



Continuing Disclosure Certificate

Ms. Kim Johnson, CCTS
Wells Fargo Corporate Trust & Escrow Services
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625 Marquette Ave., 11th Floor
Mpls., MN 55479

The undersigned, the Chief Financial Officer of the Minnesota Office of Higher Education (the Issuer), formerly named the Higher Education Services Office, hereby certifies to Wells Fargo Bank Minnesota, N.A. (as successor of interest to Norwest Bank Minnesota, National Association), a national banking association (The Dissemination Agent) with reference to the Continuing Disclosure Agreement dated as of November 1, 1999, in connection with the issuance of Minnesota Higher Education Services Office General Indenture dated November 1, 1999, as amended and supplemented (the "Bonds"), that:

- (1) A complete audit report and opinion of an Accountant and the financial statements of the Issuer for fiscal year ending June 30, 2010, containing balance sheets as of the end of such fiscal year and a statement of operations, changes in fund balances and cash flows for the fiscal year then ended, and showing in comparative form such figures for the preceding fiscal year of the Issuer, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, is accurate and complete in all material respects to the best of my knowledge.
- (2) The following unaudited information is accurate and complete in all material respects to the best of my knowledge:
 - (1) Information regarding the operating budget of the Issuer for the current fiscal year and the Loan Capital Fund for the most recent fiscal year of the type contained under the caption "Minnesota Office of Higher Education - Financial Information" in the Official Statement.

- (2) Information for the most recent fiscal year regarding the amount of student loans originated, the outstanding principal balance of student loans as of the end of the most recent fiscal year and loan loss and recovery experience and borrower delinquencies for the most recent fiscal year of the type contained under the caption "The Supplemental Student Loan Program—SELF II, SELF III & SELF IV Program Overview" and "—Loss and Delinquency Experience for the Student Loan Portfolio" in the Official Statement.

IN WITNESS WHEREOF, the Issuer has executed and delivered this Continuing Disclosure Certificate as of the 27th day of October, 2010.

MINNESOTA OFFICE OF
HIGHER EDUCATION

By: Timothy M. Hensley
Chief Financial Officer

Minnesota Office of Higher Education - Financial Information
Fiscal Year Ending June 30, 2010

NOTE: Effective July 1, 2005 the Minnesota state legislature changed the name of the agency to Minnesota Office of Higher Education.

Operating Budget. As of September 30, 2010, the Agency's 2010-2011 operating budget, exclusive of its supplemental student loan programs, is \$222,264,691, of which it is anticipated \$5,710,758 will come from federal appropriations, \$215,491,792 from State appropriations, and \$1,062,141 from miscellaneous special appropriations. None of these funds are available for use in the Supplemental Student Loan Program or any other student loan programs. None of these funds are available for the payment of the outstanding bonds referenced above.

General Financial Information. The Loan Capital Fund ("LCF"), which is maintained as an Enterprise Fund of the Agency, is the funding source for the Agency's student loan activities, both present and future. Certain summary financial information for the LCF for the past three years is presented in the table below. The Agency anticipates using eligible loans and money in the LCF to pay certain Program Expenses and costs of issuance. The LCF is not pledged to pay the Bonds of the 1999 General Indenture.

SUMMARY FINANCIAL DATA FOR THE LOAN CAPITAL FUND

	Fiscal Year Ended June 30,		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Total assets	\$972,404,608	\$990,546,780	\$871,303,988
Total cash and investments	231,476,944	267,530,080	175,670,498
Total loans outstanding, less allowance for loss	733,910,240	714,195,161	684,921,942
Allowance for loan losses	10,476,316	8,676,026	6,938,074
Total revenues	35,357,613	41,956,120	54,762,703
Total expenses	<u>17,471,123</u>	<u>22,909,687</u>	<u>37,317,890</u>
Excess of revenues over expenses	17,886,490	19,046,433	17,444,813
Total fund balance	\$377,810,211	\$359,923,721	\$340,877,287

THE SUPPLEMENTAL STUDENT LOAN PROGRAM

SELF Program Overview

Background. The Agency (formerly known as MHECB, then MHESO, and subsequently the Agency) was authorized by the State Legislature in 1985 to establish and supervise loan programs other than the Guaranteed Student Loan program ("GSL"). MHECB began originating supplemental loans in June of 1985 under its Student Educational Loan Fund I program ("SELF I"), and completed originations under SELF I in September of 1988. At that time MHECB began originating loans under its Student Educational Loan Fund II program ("SELF II"). In May 2002 MHESO began originating loans under its Student Educational Loan Fund III program ("SELF III"). In July 2005 MHESO's name was changed to Minnesota Office of Higher Education (The Agency). In July 2006 the Agency began originating loans under its Student Education Loan Fund IV program ("SELF IV"). Currently, all student loans originated by the Agency are made pursuant to its SELF IV Program.

Together, MHECB, MHESO, and the Agency have originated approximately \$1.6 billion of loans under the SELF I, SELF II, SELF III and SELF IV Programs through June 30, 2009. The following table shows the outstanding principal balance of SELF I, SELF II, SELF III and SELF IV loans at the dates indicated:

As of June 30,	(\$ in Thousands)				
	SELF I	SELF II	SELF III	SELF IV	Total
2010	\$0	\$ 56,037	\$240,259	\$446,156	\$742,452
2009	\$0	\$ 83,012	\$283,864	\$353,916	\$720,792
2008	\$0	\$114,250	\$328,321	\$248,630	\$691,201
2007	\$0	\$151,527	\$375,487	\$120,613	\$647,627
2006	\$0	\$194,312	\$412,123	\$412,123	\$606,435
2005	\$0	\$240,387	\$322,308	\$322,308	\$562,695
2004	\$0	\$284,895	\$205,913	\$205,913	\$490,808
2003	\$2	\$330,223	\$99,346	\$99,346	\$431,574
2002	\$9	\$369,839	1524	1524	\$373,374
2001	\$32	\$314,508			\$314,540
2000	198	260,922			\$261,120
1999	849	209,876			210,725
1998	2,962	172,788			175,750
1997	4,093	168,812			172,905
1996	7,113	168,740			175,853
1995	11,021	169,468			180,489
1994	14,909	162,976			177,885
1993	20,428	154,088			174,516
1992	24,240	122,809			147,049
1991	34,286	85,686			119,972
1990	40,724	49,948			90,672
1989	46,672	17,993			64,665

The Agency (and previously MHECB and MHESO), finances the origination of SELF loans with the proceeds of revenue bond issues and amounts available in the Loan Capital Fund. Although the Agency receives State and Federal appropriations, the SELF program is designed to be self-sustaining, and such appropriations are neither available for use in the SELF Program nor available for the payment of principal and interest on any of the associated revenue bonds (including the Series 1999, 2002, 2003, 2004, 2005, and 2006 Bonds).

Loss and Delinquency Experience for the Student Loan Portfolio

The tables that follow set forth, with regard to SELF II, SELF III, and SELF IV loans, loan loss and recovery experience, shown on an annual basis for the fiscal years ended June 30, 2003 through 2010, and borrower delinquencies, shown on a quarterly basis for quarters ending June 2009 through June 2010. There can be no assurance, however, that the loss or delinquency experience for the Program in the future will be similar to the historical experience set forth below.

SELF I, SELF II, SELF III & SELF IV Programs

Loss Experience for the Student Loan Portfolio

	12 Months Ended June 30, 2010	12 Months Ended June 30, 2009	12 Months Ended June 30, 2008	12 Months Ended June 30, 2007	12 Months Ended June 30, 2006	12 Months Ended June 30, 2005	12 Months Ended June 30, 2004	12 Months Ended June 30, 2003
Average Receivables Outstanding**	\$743,031,663	\$720,792,038	\$683,659,921	\$640,710,305	\$597,529,720	\$539,272,505	\$466,471,945	\$408,387,636
Gross Losses	\$8,310,373	\$8,819,170	\$8,775,825	\$7,594,400	\$7,301,755	\$5,499,400	\$5,838,432	5,436,609
Recoveries	<u>6,747,614</u>	<u>6,237,918</u>	<u>6,292,991</u>	<u>5,776,841</u>	<u>4,682,884</u>	<u>4,475,507</u>	<u>4,129,744</u>	<u>3,320,982</u>
Net Losses*	\$1,562,759	\$2,581,252	\$2,482,834	\$1,817,559	\$2,618,871	\$1,023,893	\$1,708,688	\$2,115,627
Net Losses as Percentage of Average Receivables Outstanding	0.21%	0.36%	0.36%	0.28%	0.44%	0.19%	0.37%	0.52%

*Recoveries were greater than gross losses for the year.

**Average Receivables Outstanding is the arithmetic average of receivables outstanding during the period indicated.

Delinquencies for the Student Loan Portfolio for all SELF Loan Programs

(Dollars in Thousands)

	June 30, 2009		Sept 30, 2009		December 31, 2009		March 31, 2010		June 30, 2010	
Days Delinquent	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
15-29	\$ 9,566	1.3%	\$ 9,732	1.3%	\$11,212	1.5%	\$11,527	1.5%	\$14,841	2.0%
30-44	27,283	3.8	24,481	3.3	28,210	3.9	24,826	3.3	28,878	3.9
45-59	3,384	0.5	2,773	0.4	4,316	0.6	3,640	0.5	4,649	0.6
60-89	6,284	0.9	6,452	0.9	6,706	0.9	4,693	0.6	5,967	0.8
90-119	2,771	0.4	3,051	0.4	3,017	0.4	2,218	0.3	2,571	0.4
120 and Over	<u>2,359</u>	<u>0.3</u>	<u>2,304</u>	<u>0.3</u>	<u>2,690</u>	<u>0.4</u>	<u>1,875</u>	<u>0.2</u>	<u>2,213</u>	<u>0.3</u>
Total	\$51,647	7.2%	\$48,793	6.6%	\$56,151	7.7%	\$48,779	6.4%	\$59,120	8.0%