

Supplement to Official Statement

This Supplement to Official Statement (the “Supplement”) is provided to amend certain information set forth in the Official Statement, dated September 22, 1998 (the “Official Statement”), regarding the below-referenced bonds. Except as otherwise provided herein, terms defined in the Official Statement shall have the same meanings when used herein. This Supplement speaks only as of its date. Prospective purchasers of the 1998 Series F Bonds (Senior Lien) should not rely on any provisions of the Official Statement to the extent inconsistent with this Supplement.

\$240,000,000
STATE OF NORTH CAROLINA
STATE EDUCATION ASSISTANCE AUTHORITY
(A political subdivision of the State of North Carolina)
TAXABLE GUARANTEED STUDENT LOAN REVENUE BONDS,
1998 SERIES F (SENIOR LIEN)
(AUCTION RATE BONDS)

1. **Changes to Definitions.** The term “Trustee,” as used throughout the Official Statement, means The Bank of New York, or any successor to it in that capacity.

The terms “Bond Equivalent Yield” and “Maximum Auction Rate,” as used throughout the Official Statement and defined in “AUCTION PROCEDURES” in Appendix C to the Official Statement, are hereby amended to have the following meanings:

“Bond Equivalent Yield” means, with respect to United States Treasury securities, the “investment rate” as reported by the United States Treasury which may be reported at the website <http://www.treasurydirect.gov/RI/OFBills> or such other comparable source.

“Maximum Auction Rate” means the greatest of (i) the Bond Equivalent Yield on United States Treasury securities maturing in approximately 91 days most recently auctioned plus 1.60%, (ii) the Bond Equivalent Yield on United States Treasury securities maturing in approximately 91 days most recently auctioned prior to the most recent June 1 plus 1.60%, and (iii) the Average CP Rate plus the Applicable Spread; provided, however, the Maximum Auction Rate shall in no event be greater than 20% or the maximum rate permitted by State law.

The following definitions are hereby added to “AUCTION PROCEDURES” in Appendix C to the Official Statement:

“Applicable Spread” means, with respect to any Tranche of the 1998 Series F Bonds (Senior Lien) on any date of determination, the following percentages, based on the lowest rating assigned to such 1998 Series F Bonds (Senior Lien) in effect on the close of business on the Business Day immediately preceding such date, as set forth below:

Credit Rating		Applicable Spread
Moody's	Fitch and S&P	
"Aaa"	"AAA"	2.00%
"Aa"	"AA"	2.00%
"A"	"A"	2.25%
"Baa"	"BBB"	2.50%
Below "Baa"	Below "BBB"	3.00%

provided that if such 1998 Series F Bonds (Senior Lien) are not then rated by at least one Rating Agency, the "Applicable Spread" shall be 4.00%. For purposes of this definition, Fitch's and S&P's rating categories of "AAA", "AA", "A" and "BBB", and Moody's rating categories of "Aaa", "Aa", "A" and "Baa" refer to and include the respective rating categories correlative thereto if any of such Rating Agencies have changed or modified their generic rating categories or if Fitch, Moody's or S&P shall not rate, or no longer rate, such 1998 Series F Bonds (Senior Lien) and shall have been replaced. All ratings referred to above shall be without regard to the gradations within each rating category.

"Average CP Rate" means the simple average of the 3-month Financial Commercial Paper Rates for the 30 days preceding the current Auction Date and reported on the Federal Reserve Statistical Release H.15 as of the Business Day prior to the Auction Date. If such rates are no longer available from such source, the Trustee or Auction Agent, as applicable, will ascertain the rates in good faith from such sources as it shall determine to be comparable to such source. If such rates are only published as a discount rate, such discount rates are to be converted to a bond equivalent yield using the following formula and rounded to the nearest thousandth of a percent (0.001%):

$$\frac{Q \times D}{360 - (90 \times Q)} \times 100$$

where "Q" refers to the per annum rate quoted on a discount basis and expressed as a decimal and where "D" refers to the number of days in the year in which the CP Rate is to take effect.

"Tranche" means the 1998 Series F Bonds (Senior Lien) having the same Auction Dates, stated maturity and interest rate methodology.

2. Effective Date. The above-referenced changes are effective as of September 17, 2007.

3. Rating Confirmations. Following notification of the above-referenced changes, Fitch Ratings, Moody's Investors Service and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., have confirmed the respective ratings of "AAA," "Aaa" and "AAA" previously assigned to the 1998 Series F Bonds (Senior Lien).

September 17, 2007