
FIFTH SUPPLEMENTAL INDENTURE

between

SOUTHWEST HIGHER EDUCATION AUTHORITY, INC.

As Issuer

and

**THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL
ASSOCIATION**

As Trustee

authorizing

**Southwest Higher Education Authority, Inc.
Higher Education Revenue Bonds
(Southern Methodist University Project)
Series 2009**

Dated as of

September 15, 2009

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FIFTH SUPPLEMENTAL INDENTURE

THIS FIFTH SUPPLEMENTAL INDENTURE (this "Supplemental Indenture"), dated as of September 15, 2009, is between SOUTHWEST HIGHER EDUCATION AUTHORITY, INC. (the "Issuer"), a nonprofit corporation organized pursuant to the Higher Education Authority Act, and the provisions of Chapter 53 of the Texas Education Code, as amended effective September 1, 2005 by HB 2701 and recodified as chapters 53, 53A and 53B, and the Texas Non-Profit Corporation Act, as amended, as made applicable thereby (the "Act"), as a duly constituted authority to act on behalf of the City of University Park, Texas (the "Unit"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION (successor in trust to JPMorgan Chase Bank National Association, formerly known as The Chase Manhattan Bank, successor by merger to Chase Bank of Texas, National Association), a national banking association authorized to do business in the State of Texas, as trustee (the "Trustee"), and supplements the Trust Indenture (the "Trust Indenture"), dated as of January 1, 1999, between the Issuer and the Trustee, as supplemented by the First Supplemental Indenture (the "First Supplemental Indenture"), dated as of January 1, 1999, the Second Supplemental Indenture (the "Second Supplemental Indenture"), dated as of July 1, 2002, the Third Supplemental Indenture (the "Third Supplemental Indenture"), dated as of December 1, 2003, and the Fourth Supplemental Indenture, dated as of February 1, 2007 (the "Fourth Supplemental Indenture," and, together with the Trust Indenture, the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture, the "Indenture"), each between the Issuer and the Trustee.

WITNESSETH:

WHEREAS, pursuant to and in accordance with the provisions of the Constitution of the State of Texas and the Act, by appropriate action duly taken by the Issuer, and in furtherance of the purposes of the Act, the Issuer is authorized to issue and sell revenue bonds for the purpose of aiding Southern Methodist University, a Texas nonprofit corporation, which is an "institution of higher education," within the meaning of the Act (the "University"), in providing "educational facilities" and "housing facilities," within the meaning of the Act, and facilities incidental, subordinate, or related thereto or appropriate in connection therewith. Capitalized terms used herein and not otherwise defined shall have the meaning assigned thereto in Article I hereof; and

WHEREAS, the Issuer now proposes to issue its Higher Education Revenue Bonds (Southern Methodist University Project) Series 2009 (the "Series 2009 Bond"), under the Indenture and loan the proceeds thereof to Southern Methodist University (the "University"), a Texas nonprofit corporation, to provide funds for (i) refinancing the costs of "housing facilities" and "educational facilities" (as defined in the Act) and facilities incidental, subordinate, or related thereto or appropriate in connection therewith by refunding (a) the Issuer's Higher Education Revenue Bonds (Southern Methodist University Project) Series 1999 D, outstanding in the aggregate principal amount of \$11,780,000, and (b) the Issuer's Variable Rate Demand Higher Education Revenue Bonds (Southern Methodist University Project) Series 2006, outstanding in the aggregate principal amount of \$82,500,000; (ii) financing and refinancing the costs of "educational facilities" and "housing facilities" (as defined in the Act) and facilities incidental, subordinate, or related thereto or appropriate in connection therewith as described in

Amendment No. 5 to Loan Agreement; and (iii) financing the costs of issuing the Series 2009 Bonds; and

WHEREAS, the Issuer has determined, based upon representations of the University, that that the issuance of the Series 2009 Bonds for such purposes will be in furtherance of the public purposes of the Act; and

WHEREAS, all things necessary to make the Series 2009 Bonds, when issued, executed and delivered by the Issuer and authenticated by the Trustee pursuant to the Indenture and this Supplemental Indenture, the valid, legal and binding limited obligations of the Issuer, and to constitute this Supplemental Indenture a valid pledge of certain income, revenues and assets derived from the issuance of the Series 2009 Bonds and from the Agreement for the payment of bond obligations have been performed and the execution and delivery of this Supplemental Indenture, and the creation, execution and issuance of the Series 2009 Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, the Issuer, in consideration of the premises and the acceptance by the Trustee of the trusts created in the Indenture and this Supplemental Indenture, of the purchase and acceptance of the Series 2009 Bonds by the purchasers thereof, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby confirm and agree that the grant in the Indenture to the Trustee for the benefit of the Owners of the Bonds of the Trust Estate (as defined in the Trust Indenture) shall constitute a lien on and security interest in such Trust Estate for the benefit of the Owners of the Series 2009 Bonds on an equal and ratable basis with the Owners of the Bonds Outstanding under the Indenture and of any additional Bonds issued under the Indenture, and in addition to the foregoing, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

Section 101. Definitions.

(a) For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) "This Supplemental Indenture" means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions of the Indenture.

(2) All references in this instrument to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed. The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Supplemental Indenture as a whole and not to any particular Article, Section or other subdivision.

(3) All terms used in this Supplemental Indenture which are defined in the Indenture or the Agreement have the same meanings in this Supplemental Indenture (except in Exhibit A hereto) which are assigned to such terms in the Indenture or the Agreement. Except where the context otherwise requires, words imparting the singular number shall include the plural number and vice versa. Reference to any document means that document as amended or supplemented from time to time. Reference to any party to a document means that party and its successors and assigns.

(b) The following terms have the meanings assigned to them below whenever they are used in or with respect to this Supplemental Indenture (except in Exhibit A hereto):

“Agreement” means the Loan Agreement, dated as of January 1, 1999, between the University and the Issuer, as amended and supplemented from time to time.

“Amendment No. 5 to Loan Agreement” means Amendment Number 5 to Loan Agreement, dated as of September 15, 2009, between the University and the Issuer, pertaining to the issuance of the Series 2009 Bonds.

“Authorized Denomination” means, with respect to the Series 2009 Bonds, \$5,000 or integral multiples thereof.

“Closing Date” means the date of initial issuance and delivery of the Series 2009 Bonds.

“Indenture” means the Trust Indenture, as supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture and the Fourth Supplemental Indenture, each defined in the preamble hereto.

“Interest Payment Date” means, with respect to the Series 2009 Bonds, April 1, 2010 and each October 1 and April 1 thereafter.

“Purchase Contract” means, with respect to the Series 2009 Bonds, the Contract of Purchase between the Issuer and the Underwriters.

“Record Date” means, with respect to the Series 2009 Bonds, the fifteenth day of the calendar month preceding each Interest Payment Date.

“Series 2009 Bonds” means the Issuer’s Higher Education Revenue Bonds (Southern Methodist University Project) Series 2009, authorized pursuant to this Supplemental Indenture and any Series 2009 Bonds thereafter authenticated and delivered in exchange for or replacement of any Series 2009 Bonds previously issued.

“Supplemental Indenture” means this Fifth Supplemental Indenture, dated as of September 15, 2009, between the Trustee and the Issuer.

“Underwriters” means Merrill, Lynch, Pierce, Fenner & Smith, Incorporated, as representative of the group of underwriters named in the Purchase Contract.

(c) The address contained in the definition of "Payment Office" appearing in Section 1.01 of the Indenture shall be changed to The Bank of New York Mellon Trust Company, National Association, 601 Travis Street, 16th Floor, Houston, Texas 77002, Attention: Institutional Trust Services.

Section 102. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 103. Indenture to Remain in Force. Except as amended by this Supplemental Indenture, the Indenture shall remain in full force and effect as to the matters covered therein.

Section 104. Authority. This Supplemental Indenture is executed and delivered pursuant to the Act and the Indenture.

Section 105. Notices, etc., to Parties. Any request, demand, authorization, direction, notice, consent, waiver or Act of Owners of Series 2009 Bonds or other document provided or permitted by the Indenture to be made upon, given or furnished to, or filed with any party hereto shall be given in the manner prescribed in the Indenture.

Section 106. Successors and Assigns. All covenants and agreements in this Supplemental Indenture by the Issuer and the Trustee shall bind their respective successors and assigns, whether so expressed or not.

Section 107. Separability Clause. In case any provision in this Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 108. Benefits of Supplemental Indenture. Nothing in this Supplemental Indenture or in the Bonds, express or implied, shall give to any Person, other than the parties hereto, the University and their successors hereunder and the Owners of Bonds, any benefit or any legal or equitable right, remedy or claim under this Supplemental Indenture.

Section 109. Governing Law. This Supplemental Indenture shall be construed in accordance with and governed by the laws of the State of Texas.

Section 110. Security Interest. The Issuer represents that, under Chapter 1208.002, Texas Government Code, a security interest in property, other than real property, that is created by the Issuer is valid and effective according to the terms of the security agreement and is perfected from the time the security agreement is entered into or adopted continuously through the termination of the security interest, without physical delivery or transfer of control of the property, filing of a document, or another act. The Issuer covenants that, if Chapter 1208.002 is amended at any time while the Series 2009 Bonds are outstanding and unpaid, the Issuer shall take all actions required in order to preserve for the Owners of the Bonds a perfected security interest in the property in which such security interest is granted pursuant to the Indenture.

ARTICLE II

AUTHORIZATION AND TERMS OF SERIES 2009 BONDS

Section 201. Authorization of Series 2009 Bonds.

(a) Pursuant to the provisions of Section 2.01 of the Indenture, a series of Bonds entitled to the benefit and security of the Indenture is hereby authorized in the aggregate principal amount of \$147,635,000, to be issued for the purpose of providing funds for the Issuer to lend to the University for (i) refinancing the cost of “housing facilities” and “educational facilities” and facilities incidental, subordinate, or related thereto or appropriate in connection therewith (as defined in the Act) by refunding (a) the Issuer’s Higher Education Revenue Bonds (Southern Methodist University Project) Series 1999 D, outstanding in the aggregate principal amount of \$11,780,000, and (b) the Issuer’s Variable Rate Demand Higher Education Revenue Bonds (Southern Methodist University Project) Series 2006, outstanding in the aggregate principal amount of \$82,500,000; (ii) financing and refinancing the costs of “educational facilities” and “housing facilities” (within the meaning of the Act) as described in Amendment No. 5 to Loan Agreement, and facilities incidental, subordinate, or related thereto or appropriate in connection therewith; and (iii) financing the costs of issuance of the Series 2009 Bonds. The Series 2009 Bonds shall be designated “Southwest Higher Education Authority, Inc. Higher Education Revenue Bonds (Southern Methodist University Project) Series 2009.” The Series 2009 Bonds shall be issued in the form attached to this Supplemental Indenture as Exhibit A and shall be numbered separately from R-1 upward, except the Initial Bond which shall be numbered T-1. The Series 2009 Bonds shall be issued only in fully registered form in Authorized Denominations.

(b) The Comptroller of Public Accounts of the State of Texas, or a deputy designated in writing to act for the Comptroller (the “Comptroller”), shall manually sign the Certificate of Registration of the Comptroller prescribed in Exhibit A hereto and attached to the Initial Bond for the Series 2009 Bonds. The Initial Bond shall not be valid or obligatory for any purpose, unless there is attached to such Initial Bond the executed Certificate of Registration of the Comptroller. Series 2009 Bonds issued in exchange for the Initial Bond and all Series 2009 Bonds thereafter shall be registered and authenticated by the Trustee as set forth in Section 2.04 and Section 2.09 of the Trust Indenture and shall be valid and obligatory for all purposes.

Section 202. Terms of Series 2009 Bonds. The Series 2009 Bonds shall be dated the date of initial delivery to the Underwriters therefor and shall bear interest at the respective per annum rates set forth below (computed on the basis of a 360-day year of twelve 30-day months) from the dated date or from the most recent Interest Payment Date to which interest has been duly paid or provided for, until payment of the principal or redemption price thereof shall have been made or duly provided for, and shall mature in the principal amounts set forth below on the Stated Maturity Dates set forth below:

| Maturity Date (October 1) | <u>Amount</u> | <u>Interest Rate</u> |
|--------------------------------------|----------------------|---------------------------------|
| 2010 | \$2,000,000 | 2.00% |
| 2011 | 2,035,000 | 2.00% |
| 2012 | 2,430,000 | 3.00% |
| 2013 | 3,325,000 | 3.00% |
| 2014 | 3,900,000 | 5.00% |
| 2015 | 4,100,000 | 4.00% |
| 2016 | 5,795,000 | 5.00% |
| 2017 | 3,175,000 | 4.00% |
| 2017 | 2,740,000 | 5.00% |
| 2018 | 6,240,000 | 5.00% |
| 2019 | 9,295,000 | 5.00% |
| 2020 | 9,980,000 | 5.00% |
| 2021 | 10,510,000 | 5.00% |
| 2022 | 9,100,000 | 5.00% |
| 2023 | 7,765,000 | 5.00% |
| 2024 | 8,150,000 | 5.00% |
| 2025 | 8,555,000 | 5.00% |
| 2026 | 8,865,000 | 5.00% |
| 2027 | 200,000 | 4.00% |
| 2027 | 6,285,000 | 5.00% |
| 2028 | 6,810,000 | 5.00% |
| 2029 | 6,725,000 | 5.00% |

Term Bonds

| Maturity Date (October 1) | <u>Amount</u> | <u>Interest Rate</u> |
|--------------------------------------|----------------------|---------------------------------|
| 2032 | 3,500,000 | 4.25% |
| 2032 | 4,000,000 | 5.00% |
| 2036 | 12,155,000 | 5.00% |

Section 203. Application of Proceeds. Simultaneously with the delivery of the Series 2009 Bonds, the Trustee shall apply the proceeds derived from the sale thereof in the manner set forth in the Issuer's Order presented to the Trustee at the time of issuance of the Series 2009 Bonds.

ARTICLE III

REDEMPTION OF BONDS

Section 301. Redemption of Bonds.

(a) Term Bonds maturing on October 1 in each of the years 2032 and 2036 are subject to mandatory redemption prior to stated maturity in part by lot, at a price equal to the principal amount thereof plus accrued interest to the date of redemption, on October 1 in the respective years and principal amounts shown below in accordance with the terms and provisions of the Indenture:

Term Bond Maturing October 1, 2032
Bearing Interest at 4.250%

| <u>Year</u> <u>(10/1)</u> | <u>Principal</u> <u>Amount</u> |
|--|---|
| 2030 | \$1,125,000 |
| 2031 | 1,165,000 |
| 2032 (Maturity) | 1,210,000 |

Term Bond Maturing October 1, 2032
Bearing Interest at 5.000%

| <u>Year</u> <u>(10/1)</u> | <u>Principal</u> <u>Amount</u> |
|--|---|
| 2030 | \$1,285,000 |
| 2031 | 1,335,000 |
| 2032 (Maturity) | 1,380,000 |

Term Bond Maturing October 1, 2036
Bearing Interest at 5.000%

| <u>Year</u> <u>(10/1)</u> | <u>Principal</u> <u>Amount</u> |
|--|---|
| 2033 | \$2,870,000 |
| 2034 | 2,980,000 |
| 2035 | 3,095,000 |
| 2036 (Maturity) | 3,210,000 |

(b) The principal amount of any Term Bonds to be redeemed pursuant to Section 301(a) shall be reduced by an amount equal to the principal amount of Series 2009 Bonds of the same Stated Maturity Date (i) surrendered uncanceled and in proper form for transfer by the University to the Trustee not less than 30 days prior to such Redemption Date or (ii) selected not less than 30 days prior to such Redemption Date for redemption in or prior to such year pursuant to Section 302, if in any such case such Series 2009 Bonds shall not have previously served as the basis for any such reduction.

Section 302. Optional Redemption. The Series 2009 Bonds maturing on and after October 1, 2020 are subject to redemption upon the request and at the direction of the University prior to their Stated Maturity Date on any date, in any order, on or after October 1, 2019, in whole or in part, in Authorized Denominations, at a redemption price equal to the principal amount to be redeemed, together with unpaid interest, if any, accrued thereon from the most recent Interest Payment Date to which interest has been paid, or provided for, to the Redemption Date.

Section 303. Conditional Notice of Redemption. Notwithstanding the provisions of Article IV of the Trust Indenture, the University reserves the right to give notice of its election to redeem Series 2009 Bonds pursuant to Section 302 hereof; provided, that such notice may state that the University retains the right to rescind such notice at any time prior to and including the scheduled redemption date upon delivery of written instructions to the Trustee instructing the Trustee to rescind the redemption notice. Upon such rescission, the notice and redemption shall be of no effect. The Trustee shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Series 2009 Bonds subject to conditional redemption where redemption has been rescinded shall remain Outstanding and the rescission shall not constitute an Event of Default under the Trust Indenture.

This Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

This written Supplemental Indenture represents the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties.

There are no unwritten oral agreements between the parties.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be executed on their behalf by their duly authorized officers all as of the day and year first above written.

SOUTHWEST HIGHER EDUCATION
AUTHORITY, INC.

By: 
Authorized Officer

ATTEST:

By: 
Authorized Officer

Signature Page to Fifth Supplemental Indenture

THE BANK OF NEW YORK MELLON
TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee

By: Jay Burnett
Title: SENIOR ASSOCIATE

Pursuant to the requirements of the Indenture, the University hereby acknowledges and consents to the execution and delivery of this Supplemental Indenture as of the date hereof.

SOUTHERN METHODIST UNIVERSITY

By:  _____
Authorized Officer

EXHIBIT A

FORM OF SERIES 2009 BONDS

The following two bracketed paragraphs are to be deleted in the Bonds if the Bonds are not Book-Entry Only Form:

[Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation (together with any successor security depository appointed pursuant to the Trust Indenture referred to herein, "DTC") to the Trustee named herein or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the Registered Owner hereof, Cede & Co., has an interest herein.

As provided in the Trust Indenture, until the termination of the system of book-entry only transfers through DTC, and notwithstanding any other provision of the Trust Indenture to the contrary, this Bond may be transferred, in whole but not in part, only to a nominee of DTC, or by a nominee of DTC to DTC or a nominee of DTC, or by DTC or a nominee of DTC to any successor securities depository or any nominee thereof.]

Registered
No. R-_____

UNITED STATES OF AMERICA
STATE OF TEXAS

Registered
\$_____

SOUTHWEST HIGHER EDUCATION AUTHORITY, INC.
HIGHER EDUCATION REVENUE BONDS
(SOUTHERN METHODIST UNIVERSITY PROJECT)
SERIES 2009

Interest Rate: _____%

Maturity Date: October 1, _____

Dated Date: _____

CUSIP No.: _____

Registered Owner:

Principal Amount:

Dollars

The Southwest Higher Education Authority, Inc. (the "Issuer," which term includes any successor corporation under the Indenture hereinafter referred to), a nonprofit corporation created and existing under the Constitution and laws of the State of Texas (the "State"), for value received, hereby promises to pay to the Registered Owner named above, or registered assigns, but solely from the sources and in the manner herein provided, on the Maturity Date set forth above the Principal Amount set forth above. The Issuer also promises to pay interest thereon from the same sources, from the later of the Dated Date set forth above or the most recent Interest Payment Date to which interest has been paid or duly provided for, semiannually on

April 1 and October 1, commencing April 1, 2010, in each year at the per annum Interest Rate set forth above, until the principal hereof is paid or made available for payment, calculated on the basis of a 360-day year of twelve 30-day months.

NEITHER THE STATE OF TEXAS NOR A POLITICAL SUBDIVISION OR AGENCY OF THE STATE, INCLUDING THE CITY OF UNIVERSITY PARK, TEXAS, IS OBLIGATED TO PAY THE BONDS OR INTEREST OR ANY REDEMPTION PREMIUM ON THE BONDS AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE CITY OF UNIVERSITY PARK, TEXAS, OR OTHER POLITICAL SUBDIVISION OR AGENCY OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST OR ANY REDEMPTION PREMIUM ON THE BONDS.

1. Description of Series. This Bond and the series of Bonds of which this Bond is a part is one of a duly authorized issue of Bonds (the "Bonds") of the Issuer designated as its Higher Education Revenue Bonds (Southern Methodist University Project) of which the Series 2009 Bonds (the "Series 2009 Bonds"), issued in the aggregate principal amount of \$147,635,000 pursuant to the terms of and secured under a Trust Indenture dated as of January 1, 1999 (as supplemented from time to time, the "Indenture"), between the Issuer and The Bank of New York Mellon Trust Company, National Association (successor to The Bank of New York Trust Company, National Association, as successor by merger to JPMorgan Chase Bank, formerly known as The Chase Manhattan Bank, successor by merger to Chase Bank of Texas, National Association), as Trustee, to which Indenture and all indentures supplemental thereto reference is made for a statement of the respective rights thereunder of the Issuer, the University (hereinafter referred to), the Trustee and the Registered Owners of the Bonds, and the terms upon which the Bonds are, and are to be, authenticated and delivered. The Series 2009 Bonds are issued in order to provide funds for the Issuer to lend to Southern Methodist University, a Texas nonprofit corporation (together with any successor, the "University"), pursuant to a Loan Agreement dated as of January 1, 1999 (as amended from time to time, the "Agreement"), to finance and refinance the cost of certain "educational facilities" and "housing facilities" as defined in Chapter 53, Texas Education Code, as amended effective September 1, 2005 by HB 2701 and recodified as chapters 53, 53A and 53B (the "Act"), and facilities incidental, subordinate, or related thereto or appropriate in connection therewith, and to pay costs of issuance of the Series 2009 Bonds.

The Series 2009 Bonds, together with certain other outstanding bonds issued pursuant to and under the Indenture, rank equally and on a parity with each other and are equally and ratably secured by the pledge and covenants contained in the Indenture. Subject to the limitations set forth in the Indenture, the Issuer may from time to time issue additional series of bonds on a parity with the Series 2009 Bonds for the purposes and upon the conditions set forth in the Indenture. Such additional bonds may be issued in one or more series in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary, and will be equally and ratably secured with the Series 2009 Bonds under the Indenture.

The Series 2009 Bonds are limited obligations of the Issuer, payable by the Issuer solely out of the revenues derived from or in connection with the Agreement and the Indenture, including all sums deposited from time to time pursuant to the Agreement and the Indenture in the funds established under the Indenture, and in certain events out of amounts secured through

the exercise of the remedies provided in the Agreement and the Indenture upon occurrence of an Event of Default under the Agreement or the Indenture.

2. Payment. Interest on this Series 2009 Bond which is payable, and is punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the person in whose name this Series 2009 Bond (or one or more predecessor Series 2009 Bonds) is registered at the close of business on the Record Date for such interest which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Registered Owner on such Record Date, and shall be paid to the person in whose name this Bond (or one or more predecessor Bonds) is registered at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, following notice from the University that funds will be available for payment on a certain date (the "Payment Date"), and which shall be not less than 10 days prior to such Payment Date.

Interest on this Series 2009 Bond shall be paid by check mailed to the Registered Owner hereof at its address as it appears on the registration books of the Trustee or by wire transfer of same day funds upon receipt by the Trustee prior to the Record Date of a written request by a Registered Owner of \$1,000,000 or more in aggregate principal amount of Bonds or in such other manner as may be mutually acceptable to the Trustee and the Registered Owner of this Bond.

Principal and the redemption price of this Bond shall be payable to the Registered Owner of this Bond at the designated payment office of the Trustee located in Houston, Texas (the "Place of Payment") upon the surrender for cancellation of this Bond. The redemption price of this Bond shall also be payable by wire transfer of same day funds upon receipt by the Trustee prior to the Record Date of a written request by a Registered Owner of \$1,000,000 or more in aggregate principal amount of Bonds or in such other manner as may be mutually acceptable to the Trustee and the Registered Owner hereof.

If the specified date for any such payment shall be a Saturday, a Sunday or a legal holiday or the equivalent for banking institutions generally (other than legal moratorium) at the place where payment thereof is to be made, then such payment may be made on the next succeeding day which is not one of the foregoing days without additional interest and with the same force and effect as if made on the specified date for such payment. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

3. Redemption. The Series 2009 Bonds are subject to redemption as provided in the Indenture.

4. Certain Rights of Registered Owners. If an Event of Default, as defined in the Indenture, shall occur, the principal of all the Bonds may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment of the Indenture or the Agreement and the modification of the rights and obligations of the Issuer and of the University and the rights of the Registered Owners of the Bonds under the Indenture and the Agreement at any time by the Issuer with the consent of the Registered Owners of not less than a majority in principal amount of the Bonds at the time Outstanding, as defined in the Indenture. The Indenture also contains provisions permitting the Registered Owners of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, as defined in the Indenture, on behalf of the Registered Owners of all the Bonds, to waive compliance by the Issuer with certain provisions of the Indenture and by the University with certain provisions of the Agreement and certain past defaults under the Indenture and the Agreement and their consequences. Any such consent or waiver by the Registered Owner of this Bond shall be conclusive and binding upon such Registered Owner and upon all future Registered Owners of this Bond and of any Bond issued upon the transfer hereof or in exchange therefor or in lieu hereof whether or not notation of such consent or waiver is made upon this Bond.

No reference herein to the Indenture and no provision of this Bond or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of this Bond at the times, place and rate, and in the coin or currency, herein prescribed from the sources herein described.

5. Transfer and Exchange. As provided in the Indenture and subject to certain limitations therein set forth, this Bond is transferable on the Issuer's books for the registration and transfer of Bonds kept by the Trustee, upon surrender of this Bond for transfer at the office or agency of the Issuer in the Place of Payment duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Trustee duly executed by, the Registered Owner hereof or his attorney duly authorized in writing and thereupon one or more new Bonds, of authorized denominations and for the same series, maturity, interest rate and aggregate principal amount, will be issued to the designated transferee or transferees.

The Series 2009 Bonds are issuable only as registered Bonds without coupons in denominations of \$5,000 or integral multiples thereof. As provided in the Indenture and subject to certain limitations therein set forth, Bonds are exchangeable for a like series, maturity, interest rate and aggregate principal amount of Bonds of a different authorized denomination, as requested by the Registered Owner surrendering the same.

No service charge will be made for any such transfer or exchange, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the person in whose name this Bond is registered as the Registered Owner hereof for the purpose of receiving payment as herein provided and for all other purposes whether or not this Bond shall be overdue, and neither the Issuer, the Trustee nor any such agent shall be affected by notice to the contrary.

6. No Recourse. No recourse shall be had for the payment of the principal of or premium, if any, or interest on this Bond, or for any claim based hereon, or otherwise in respect hereof or of the Indenture or the Agreement, to or against any incorporator, director, trustee,

officer, official, agent or employee, past, present or future, as such, of the University or the Issuer or of the City of University Park, Texas, or of any predecessor or successor corporation, either directly or through the University or the Issuer, the City of University Park, Texas, or any such predecessor or successor corporation, under and by virtue of any constitution or statute or rule of law or by the enforcement of any assessment or penalty, or otherwise, all such liability of incorporators, directors, trustees, officers, officials, agents and employees, as such, being waived and released by the Registered Owner and holders hereof by the acceptance of this Bond; all as more fully provided in the Indenture.

[UNLESS the certificate of authentication hereon has been executed by the Trustee by manual signature, this Bond shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.]*

IT IS HEREBY CERTIFIED, RECITED AND REPRESENTED that the issuance of this Bond and the series of Bonds of which it is a part, is duly authorized by law; that all acts, conditions and things required to exist and necessary to be done or performed precedent to and in the issuance of this Bond and the series of Bonds of which it is a part to render the same lawful, valid and binding have been properly done and performed and have happened in regular and due time, form and manner as required by law; that all acts, conditions and things necessary to be done or performed by the Issuer or to have happened precedent to and in the execution and delivery of the Indenture and the Agreement have been done and performed and have happened in regular and due form as required by law; that due provision has been made for the payment of the principal of, premium, if any, and interest on this Bond and the series of Bonds of which it is a part by irrevocably pledging the described revenues as provided in the Indenture; that payment in full for the Series 2009 Bonds has been received; and that the issuance of the Series 2009 Bonds does not contravene or violate any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be duly executed under its corporate seal.

SOUTHWEST HIGHER EDUCATION
AUTHORITY, INC.

By: _____
President

ATTEST:

Secretary

(SEAL)

* To be omitted from Initial Bond.

(Form of Certificate of Authentication to
appear on each Bond except the Initial Bond)

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds referred to in the within-mentioned Indenture and the Initial Bond of the series of Bonds of which this Bond is a part was approved by the Attorney General of Texas and initially registered by the Comptroller of Public Accounts of the State of Texas.

Date of Authentication:

THE BANK OF NEW YORK MELLON
TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee

By: _____
Authorized Signature

(FORM OF COMPTROLLER'S REGISTRATION CERTIFICATE)
(To be attached to Initial Bond only)

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

(Form of Assignment to appear on each Bond)

FORM OF ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto (Print or typewrite name, address, and zip code of transferee) _____ (Social Security or other tax identifying number: _____) the within Bond and does hereby irrevocably constitute and appoint _____, as attorney, to transfer the within Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated: _____

Signature guaranteed by: _____

NOTICE: The signature(s) on this assignment must correspond with the name(s) of the Registered Owner(s) appearing on the face of the within Bond in every particular.

NOTICE: Signatures must be guaranteed by a financial institution that is a member of the Securities Transfer Agents Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP") or the New York Stock Exchange, Inc. Medallion Signature Program ("MSP").

The following abbreviations, when used in the assignment above or on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT - Custodian
(Cust) (Minor)
under Uniform Gifts to Minors Act
.....
(State)

Additional abbreviations may also be used though not in the list above.

Initial Bond Insertions.

(1) The Initial Bond shall be in the form set forth in this Exhibit A, except that:

A. immediately under the name of the Bond, the headings "INTEREST" and "MATURITY DATE" shall both be completed with the words "As Shown Below" and "CUSIP NO.: ____ deleted;

B. in the first paragraph:

the words "on the Maturity Date set forth above" shall be deleted and the following will be inserted: "on October 1 in the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

| <u>Years</u> | <u>Principal Installments</u> | <u>Interest Rates</u> |
|--------------|-------------------------------|-----------------------|
|--------------|-------------------------------|-----------------------|

(Information to be inserted from Section 202 hereof); and

(C) the Initial Bond shall be numbered T-1.