," the Bank fails to honor any drawing in accordance with the terms of the Letter of Credit; or

(k) if, when a Letter of Credit is required as summarized under the headings "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Letter of Credit; Substitute Letter of Credit" and "SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT - Letter of Credit," the Letter of Credit is for any reason not in full force and effect.

Acceleration

Upon the occurrence of any Event of Default under the Indenture, the Trustee: (i) may (with the written consent of the Bank with respect to the occurrence of an Event of Default summarized in clauses (d) through (f) under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Events of Default"); and (ii) must (A) (1) upon receipt of a request to do so from the owners of 25% of the aggregate principal amount of the Bonds then Outstanding and (2) with the written consent of the Bank with respect to the occurrence of an Event of Default summarized in clauses (d) through (g) under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Events of Default," (B) upon receipt of a request to do so from the Bank with respect to the occurrence of an Event of Default summarized in clauses (d) through (g) under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Events of Default" or (C) within one Business Day of the occurrence of an Event of Default summarized in clauses (a) through (c) or (h) through (k) under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Events of Default," by written notice to the Authority and the Borrower, declare the principal of and accrued interest on the Bonds (if not then due and payable) to be due and payable immediately.

Upon such acceleration while the Bonds are supported by a Letter of Credit, the Trustee shall forthwith demand payment from the Bank under the Letter of Credit pursuant to the terms thereof in an amount sufficient to pay the principal of the Bonds and interest on the Bonds up to but not including the expected payment date of the draw on the Letter of Credit, which payment date shall be no later than 3 days after the earlier of (i) the date of the

acceleration of the Bonds pursuant to the provisions summarized under this heading or (ii) the date the Trustee receives written notice from the Bank to accelerate the Bonds.

Remedies; Rights of Bondholders

Upon the occurrence of any Event of Default under the Indenture (and with the written consent of the Bank in the case of actions taken with respect to the Bonds as a result of an Event of Default summarized in clauses (d) through (g) under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Events of Default"), the Trustee may take whatever action at law or in equity it deems necessary or desirable (i) to collect any amounts then due under the Indenture, the Bonds, the Loan Agreement or the Note; (ii) to enforce performance of any obligation, agreement or covenant of the Authority under the Indenture or the Bonds, of the Borrower under any of the Borrower's Documents, of a guarantor under any guaranty given with respect to any Bond or the Note or of the grantor of any other collateral given to secure the payment of the Bonds or the Note or (iii) to otherwise enforce any of its rights.

None of the remedies under the Indenture is exclusive of any other remedy or remedies. Each remedy given under the Indenture is cumulative and is in addition to every other remedy which is given or which now or hereafter exists at law, in equity or by statute. No delay or omission in the exercise of any right or power accruing upon an Event of Default under the Indenture impairs the right or power or is a waiver of or acquiescence in any Event of Default under the Indenture. Every right and power given by the Indenture may be exercised from time to time and as often as may be deemed expedient. No waiver of any Event of Default under the Indenture extends to or affects any subsequent or other Event of Default under the Indenture or impairs any rights or remedies consequent thereon.

Upon the acceleration of amounts due on the Note pursuant to the Loan Agreement, the Trustee will declare the Bonds and all amounts payable under them to be due and payable.

Direction of Proceedings by Bondholders

The owners of not less than 51% in aggregate principal amount of the Bonds then Outstanding (with the written consent of the Bank in the case of actions taken with respect to the Bonds as a result of an Event of Default summarized in clauses (d) through (g) under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Events of Default"), shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee and subject to the Trustee being indemnified to its reasonable satisfaction as provided in the Indenture, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, including enforcement of the rights of the Authority under the Loan Agreement or the appointment of a receiver or any other proceedings under the Indenture; provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

Application of Moneys

All moneys received by the Trustee, by any receiver or by any Bondholder pursuant to any right given or action taken under the provisions of the Indenture shall, after payment of the reasonable costs and expenses of the proceedings resulting in the collection of such moneys and of the reasonable fees, expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Bond Sinking Fund, and all moneys so deposited during the continuance of an Event of Default under the Indenture (other than moneys for the payment of Bonds which have previously matured or otherwise become payable prior to such Event of Default or for the payment of interest due prior to such Event of Default or derived from the Bank and restricted in their application to the payment of Bank Bonds), together with all moneys in the Funds maintained by the Trustee under the Indenture other than the Bond Purchase Fund, shall be applied as follows:

- (a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied (subject to the limitations summarized under this heading):

First: To the payment to the Persons entitled thereto of all installments of interest then due on the Bonds (other than Borrower Bonds), with interest on overdue installments, if lawful, at the rate per annum borne by the Bonds, in the order of the Maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto without any discrimination or privilege (such payments to be made from the Interest Fund);

Second: To the payment to the Persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Borrower Bonds and Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), with interest on such Bonds at their rate from the respective dates upon which they became due, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, to the Persons entitled thereto without any discrimination or privilege (such payments to be made from the Bond Sinking Fund);

Third: To the payment of amounts, if any, payable to the United States Treasury pursuant to the Tax Exemption Agreement;

Fourth: To the payment of any amounts due and payable to the Bank; and

Fifth: To the payment to the Persons entitled thereto of unpaid principal and interest due and owing on any Bonds, the payment of principal and interest of which has been extended in the manner described in the Indenture.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied (subject to the limitations summarized under this heading):

First: To the payment to the Persons entitled thereto of the principal and interest then due and unpaid upon the Bonds (other than Borrower Bonds), with interest on overdue interest and principal, as aforesaid, without preference or priority of principal over interest or of interest over principal or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, without any discrimination or privilege;

Second: To the payment of amounts, if any, payable to the United States Treasury pursuant to the Tax Exemption Agreement; and

Third: To the payment of any amounts due and payable to the Bank and then to the payment of the principal and interest then due and unpaid upon Bonds with respect to which the payment of principal and interest has been extended as described in the Indenture.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of the Indenture, then, subject to the provisions summarized in clause (b) under this heading which shall be applicable in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions summarized in clause (a) under this heading.

Notwithstanding the foregoing, any moneys which the Trustee holds pursuant to the Tax Exemption Agreement must be distributed in accordance with the Tax Exemption Agreement.

Whenever moneys are to be applied pursuant to the provisions summarized under this heading such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for

such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to commence and upon such date interest on the amounts of principal and interest to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date and of the special record date in accordance with the Indenture. After the Book Entry Termination Date, the Trustee shall not be required to make payment to the holder of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Remedies Vested in Trustee

All rights of action including the right to file proofs of claims under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any owners of the Bonds, and any recovery of judgment shall be for the equal benefit of the owners of the then Outstanding Bonds, subject to the provisions of the Indenture.

Rights and Remedies of Bondholders

No owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust of the Indenture or for the appointment of a receiver or any other remedy under the Indenture, unless (a) a default shall have become an Event of Default under the Indenture, (b) the owners of 25% in aggregate principal amount of Bonds then Outstanding, shall have (i) obtained the prior written consent of the Bank in the case of actions taken with respect to the Bonds as a result of the occurrence of an Event of Default summarized in clauses (d) through (g) under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Events of Default," (ii) made written request to the Trustee, (iii) offered the Trustee reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name, and (iv) offered the Trustee indemnity as provided in the Indenture, and (c) the Trustee shall thereafter fail or refuse to exercise the powers granted in the Indenture, or to institute such action, suit or proceeding in its own name.

Pursuant to the Indenture such notification, request and offer of indemnity are declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of the Indenture and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy under the Indenture; it being understood and intended that no one or more owners of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Indenture by any action or to enforce any right under the Indenture except in the manner provided in the Indenture, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of the owners of all Bonds outstanding.

Nothing in the Indenture contained shall, however, (a) affect or impair the right of any owner to enforce the payment of the principal of and interest on any Bond at and after the Maturity thereof, or (b) affect or impair the B-16 obligation of the Authority to pay the principal of and interest on each of the Bonds issued under the Indenture to the respective owners thereof at the time and place, from the source and in the manner in said Bonds expressed.

Waiver of Events of Default

Except for an Event of Default summarized in clause (i) under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Events of Default" while the Letter of Credit is in effect and except as provided in the next sentence, the Trustee may waive any Event of Default under the Indenture and its consequences and rescind any declaration of maturity of principal of and interest on the Bonds and must do so upon receipt of a request to do so from the owners of a majority in aggregate principal amount of all the Bonds then Outstanding in respect of which a default in the payment of the principal of, premium, if any, or interest exists or of the owners of 25% or more in principal amount of such Bonds then Outstanding in the case of any other default. Notwithstanding the preceding sentence, (a) the Trustee may not waive any Event of Default in the payment of the principal of,

premium, if any, or interest on, any Bond or the purchase price of any Tendered Bond, unless prior to the waiver all arrears of principal, premium, if any, and interest on, any Bond and the purchase price of any Tendered Bond, and all expenses of the Authority and the Trustee in connection with the Event of Default have been paid or provided for and the Trustee has received written notice from the Bank providing that the Letter of Credit has been fully reinstated and (b) no Event of Default summarized in clause (h), (j) or (k) under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Events of Default" may be waived unless there is a currently effective Letter of Credit outstanding issued by a Bank with respect to which no such Event of Default has occurred.

In case of any such waiver or rescission or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Authority, the Trustee and the Bondholders shall, subject to any determination in such proceeding, be restored to their former positions and rights under the Indenture respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Removal of the Trustee

Subject to the provisions of the Indenture, the Trustee may be removed at any time by filing with the Trustee so removed, and with the Authority, the Borrower, the Bank and the Remarketing Agent, an instrument or instruments in writing, appointing a successor, or an instrument or instruments in writing, consenting to the appointment by the Borrower or the Authority of a successor and accompanied by an instrument of appointment by the Borrower or the Authority of such successor, and in any event executed by (a) the Bank or the owners of not less than 51% in aggregate principal amount of Bonds then Outstanding with the prior written consent of the Bank or (b) the Borrower (so long as no default or Event of Default under the Indenture or by the Borrower under the Loan Agreement or any other document executed and delivered in connection with the issuance and sale of the Bonds has occurred, whether or not continuing). A removal takes effect upon the appointment of a successor or temporary Trustee and the successor or temporary Trustee's acceptance of its appointment.

Remarketing Agent

The initial Remarketing Agent for the Bonds shall be B.C. Ziegler and Company. The Borrower may appoint a different Remarketing Agent, subject to prior written approval of the Bank. The Remarketing Agent shall designate its Principal Office to the Trustee, the Borrower, the Authority and the Bank and signify its acceptance of the duties and obligations imposed upon it under the Indenture by a written instrument of acceptance delivered to the Authority and the Trustee under which the Remarketing Agent will agree, particularly: (a) to hold all moneys delivered to it for the purchase of Bonds for the account of and for the benefit of the person or entity which shall have so delivered such moneys until the Bonds purchased with such moneys shall have been delivered to or for the account of such person or entity; and (b) to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Authority, the Borrower and the Trustee at all reasonable times.

The Authority shall cooperate with the Trustee, and the Borrower to cause the necessary arrangements to be made and to be thereafter continued whereby funds from the sources specified in the Indenture and the Loan Agreement will be made available for the purchase of Bonds presented at the Principal Office of the Trustee and whereby Bonds, executed by the Authority and authenticated by the Trustee, shall be made available to the Remarketing Agent to the extent necessary for delivery pursuant to the Indenture.

The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by the Indenture by giving at least 30 days' written notice to the Authority, the Bank, the Borrower and the Trustee. The Remarketing Agent may be removed at the direction of the Borrower (which direction shall be given if the Bank so directs) with the written consent of the Bank (which consent will not be unreasonably withheld) by giving at least 30 days' written notice to the Remarketing Agent, the Authority, the Bank and the Trustee.

In the event of the resignation or removal of the Remarketing Agent, the Remarketing Agent shall pay over, assign and deliver any moneys and Bonds held by it in such capacity to its successor or, if there be no successor, to the Trustee.

In the event that the Borrower, with the approval of the Authority, shall fail to appoint a Remarketing Agent, or in the event that the Remarketing Agent shall resign, be removed or be dissolved, or if the property or affairs of the Remarketing Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Borrower, with the consent of the Bank, shall not have appointed its successor as Remarketing Agent, the Trustee, notwithstanding the provisions summarized in the first paragraph under this heading, shall ipso facto be deemed to be the Remarketing Agent for all purposes of the Indenture until the appointment by the Borrower of the Remarketing Agent or successor Remarketing Agent, as the case may be; provided, however, that the Trustee, in its capacity as Remarketing Agent, shall not be required to remarket Bonds, or to determine the interest rate on the Bonds except in the manner provided in the Indenture.

The Remarketing Agent for its own account or as broker or agent for others may deal in Bonds and may do anything any other Bondholder may do to the same extent as if the Remarketing Agent were not serving as such.

The Remarketing Agent will not be entitled to any compensation from the Authority or the Trustee or have any claim or rights with respect to any property, rights or interests constituting a part of the Trust Estate or otherwise held under the Indenture, but must make separate arrangements with the Borrower for compensation.

Supplemental Indentures Not Requiring Consent of Bondholders

Subject to the limitation summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Supplemental Indentures Requiring Consent of Bondholders" with respect to the provisions summarized under this heading, the Authority and the Trustee may, without the consent of, or notice to, any of the Bondholders, but only with the prior written consent of the Bank with respect to those provisions which affect the rights, duties or obligations of the Bank (which consent shall not be unreasonably withheld), enter into an indenture or indentures supplemental to the Indenture, as shall not be inconsistent with the terms and provisions of 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 Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders and the Trustee, or either of them;
- (c) to assign and pledge under or subject to the Indenture additional revenues, properties or collateral;
- (d) to evidence the appointment of a separate Trustee or the succession of a new Trustee under the Indenture or the appointment of a Trustee's Agent;
- (e) to modify, amend or supplement the Indenture or any indenture supplemental thereto in such manner as to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as then amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any state of the United States;
- (f) to modify, amend or supplement the Indenture or any indenture supplemental thereto in such manner as to permit continued compliance with the Tax Exemption Agreement;
- (g) (1) to provide for certificated Bonds and (2) after the Conversion Date with respect to any of the Bonds, to modify, amend or supplement the Indenture or any indenture supplemental thereto in such manner as to permit the issuance of coupon Bonds that bear interest at a Fixed Rate and to permit the exchange of Bonds that bear interest at a Fixed Rate from registered form to coupon form and vice versa;
- (h) to provide for the refunding or advance refunding of any Bonds, including the right to establish and administer an escrow fund and to take related action in connection therewith;

(i) to implement a conversion of the interest rate on the Bonds to a Fixed Rate, all as provided in the Indenture, including but not limited to modifying, amending or supplementing the form of Bond to reflect, among other things, a change in the designated title of the Bonds, the fixing of an annual rate of interest, the termination of the rights of any owner of Bonds to tender such Bonds for purchase and the fact that the Bonds are no longer payable out of moneys drawn under the Letter of Credit;

(j) to evidence or give effect to or facilitate the delivery and administration under the Indenture of a Substitute Letter of Credit, including but not limited to such provisions as are necessary to permit the issuer of such a Substitute Letter of Credit to provide credit support relating to payment of principal of and interest on the Bonds and a separate issuer of another Substitute Letter of Credit to provide liquidity support relating to payment of the purchase price of Tendered Bonds;

(k) to evidence or give effect to or facilitate the delivery and administration under the Indenture of a letter of credit, a line of credit, a bond purchase agreement or an insurance policy or any other credit or liquidity device;

(l) to secure or maintain ratings from the Rating Agency in both the highest short-term or commercial paper debt rating category and also in either of the two highest long-term debt rating categories of the applicable Rating Agency or Agencies, which changes will not restrict, limit or reduce the obligation of the Authority to pay the principal of and premium, if any, and interest on the Bonds as provided in the Indenture or otherwise adversely affect the owners of the Bonds under the Indenture;

(m) to effect a change in the optional redemption schedule for Bonds in the Fixed Mode pursuant to the Indenture;

(n) to make any change that in the judgment of the Trustee does not materially adversely affect the rights of any Bondholders; and

(o) to amend the definition of Project to reflect redemption(s) described in the front section of this Official Statement under the heading "THE BONDS - Redemption of Bonds - Special Optional Redemptions."

The Authority and the Trustee may not enter into a Indenture or indentures supplemental to the Indenture pursuant to the provisions summarized in clause (g)(ii) under this heading unless they shall have received an Opinion of Bond Counsel to the effect that the issuance of coupon Bonds will not adversely affect the validity or enforceability in accordance with their terms of such Bonds or adversely affect any exemption for purposes of federal income taxation to which the interest on the Bonds would otherwise be entitled. The Trustee may rely on an opinion of Independent Counsel that such supplemental indenture complies with the provisions of the Indenture.

Supplemental Indentures Requiring Consent of Bondholders

In addition to supplemental indentures summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Supplemental Indentures Not Requiring Consent of Bondholders" and subject to the terms and provisions summarized under this heading, and not otherwise, the owners of not less than 51% in aggregate principal amount of the Bonds which are outstanding under the Indenture at the time of the execution of such indenture or supplemental indenture, with the prior written consent of the Bank (as to provisions affecting the rights and obligations of the Bank), shall have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the Authority and the Trustee of such other indenture or indentures supplemental to the Indenture as shall 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 summarized under this heading or under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Supplemental Indentures Not Requiring Consent of Bondholders" shall permit, or be construed as permitting, a supplemental indenture to effect:

- (i) an extension of the Maturity or reduction in the principal amount of, or reduction in the rate or extension of the time of paying interest on, or reduction of any premium payable on the redemption of, any Bonds, without the consent of the owners of such Bonds;
- (ii) a reduction in the amount or extension of the time of any payment required to be made to or from the Interest Fund or the Bond Sinking Fund without the consent of the Bank and the owners of all the Bonds at the time outstanding;
- (iii) the creation of any Lien prior to or on a parity with the lien of the Indenture on the property summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Granting Clauses" or the deprivation of any Bondholders of the lien created by the Indenture on such property, without the consent of the Bank and the owners of all the Bonds at the time outstanding;
- (iv) a reduction in the aforesaid aggregate principal amount of Bonds the owners of which are required to consent to any such supplemental indenture, without the consent of the Bank and the owners of all the Bonds at the time outstanding which would be affected by the action to be taken;
- (v) a modification of the rights, duties or immunities of the Trustee, without the written consent of the Bank and the Trustee; or
- (vi) a change in the purchase price of a Tendered Bond without the consent of the owner thereof.

If at any time the Authority shall request the Trustee to enter into any such supplemental indenture for any of the purposes summarized under this heading, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be mailed by registered or certified mail to the registered owners of the Bonds at their addresses as the same shall appear on the bond register. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the Principal Office of the Trustee for inspection by all Bondholders. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail such notice, and any such failure shall not affect the validity of such supplemental indenture when consented to and approved as summarized under this heading. If the owners of the requisite principal amount of Bonds which are outstanding under the Indenture at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as provided in the Indenture, no owner of any Bond shall 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.

Amendments to Loan Agreement Not Requiring Consent

The Authority, the Borrower and the Trustee may, without the consent of or notice to the owners of the Bonds, but only with the prior written consent of the Bank with respect to those provisions which affect the rights, duties and obligations of the Bank (which consent will not be unreasonably withheld and shall not be required in connection with an amendment, change or modification summarized in clause (d) of this paragraph), consent to any amendment, change or modification of the Loan Agreement as may be required (a) by the provisions of the Indenture or the Loan Agreement, (b) for the purpose of curing any ambiguity or formal defect or omission, (c) for the purpose of complying with the provisions of the Tax Exemption Agreement, (d) in connection with the conversion of the interest rate on the Bonds to a Fixed Rate, as provided in the Indenture, (e) to secure or maintain ratings from the Rating Agency in both the highest short-term or commercial paper debt rating category and also in either of the two highest long-term debt rating categories of the Rating Agency, which changes will not restrict, limit or reduce the obligation of the Authority to pay the principal of, premium, if any, and interest on the Bonds as provided in the Indenture or otherwise adversely affect the owners of the Bonds under the Indenture, (f) in connection with any other change therein which, in the judgment of the Trustee, does not materially adversely affect the rights of the Trustee or the owners of the Bonds; provided, however, that nothing summarized under this heading

shall permit, or be construed as permitting, any amendment, change or modification of the Loan Agreement that may result in anything described in clauses (i) through (vi) under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Supplemental Indentures Requiring Consent of Bondholders," without the consent of each Bondholder affected and the Bank, or so as to more precisely identify the Project described in the Loan Agreement or indentures supplemental thereto, remove property from the definition of the Project in the event of a redemption described in the front section of this Official Statement under the heading "THE BONDS - Redemption of Bonds - Special Optional Redemptions" or substitute or add additional improvements or equipment to the Project or additional rights or interest in property acquired in accordance with the provisions of the Loan Agreement.

Amendments to Loan Agreement Requiring Consent of Bondholders

Except for the amendments, changes or modifications as summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Amendments to Loan Agreement Not Requiring Consent of Bondholders," neither the Authority nor the Trustee shall consent to any other amendment, change or modification of the Loan Agreement without the prior written consent of the Bank and the written approval or consent, given and procured as summarized under this heading, of the owners of not less than 51 % in aggregate principal amount of the Bonds which are outstanding under the Indenture at the time of execution of any such amendment, change or modification.

If at any time the Authority and the Borrower shall request the consent of the Trustee to any such proposed amendment, change or modification of the Loan Agreement, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be mailed in the same manner as summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Supplemental Indentures Requiring Consent of Bondholders" with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the Principal Office of the Trustee for inspection by all Bondholders. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail such notice, and any such failure shall not affect the validity of such amendment, change or modification when consented to and approved as summarized under this heading.

If the owners of not less than 51% in aggregate principal amount of the Bonds outstanding under the Indenture at the time of the execution of any such amendment, change or modification and the Bank shall have consented to and approved the execution thereof as provided in the Indenture, no owner of any Bond shall 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.

The foregoing notwithstanding, without the consent of the Bank and each Bondholder affected, no amendment or supplement may effect any change or modification summarized in clauses (i) through (vi) under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Supplemental Indentures Requiring Consent of Bondholders."

Before the Authority shall enter into, and the Trustee shall consent to, any modification, alteration, amendment or supplement to the Loan Agreement pursuant to the provisions summarized under this heading, there shall have been delivered to the Authority and the Trustee an Opinion of Bond Counsel (with a copy to the Bank) stating that such modification, alteration, amendment or supplement is authorized or permitted by the Loan Agreement or the Indenture and the Act, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the Authority in accordance with its terms and will not adversely affect any exemption from federal income taxation to which the interest on the Bonds would otherwise be entitled.

No Amendment May Materially Adversely Alter Note

Under no circumstances shall any amendment to the Loan Agreement alter the payments of principal thereof and premium, if any, and interest on the Note without the consent of the Bank and the owners of all the Bonds then Outstanding.

Defeasance

If the Authority shall pay or provide for the payment of the entire indebtedness on all Bonds outstanding (including, for the purpose of the provisions summarized under this heading, the Bonds and Borrower Bonds) in any one or more of the following ways:

(a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on all Bonds outstanding, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before Maturity, moneys (which shall be Eligible Funds except in the case of moneys deposited to provide for payment of Borrower Bonds or Bank Bonds) in an amount sufficient to pay or redeem (when redeemable) all Bonds outstanding (including the payment of premium, if any, and interest payable on such Bonds to the Maturity or redemption date thereof); provided that such moneys, if invested, shall be invested in U.S. Government Obligations which are not callable or subject to prepayment prior to the date the moneys therefrom are anticipated to be required (purchased with Eligible Funds except in the case of securities deposited to provide for the payment of Borrower Bonds or Bank Bonds) in an amount, without consideration of any income or increment to accrue thereon, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Bonds outstanding at or before their respective Maturity, it being understood that the investment income on such U.S. Government Obligations may be used for any other purpose under the Act;

(c) by delivering to the Trustee, for cancellation by it, all Bonds outstanding; or

(d) by depositing with the Trustee, in trust, U.S. Government Obligations which are not callable or subject to prepayment prior to the date the moneys therefrom are anticipated to be required (purchased with Eligible Funds except in the case of securities deposited to provide for the payment of Borrower Bonds or Bank Bonds) in such amount as will, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, and with any uninvested cash (which shall be Eligible Funds except in the case of cash deposited to provide for the payment of Borrower Bonds or Bank Bonds) be fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Bonds at or before their respective dates of Maturity; and if the Authority shall pay or cause to be paid all other sums payable under the Indenture by the Authority, then and in that case the Indenture and the estate and rights granted under the Indenture shall cease, determine and become null and void, and thereupon the Trustee shall, upon Written Request of the Authority at the direction of the Borrower, and upon receipt by the Trustee of an Officer's Certificate and an opinion of Independent Counsel, each stating that in the opinion of the signers all conditions precedent to the satisfaction and discharge of the Indenture have been complied with, forthwith execute proper instruments acknowledging satisfaction of and discharging the Indenture and the lien of the Indenture; provided, however, if Bonds are to be advance refunded (i.e., redeemed or paid at Maturity more than 90 days after such deposit) pursuant to clause (b) or (d) summarized under this heading, the Borrower shall first deliver to the Trustee the following: (i) a final official statement delivered in connection with the issuance of refunding bonds, if any; (ii) an accountants' verification report acceptable to the Trustee pertaining to the escrow established as summarized in clause (b) or (d) under this heading to provide for the payment of the Bonds, which report shows, for any Bonds which do not bear interest at a Fixed Rate, interest calculated on the basis of the Maximum Interest Rate; (iii) an escrow deposit agreement acceptable to the Trustee, which shall provide that no U.S. Government Obligations held pursuant thereto shall be sold, reinvested or substituted for unless (A) there shall be delivered a new report of the type referred to above in clause (ii) and (B) the proceeds are reinvested in other U.S. Government Obligations; and (iv) an opinion of Independent Counsel that such Bonds are no longer Outstanding under the Indenture.

In the event a forward purchase agreement is employed in connection with the refunding, such agreement shall be in such form, and shall be accompanied by opinions of counsel, acceptable to the Trustee. Drafts of such forward purchase agreement and opinions shall be delivered to the Trustee not less than ten Business Days prior to the funding of any escrow. In such event, the Trustee shall assign, transfer and turn over to the Borrower the Trust Estate under the Indenture, including, without limitation, any surplus in the Bond Sinking Fund and any balance remaining in any other fund created under the Indenture (other than said U.S. Government Obligations or other moneys deposited in trust as above provided). The satisfaction and discharge of the Indenture shall be without prejudice to the rights of the Trustee to charge and be reimbursed by the Authority and the Borrower for any expenditures which it may thereafter incur in connection with the Indenture.

The Authority or the Borrower may at any time surrender to the Trustee for cancellation by it any Bonds previously authenticated and delivered, which the Authority or the Borrower may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Additional Requirements for Defeasance of Bonds

Prior to the advance refunding of any of the Bonds outstanding under the Indenture not bearing interest at a Fixed Rate, the Borrower shall provide to the Rating Agency an opinion of nationally recognized bankruptcy counsel experienced in bankruptcy matters and acceptable to the Trustee and the Rating Agency (which opinion may assume that no Bondholders are "insiders" within the meaning of Title XI of the United States Code) to the effect that the payment of the Bonds after the advance refunding of such Bonds would not be avoidable as preferential payments under Section 547 of the United States Bankruptcy Code recoverable under Section 550 of the United States Bankruptcy Code should the Authority or the Borrower become a debtor in a proceeding commenced thereunder.

Bonds which do not bear interest at a Fixed Rate may only be advance refunded if (a)(i) such Bond matures or is called for redemption on or prior to the next date upon which such Bond is subject to purchase pursuant to the Indenture, or (ii) the Trustee receives evidence from independent certified public accountants satisfactory to the Trustee that the moneys on deposit in the escrow established to advance refund such Bonds are in an amount sufficient to pay any portion of the Bonds which may be Tendered Bonds during the period prior to payment in full of principal, premium, if any, and interest payable on such Bonds, in which case the Tendered Bonds purchased with moneys in the escrow will be canceled, or (iii) a Letter of Credit remains in effect through the last day any such Bond matures or is to be redeemed; (b) the Borrower waives, to the satisfaction of the Trustee, its right to convert the method for determining the interest rate borne by such Bond pursuant to the Indenture and (c) the Trustee has received written notice from the Rating Agency that such rating will not be reduced or withdrawn upon such advance refunding.

Unclaimed Moneys

Any moneys deposited with the Trustee by or for the account of the Borrower in accordance with the terms and covenants of the Indenture, in order to redeem or pay any Bond, or interest thereon, in accordance with the provisions of the Indenture, and remaining unclaimed by the registered owner of the Bond for three years after the date fixed for redemption or of Maturity, as the case may be, shall, so long as no Event of Default exists under the Indenture, be repaid by the Trustee to the Borrower; and thereafter the registered owner of the Bond shall be entitled to look only to the Borrower for payment thereof. If the Borrower makes arrangements satisfactory to the Authority or the Trustee to indemnify the Authority or the Trustee for any costs which it may incur due to the unavailability of moneys due to such investment, such moneys may be invested only in U.S. Government Obligations. Investment income on any such unclaimed moneys received by the Trustee shall be deposited as summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Investment of Funds" until the final Maturity or redemption date of the Bonds. Any such income generated after such date shall be deemed to be unclaimed moneys of the type referred to in the first sentence of this paragraph and shall be disposed of in accordance with such sentence.

Consent of the Bank

The particular provisions of the Indenture and the Loan Agreement which require notice to, or an approval, consent or direction from, the Bank do not apply if (a) the Bank has failed to honor a properly presented and conforming draw under the Letter of Credit, (b) in the event any Event of Default summarized in clause (a), (b), (c), (h), (j) or (k) under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Events of Default" has occurred or (c) if there is no Letter of Credit outstanding against which draws may be made to pay the principal of, or interest or redemption premium on, any Bonds or the purchase price for any Tendered Bonds and no obligations remain outstanding under the Reimbursement Agreement after the Bonds have been paid in full. The provisions of the Indenture which require notice to, or an approval, consent or direction from, the Bank do not apply in the case of any Bank whose Letter of Credit is no longer outstanding.

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

Loan of Bond Proceeds

The Borrower and the Authority will enter into the Loan Agreement pursuant to which the Authority will lend the proceeds of the Bonds to the Borrower. The Borrower will execute and deliver to the Authority its Note to evidence the loan and the obligation of the Borrower to repay it. The Note will be issued in a principal amount equal to the principal amount of the Bonds and will provide for payments of principal, premium, if any, and interest sufficient to permit the Authority to make the required payments of principal, premium, if any, and interest on the Bonds.

Payments in Respect of the Note and Loan Agreement; Purchase of Tendered Bonds

(a) **Payments of Principal and Interest:** The Borrower covenants and agrees in the Loan Agreement to make the following payments under the Loan Agreement or in respect of the Note directly to the Trustee for deposit into the appropriate fund established by the Indenture, on the following dates:

(i) **Interest:**

(A) **On or prior to the Conversion Date for the Bonds:** On each Interest Payment Date for the Bonds, an amount equal to the amount of the interest to become due on the Bonds on such Interest Payment Date; provided, however, that the Borrower may be entitled to certain credits on such payments as permitted under the Loan Agreement.

(B) **After the Conversion Date for the Bonds:** On the first day of each February and August, beginning with the first of such months following the month in which the Bonds begin to bear interest at the Fixed Rate, an amount, which together with an equal amount to be paid on the first day of each such month, if any, occurring on or before the next succeeding semi-annual Interest Payment Date, will not be less than the amount of interest to become due on the Bonds on such Interest Payment Date; provided, however, that the Borrower may be entitled to certain credits on such payments as permitted under the Loan Agreement.

(ii) **Principal:**

(A) **On or prior to the Conversion Date for the Bonds:** On each Principal Payment Date for the Bonds, an amount equal to the amount of the principal to become due on the Bonds on such Principal Payment Date; provided, however, the Borrower may be entitled to certain credits on such payments as permitted under the Loan Agreement.

(B) **After the Conversion Date for the Bonds:** On the first day of each February and August, beginning with the first of such months following the month in which the Bonds begin to bear interest at the Fixed Rate, an amount, which together with an equal amount to be paid on the first day of each such month, if any, occurring on or before the next succeeding mandatory redemption date or maturity date for

the Bonds, will not be less than the principal to become due on the Bonds on such maturity date or mandatory redemption date; provided, however, that the Borrower may be entitled to certain credits on such payments as permitted under the Loan Agreement.

While the Bonds are in the Weekly Mode, the Borrower shall provide for the payment of the principal of, interest and premium, if any, on the Bonds by delivery of a Letter of Credit to the Trustee which complies with the requirements of the Loan Agreement and the Indenture. Pursuant to the Loan Agreement the Borrower authorizes and directs the Trustee to draw moneys under the Letter of Credit in accordance with the provisions of the Indenture and the Letter of Credit to the extent necessary to pay the principal of, premium, if any, and interest on the Bonds while they are in the Weekly Mode if and when due.

(b) Purchase of Tendered Bonds: The Borrower agrees in the Loan Agreement to provide for the payment of the Tender Price of Tendered Bonds that have not been successfully remarketed (other than Borrower Bonds and Bank Bonds) by delivery of a Letter of Credit to the Trustee which complies with the requirements of the Loan Agreement and the Indenture. Pursuant to the Loan Agreement the Borrower authorizes and directs the Trustee to draw moneys under the Letter of Credit in accordance with the provisions of the Indenture and the Letter of Credit to the extent necessary to pay the purchase price of Tendered Bonds if and when such Bonds are tendered and not remarketed.

Letter of Credit

The Borrower covenants and agrees in the Loan Agreement to maintain in effect at all times when the Bonds are in the Weekly Mode, a Letter of Credit meeting the requirements summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Letter of Credit; Substitute Letter of Credit." Simultaneously with the original issuance and delivery of the Bonds, the Borrower shall deliver the initial Letter of Credit to the Trustee.

The Borrower covenants and agrees in the Loan Agreement that it will not take any action which will impair its rights or the rights of any other party under any Letter of Credit or Reimbursement Agreement. In addition, without limiting the foregoing, the Borrower agrees in the Loan Agreement that with respect to any Reimbursement Agreement to which it is a party, it will not enter into any supplement or amendment to it which could have an adverse effect on the Authority, the Bonds (including without limitation the validity thereof or the exemption from federal income tax of the interest paid thereon), any Bondholder or the Trustee without the prior written consent of the Trustee thereto.

At any time the Borrower may, at its option, provide for the delivery to the Trustee of a Substitute Letter of Credit in lieu of the Letter of Credit then in effect; provided that the requirements summarized in the second paragraph under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Letter of Credit; Substitute Letter of Credit" of the Indenture are met.

Obligation of the Borrower Unconditional

The Borrower agrees in the Loan Agreement that its obligations to make the payments described in the Loan Agreement and the Note and to perform its obligations under the Loan Agreement and the Note are absolute and unconditional and are not subject to diminution by any defense (other than payment), by any right of set off, counterclaim or abatement, by the happening or non-happening of any event or for any other reason whatsoever.

Pledge of the Loan Agreement and the Note

Except for Unassigned Rights, all of the Authority's right, title and interest in the Loan Agreement and the Note (including the right to receive the payments to be made by the Borrower pursuant to the Note) have been assigned to the Trustee by the Indenture. The Borrower consents to that assignment and agrees in the Loan Agreement that the Trustee may enforce any of the rights, privileges and remedies of the Authority under the Loan Agreement and the Note other than the Unassigned Rights.

Agreement To Complete the Project

The Borrower agrees in the Loan Agreement to cause completion of the Project substantially in accordance with the Plans and Specifications. The Borrower agrees in the Loan Agreement to deliver to the Authority upon its request and to the Trustee upon the Trustee's request the Plans and Specifications. The Borrower agrees in the Loan Agreement to ensure that all minority business participation requirements that apply to the Project under State statute or administrative rule are complied with.

Project Fund Insufficiency

If amounts in the Project Fund available for payment of the costs of the Project are insufficient to pay in full the costs of any discrete portion of the Project any portion of the costs of which has been paid from proceeds of the Bonds, the Borrower agrees in the Loan Agreement to complete that portion of the Project at its own expense. If amounts in the Expense Fund available for the payment of Issuing Expenses are insufficient to pay Issuing Expenses in full, the Borrower agrees in the Loan Agreement to complete the payment of the Issuing Expenses from its own funds.

Inspection of the Project Property

The Borrower agrees in the Loan Agreement that each of the Authority, the Trustee, the Purchaser, the Bank and the authorized agents of any of them, on reasonable prior notice and as often as the Authority, the Purchaser, the Bank and the Trustee reasonably determine to be desirable, (a) have the right at reasonable times to enter upon the Project Property and to examine and inspect it, (b) have the right to any access to the Project Property which is reasonably necessary to complete the Project or to repair and maintain the Project Property in the event the Borrower fails to do so, (c) will be permitted to discuss the affairs and finances of the Borrower with its officers and independent accountants and (d) will be permitted at all reasonable times to examine and copy the books and records of the Borrower with respect to the Project Property.

Project Preservation

The Borrower will preserve and protect the Project in decent, safe and sanitary condition and from time to time will make, or will cause to be made, all reasonably required, proper repairs, renewals, replacements, betterments and improvements thereto. Subject to the covenants in the Tax Exemption Agreement and the Loan Agreement, the Borrower shall have the privilege of remodeling the Project or making substitutions, additions, modifications and improvements to the Project from time to time as the Borrower, in its discretion, may deem to be desirable for the Borrower's use for its purposes, the costs of which remodeling, substitutions, additions, modifications and improvements shall be paid by the Borrower, and the same shall be the property of the Borrower. Subject to the provisions of the Loan Agreement and the Tax Exemption Agreement, the Borrower reserves the right to (a) use the Project for any purpose that will not result in the Bonds being deemed to be other than qualified 501(c)(3) Bonds under the Code, and (b) to cease operation of the Project without redeeming the Bonds or prepaying its obligations under the Loan Agreement or under the Note, as long as in either case an Opinion of Bonds Counsel is provided that such will not adversely affect the validity of the Bonds or any exemption from federal income taxation to which the interest on the Bonds would otherwise be entitled.

Sufficient Revenues

Notwithstanding any other provision of the Loan Agreement or any of the other Borrower's Documents, the Borrower unconditionally agrees in the Loan Agreement that it will pay pursuant to the Loan Agreement and the Note the full amount needed and at the times needed to enable the Authority to make timely payment of the principal of (whether due upon maturity, redemption, acceleration or otherwise), premium, if any, and interest on the Bonds.

Maintenance of Tax Status; No Private Inurement

The Borrower agrees in the Loan Agreement that it will at all times while any Bonds are outstanding maintain its status as a Tax Exempt Organization. The Borrower agrees in the Loan Agreement that it will not take any action or permit any action to be taken by others which will adversely affect its agreement summarized in this paragraph. The Borrower further agrees in the Loan Agreement that none of its revenues, income or profits, whether realized or unrealized, will be distributed to any of its trustees or inure to the benefit of any private Person; provided that the Borrower may pay to any Person the value of any service performed for or any product supplied to the Borrower by that Person.

Financial Information and Reports

The Borrower agrees in the Loan Agreement to: (a) keep proper books of record and account in which full, true and correct entries will be made of all its business and affairs in accordance with generally accepted accounting principles consistently maintained; (b) furnish to the Financial Statement Recipients, at the same time it is provided to the Bank, a copy of the detailed annual audit report meeting the requirements of the Reimbursement Agreement, together with copies of the accompanying documents, opinions and certifications required by the Reimbursement Agreement; (c) deliver to the Financial Statement Recipients along with the financial report described in clause (b) a written statement of the accountants who reported on the financial statements described in clause (b) to the effect that either (i) nothing came to their attention in the course of their examinations and preparation of the financial statements of the Borrower which caused them to believe that there is any Default or Event of Default by the Borrower in the performance of any of the terms, provisions or conditions of any of the Borrower's Documents or (ii) if they obtained knowledge of any Defaults or Events of Default, a written description of them; (d) deliver to the Financial Statement Recipients at the same time they are furnished to the Bank, copies of the quarterly financial reports required by the Reimbursement Agreement; and (e) deliver to the Financial Statement Recipients at the time provided in clause (b) a statement signed by the president or vice president and the treasurer or an assistant treasurer of the Borrower stating that the signers have made a review of the activities of the Borrower during the preceding fiscal year for the purpose of determining whether the Borrower has complied with all of the terms, provisions and conditions of each of the Borrower's Documents and that, to the best knowledge of the signers, either (i) the Borrower has kept and fulfilled each and every term, provision and condition of each of the Borrower's Documents on its part to be performed and no Default or Event of Default has occurred or (ii) if any Defaults or Events of Default exist, a written description of them.

Tax Exempt Bonds

The Borrower and Authority intend that the interest paid on the Bonds will be excludable from the gross income of the Owners of the Bonds for federal income tax purposes pursuant to Section 103 of the Code. The Borrower agrees in the Loan Agreement that it will not take any action or permit any action to be taken by others which would, or fail to take any action or permit the failure to take any action by others the omission of which would, adversely affect the validity of the Bonds or any exemption from federal income taxation to which the interest on the Bonds would otherwise be entitled.

Investments and Arbitrage

The provisions summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Investment of Funds" provide that money on deposit in the Funds will be invested in Permitted Investments as directed by the Borrower. The Borrower agrees in the Loan Agreement (a) to provide written investment instructions to the Trustee, (b) that all of such investment instructions shall conform to the provisions of the Tax Exemption Agreement and the Indenture and (c) that it will not make or direct any use of any funds which will cause the Bonds to be Arbitrage Bonds. The Borrower agrees in the Loan Agreement for the benefit of the Bondholders that no use will be made of the proceeds derived from the issuance and sale of the Bonds which will cause the Bonds to be Arbitrage Bonds.

Maintenance of Corporate Existence

The Borrower agrees in the Loan Agreement that, except as otherwise permitted as summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT - Transfer of Assets," it will maintain its corporate existence and shall operate a regionally accredited, private, nonprofit, post-secondary educational institution under the laws of the State and will neither dissolve nor institute any proceedings for dissolution.

Transfer of Assets

The Borrower agrees in the Loan Agreement that it will not (in a single transaction or any series of transactions) dissolve or otherwise dispose of all or substantially all its assets and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it; provided, however, that the Borrower may, without violating the foregoing, consolidate with or merge into another corporation, or permit one or more other corporations to consolidate with or merge into it, or transfer all or substantially all of its assets to another corporation (and thereafter be released of all further obligation under the Loan Agreement and dissolve or not dissolve as it may elect) if: (a) the resulting, surviving or transferee corporation, as the case may be, is a corporation incorporated and duly existing in good standing under the laws of one of the States of the United States of America; (b) such resulting, surviving or transferee corporation has obtained the affirmative written consent of Bondholders owning in aggregate not less than a majority in principal amount of the bonds (other than Borrower Bonds) at the time Outstanding to such transaction; (c) such resulting, surviving or transferee corporation expressly assumes in writing (delivered to the Authority and the Trustee) all of the obligations of the Borrower contained in the Loan Agreement, the Tax Exemption Agreement and the Note and any other document relating to the Loan made pursuant to the Loan Agreement (after which it shall be the "Borrower" for purposes thereof), and (d) the Borrower shall have delivered to the Trustee and the Authority an opinion of Bond Counsel to the effect that such transaction will not violate the Act or adversely affect the legality of the Bonds or result in an Event of Taxability.

Insurance

The Borrower agrees in the Loan Agreement to insure its Facilities or cause it to be insured with insurance companies licensed to do business in the State in such amounts and in such manner and against such loss, damage and liability, including liability to third parties, as is customary with similarly situated entities. Compliance with the applicable provisions of the Reimbursement Agreement shall be deemed compliance with the Loan Agreement.

Use and Inspection of Project Property

The Borrower represents in the Loan Agreement that the Project Property shall not be used primarily for sectarian instruction or study or primarily as a place for devotional activities or religious worship so as to violate the Act. The Borrower agrees in the Loan Agreement that it will not use the Project Property, any component thereof or facilities in which the Project expenditures will be located primarily for religious activities in such a manner that would be prohibited by the Establishment of Religious Clause of the First Amendment to the Constitution of the United States of America or by similar provisions of the Constitution of the State. For purposes of the Loan Agreement, "religious activities" shall mean worship, or sectarian studies or indoctrination.

For purposes of determining continued compliance with its obligations under the Loan Agreement, the Borrower agrees in the Loan Agreement that the Authority, the Trustee and their duly authorized agents will have the right at all reasonable times upon prior notice to enter upon and to examine and inspect the Project Property and the records of the Borrower related thereto and to meet and discuss with officers of the Borrower the use of the Project Property. The Borrower agrees in the Loan Agreement to fully cooperate with the Authority, the Trustee and their duly authorized agents in any such endeavor.

Events of Default

The occurrence and continuance of any of the following events is an Event of Default under the Loan Agreement:

- (a) failure to pay when due the principal of (whether at maturity, redemption, acceleration, demand, mandatory purchase or otherwise), premium, if any, or interest on the Note; or
- (b) failure by the Borrower to observe and perform any covenant, condition or agreement summarized under the headings "SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT - Maintenance of Tax Status; No Private Inurement," " - Tax Exempt Bonds," " - Investment and Arbitrage" or " - Maintenance of Corporate Existence;" or
- (c) failure by the Borrower to observe and perform any other covenant, condition or agreement in the Loan Agreement or any other Borrower's Document or any Bond to be observed or performed by it, other than those summarized in clause (a) or (b) under this heading, for a period of thirty days after written notice specifying the failure and requesting that it be remedied is given to the Borrower by the Trustee; provided that if the failure is one which can be remedied but cannot be remedied within that thirty day period, the Trustee may grant an extension of the thirty day period for an additional period if the Borrower institutes corrective action within that thirty day period and diligently pursue that action until the default is remedied; or
- (d) any representation or warranty made by the Borrower in the Borrower's Closing Certificate, any of the Borrower's Documents or any financial statement or other document delivered in connection with the issuance of the Bonds proves to have been false or misleading in any material respect as of the date given or made; or
- (e) the occurrence of an Event of Default under the Indenture; or
- (f) receipt by the Trustee of a written notice from the Bank that an Event of Default has occurred under the Reimbursement Agreement and directing the Trustee to accelerate the payment of principal of and interest on the Bonds; or
- (g) the occurrence of a default under any agreement, mortgage, indenture, note, guaranty, security agreement or other instrument under which there may be issued or by which there may be secured or evidenced any indebtedness of the Borrower, whether the indebtedness now exists or is hereafter created, which results in indebtedness in an aggregate principal amount in excess of \$50,000 at any one time becoming or being declared due and payable prior to the date on which it would otherwise become due and payable and the acceleration is not remedied, rescinded, annulled or satisfied by payment within 30 days after the acceleration; or
- (h) the entry of a decree or order by a court of competent jurisdiction making the Borrower the subject of an "order for relief" within the meaning of the U.S. Bankruptcy Code, adjudging the Borrower bankrupt or insolvent or approving as properly filed a petition seeking reorganization of the Borrower under the U.S. Bankruptcy Code or any other federal or state law relating to bankruptcy or insolvency, appointing a receiver or trustee of the Borrower, with or without the consent of the Borrower, or part of its property or decreeing or ordering the winding up or liquidation of the affairs of the Borrower or the sequestration of a substantial part of its property and any such decree or order remaining in force undischarged and unstayed for a period of 60 days;
- (i) the Borrower instituting proceedings requesting an "order for relief" under the U.S. Bankruptcy Code or requesting an adjudication that it is bankrupt or insolvent or consenting to the institution of bankruptcy or insolvency proceedings against it, the filing of a petition or answer or consent seeking reorganization or relief (other than as a creditor) for the Borrower under the U.S. Bankruptcy Code or any other federal or state law relating to bankruptcy or insolvency, the Borrower consenting to the

appointment of a receiver, for itself or all or any part of its property making an assignment for the benefit of creditors or admitting in writing its inability to pay its debts generally as they become due or action is taken by the Borrower in furtherance of any of these purposes; or

(j) the entry against the Borrower of one or more judgments involving an aggregate liability of \$50,000 or more which are not appealable, are unstayed and are not being paid according to their terms unless the Trustee has received an Opinion of Counsel to the effect that the judgments, except for amounts not exceeding \$50,000 in the aggregate including any related fees and expenses, are covered by insurance; or

(k) the issuance and levy of one or more writs of attachment or garnishments against the property of the Borrower claiming in the aggregate, \$50,000 or more of the Borrower's property which is not released or appealed and bonded in a manner satisfactory to the Trustee within 10 days.

Remedies

Upon the occurrence of an Event of Default summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT - Events of Default," the Authority, or the Trustee on behalf of the Authority, may and, upon receipt of a request to do so from the owners of 25% of the principal amount of the Bonds then outstanding, shall by written notice to the Borrower declare the principal of and accrued interest on the Note (if not then due and payable) to be due and payable immediately; provided, however, there shall be no acceleration of the Note unless there has been a corresponding acceleration of the Bonds under the Indenture.

Upon the occurrence of any Event of Default under the Loan Agreement, the Trustee may take whatever action at law or in equity the Authority or the Trustee deem necessary or desirable (i) to collect any amounts then due under the Loan Agreement or the Note, (ii) to enforce performance of any obligation, agreement or covenant of the Borrower under any of the Borrower's Documents or (iii) to otherwise enforce any of its rights.

None of the Authority's or the Trustee's remedies under the Loan Agreement is exclusive of any other remedy or remedies. Each remedy given to the Authority or the Trustee is cumulative and is in addition to every other remedy which is given or which now or hereafter exists at law, in equity or by statute. No delay or omission by the Authority in the exercise of any right or power accruing upon an Event of Default under the Loan Agreement impairs the right or power or is a waiver of or acquiescence in any Event of Default. Every right and power given by the Loan Agreement to the Authority or the Trustee may be exercised from time to time and as often as may be deemed expedient by the Authority. No waiver of any Event of Default under the Loan Agreement extends to or affects any subsequent Event of Default under the Loan Agreement or impairs any rights or remedies consequent thereon.

Waivers of Events of Default

The Authority may, with the consent of the Bank except for an Event of Default summarized in clause (d) under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT - Events of Default" relating to the Bonds, waive any Event of Default under the Loan Agreement and its consequences and rescind any action previously taken and must do so upon receipt of a request from the Bondholders of a majority of the principal amount of the Bonds then Outstanding. There may not be waived, however, any Event of Default summarized in clause (a) under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT - Events of Default" unless, prior to the waiver, all arrears of principal, premium and interest, with Eligible Funds in the case of payments attributable to the Bonds, and all expenses of the Authority and the Trustee in connection with the Event of Default under the Loan Agreement have been paid or provided for. If any waiver or proceeding taken by the Trustee on account of any Event of Default under the Loan Agreement is discontinued, abandoned or determined adversely, then the Authority, the Borrower, the Trustee, the Bank and the Bondholders will be restored to their respective former positions and rights under the Loan Agreement. No waiver summarized under this heading, whether by the Trustee, the Authority, the Bank or the Bondholders, extends to or affects any subsequent or other Event of Default under the Loan Agreement or impairs any rights or remedies consequent thereon.

Remedies Subject to Law

All rights, remedies and powers given to the Authority by the Loan Agreement may be exercised only to the extent that the exercise does not violate any applicable provision of law. All the provisions of the Loan Agreement are intended to be subject to all applicable mandatory provisions of law which may be controlling and to be limited to the extent necessary so that they will not render the Loan Agreement invalid or unenforceable under the provisions of any applicable law.

Consent of Bank

The particular provisions of the Indenture and the Loan Agreement which require notice to, or an approval, consent or direction from, the Bank do not apply if (a) the Bank is in default in any payment required to be made on the Letter of Credit, (b) in the event any Event of Default summarized in clause (a), (b), (c), (h), (j) or (k) under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Events of Default" has occurred or (c) if there is no Letter of Credit outstanding against which draws may be made to pay the principal of, or interest or redemption premium on, any Bonds or the Tender Price for any Tendered Bonds. The provisions of the Indenture which require notice to, or an approval, consent or direction from, the Bank do not apply in the case of any Bank whose Letter of Credit is no longer outstanding.

Third Party Beneficiary

To the extent that the Loan Agreement confers upon or gives or grants to the Bank any right, remedy, or claim under or by reason of the Loan Agreement, the Bank is explicitly recognized as third-party beneficiaries under the Loan Agreement and may enforce any such right, remedy or claim conferred, given or granted under the Loan Agreement.

APPENDIX C

FORM OF APPROVING OPINION OF BOND COUNSEL

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Form of Opinion of Bond Counsel

August 12, 2004

We have acted as bond counsel in connection with the issuance by the Wisconsin Health and Educational Facilities Authority (the "Authority") of \$12,000,000 of its Adjustable Rate Put Option Revenue Bonds, Series 2004 (Maranatha Baptist Bible College, Inc.) (the "Bonds"). The Bonds are being issued pursuant to Chapter 231 of the Wisconsin Statutes (the "Act") and a resolution adopted by the Authority on July 20, 2004 (the "Resolution") and under a Trust Indenture (the "Indenture") dated as of August 1, 2004 between the Authority and J.P. Morgan Trust Company, National Association, as trustee (the "Trustee").

Under a Loan Agreement dated as of August 1, 2004 (the "Loan Agreement") between the Authority and Maranatha Baptist Bible College, Inc. (the "Borrower"), the Authority is loaning to the Borrower the proceeds from the sale of the Bonds to finance on behalf of the Borrower the project described in the Loan Agreement and to refinance certain outstanding debt of the Borrower described in the Loan Agreement. The Borrower's obligation to repay the loan is evidenced by its Promissory Note, Series 2004 (the "Note") issued pursuant to the Loan Agreement.

The Bonds are issuable as fully registered bonds in denominations of \$100,000 or any multiple of \$5,000 in excess thereof and bear interest at the rates and mature on the dates and in the amounts provided in the Indenture. The Bonds are subject to redemption prior to maturity at the times, in the manner and upon the terms set forth in the Bonds and the Indenture. Bank One, NA, with its main office in Chicago, Illinois, has issued its irrevocable letter of credit dated the date hereof to support the Bonds (the "Letter of Credit").

We have examined (a) a copy of Bond numbered R-1, (b) the Loan Agreement, (c) the Note, (d) the Indenture, (e) a Tax Exemption Certificate and Agreement between the Authority, the Borrower and the Trustee (the "Tax Exemption Agreement") dated the date hereof and (f) the Resolution.

As to questions of fact material to our opinion, we have examined and relied upon certifications of officials of the Authority and of the Borrower delivered in connection with the issuance of the Bonds (including certifications as to the use of proceeds of the Bonds and the operation and use of the property financed therewith) without undertaking to verify the same by independent investigation. We have also relied upon a legal opinion dated the date hereof of Michael D. Dean, LLC, counsel to the Borrower, with respect to various matters concerning the Borrower, including (a) its status as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), which is exempt from federal income taxation pursuant to Section 501(a) of the Code and is not a private foundation as defined in Section 509(a) of the Code, (b) its corporate existence, (c) the authorization, execution and delivery of the Loan Agreement, the Tax Exemption Agreement and the Note by the Borrower and (d) the validity, binding effect and enforceability of the Loan Agreement, the Tax Exemption Agreement and the Note against the Borrower. We have also examined such other documents we deemed relevant and necessary in rendering this opinion.

Based upon the examination described above, it is our opinion as of the date hereof under existing law that:

1. The Authority is a public body corporate and politic created and existing under the laws of the State of Wisconsin and has authority under the Act to issue the Bonds and to enter into and perform its obligations under the Resolution, the Bonds, the Loan Agreement, the Tax Exemption Agreement and the Indenture.

2. The Bonds are in the form required by law and have been authorized, executed, issued and delivered in accordance with law, the Resolution and the Indenture. The Bonds are valid and binding limited obligations of the Authority and are entitled to the protection given by the Indenture. The principal of, premium, if any, and interest on the Bonds are payable solely out of the revenues derived from the Loan Agreement or, in the

event of default of the Loan Agreement, as otherwise permitted by the Indenture or the Resolution and by law. The Bonds do not constitute or give rise to a pecuniary liability of the Authority or a charge against its general credit. The Authority has no taxing power.

3. The Loan Agreement, the Note, and the amounts payable under the Loan Agreement and the Note by the Borrower have been pledged and assigned under the Indenture as security for payment of the principal of, premium, if any, and interest on the Bonds. We have not been requested and express no opinion as to the validity or enforceability of the Letter of Credit.

4. The Indenture, the Loan Agreement and the Tax Exemption Agreement have each been duly authorized, executed and delivered by the Authority, are each in full force and effect and, assuming the due authorization, execution and delivery of them by the other parties to them, constitute valid and legally binding agreements of the Authority.

5. The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Code on corporations (as that term is defined for federal income tax purposes) and individuals. The interest on the Bonds is, however, included in adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from the gross income of the owners of the Bonds for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Authority, the Trustee and the Borrower have agreed to comply with all of those requirements and the opinion set forth in the first sentence of this paragraph is subject to the condition that the Authority, the Trustee and the Borrower comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

It is to be understood that the rights of the owners of the Bonds, the Authority, the Trustee and the Borrower and the enforceability of the Bonds, the Loan Agreement and the Indenture may be subject to the valid exercise of the constitutional powers of the State of Wisconsin and the United States of America. It is also to be understood that enforceability of the Authority's obligations under the Loan Agreement, the Indenture, the Bonds and the Tax Exemption Agreement may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium, fraudulent transfer or other laws affecting creditors' rights generally. Enforceability of the Authority's obligations is also subject to general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).

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