ATTACHMENT

I. COMPLIANCE WITH SEC RULE 15C2-12 PERTAINING TO DISCLOSURE OF INFORMATION RELATING TO THE BOND GUARANTEE PROGRAM

1. Annual Reports

The Agency shall provide annually to ~~each NRMSIR and any SID~~the MSRB, within six months after the end of each fiscal year ~~ending in or after 1996~~, financial information and operating data with respect to the Program of the general type which describes the Program and which is included in an Official Statement for Guaranteed Bonds. Any financial statements so to be provided need not be audited. Such information shall be transmitted electronically to the MSRB, in such format and accompanied by such identifying information as prescribed by the MSRB.

If the Agency changes its fiscal year from the year ending August 31, it will notify ~~each NRMSIR and any SID~~the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Agency otherwise would be required to provide financial information and operating data pursuant to this section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to ~~each NRMSIR and any SID~~the MSRB or filed with the SEC.

2. Material Event Notices

The Agency shall notify ~~any SID and either each NRMSIR or the~~the MSRB, in a timely manner, of any of the following events with respect to the Program, if such event is material within the meaning of the federal securities laws:

a. Principal and interest payment delinquencies;

b. Non-payment related defaults;

c. Unscheduled draws on debt service reserves reflecting financial difficulties;

d. Unscheduled draws on credit enhancements reflecting financial difficulties;

e. Substitution of credit or liquidity providers, or their failure to perform;

f. Adverse tax opinions or events affecting the tax-exempt status of the Program;

g. Modifications to rights of holders of the Bonds;

h. Bond calls;

I. Defeasances;

j. Release, substitution, or sale of property securing repayment of Guaranteed Bonds; and

k. Rating changes.

The Agency shall notify ~~any SID and either each NRMSIR or~~ the MSRB, in a timely manner, of any failure by the Agency to provide financial information or operating data in accordance with Section 1 of this Rule by the time required by such Section.

Nothing in this Program Regulation shall obligate the Agency to make any filings or disclosures with respect to Guaranteed Bonds, as the obligations of the Agency hereunder pertain solely to the Program.

3. Limitations, Disclaimers, and Amendments

With respect to a series of Guaranteed Bonds, the Agency shall be obligated to observe and perform the covenants specified in this Program Regulation for so long as, but only for so long as, the Agency remains an "obligated person" with respect to the Guaranteed Bonds within the meaning of the Rule.

The provisions of this Program Regulation are for the sole benefit of each Issuing District, as well as holders and beneficial owners of the Guaranteed Bonds; nothing in this Program Regulation, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Agency undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Program Regulation and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Program's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Program Regulation or otherwise, except as expressly provided herein. The Agency does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Guaranteed Bonds at any future date.

Under no circumstances shall the Agency or the Program be liable to the holder or beneficial owner of any Guaranteed Bond, the Issuing District or any other person or entity, in contract or tort, for damages resulting in whole or in part from any breach by the Agency, whether negligent or without fault on its part, of any covenant specified in this Program Regulation, but every right and remedy of any such person, in contract or tort, for or on account of any such breach shall be limited to an action for *mandamus* or specific performance.

No default by the Agency in observing or performing its obligations under this Program Regulation shall comprise a breach of or default under the Order for purposes of any other provision of the Order.

Nothing in this Program Regulation is intended or shall act to disclaim, waive, or otherwise limit the duties of the Agency under federal and state securities laws.

The provisions of this Program Regulation may be amended by the Agency from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Agency, but only if (1) the provisions of this Program Regulation, as so amended, would have permitted an underwriter to purchase or sell Guaranteed Bonds in the primary offering of the Guaranteed Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Guaranteed Bonds consent to such amendment or (b) a person that is unaffiliated with the Agency (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the Guaranteed Bonds. If the Agency so amends the provisions of this Program Regulation, it shall include with any amended financial information or operating data next provided in accordance with Section 1 an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Agency may also amend or repeal the

provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Guaranteed Bonds in the primary offering of the Guaranteed Bonds.

4. Definitions

As used in this Program Regulation, the following terms have the meanings ascribed to such terms below:

"*Agency*" means the Texas Education Agency or the successor thereto with respect to the management of the Program.

"*Guaranteed Bonds*" means obligations for which application is made and granted for a guarantee under the Program.

"*Issuing District*" means a school district which issues Guaranteed Bonds.

"*MSRB*" means the Municipal Securities Rulemaking Board or any successor to its functions under the Rule.

~~"NRMSIR" means each person whom the SEC or its staff has determined to be a nationally recognized municipal securities information repository within the meaning of the Rule from time to time.~~

"*Official Statement*" means each offering document of an Issuing District used in the offering and/or sale of Guaranteed Bonds.

"*Order*" means the resolution, order, ordinance or other instrument or instruments of an Issuing District pursuant to which Guaranteed Bonds are issued and the rights of the holders and beneficial owners thereof are established.

"*Permanent School Fund*" means the perpetual school fund established by Article VII, Section 2 of the Texas Constitution.

"*Program*" means the program of bond guarantee by the Permanent School Fund, which program has been established by Article VII, Sections 2 and 5 of the Texas Constitution, and is administered in accordance with Subchapter C, Chapter 45, Texas Education Code, as amended, and the rules and regulations of the Agency. The term "*Program*" shall also include the rules, regulations and policies of the Agency with respect to the administration of such program of guarantee of school district bonds, as well as the rules, regulations, policies of the Agency with respect to the administration, and the operational and financial results, of the Permanent School Fund.

"*Program Regulation*" means this rule of the Agency which is promulgated for the purpose of establishing and undertaking with respect to the Program which satisfies the requirements of the Rule.

"*Rule*" means SEC Rule 15c2-12, as amended from time to time.

"*SEC*" means the United States Securities and Exchange Commission.

~~"SID" means any person designated by the State of Texas or an authorized department, officer, or agency thereof as, and determined by the SEC or its staff to be, a state information depository within the meaning of the Rule from time to time.~~