

## Continuing Disclosure Certificate

Mr. Brian True, Trust Account Manager  
U.S. Bank  
CN-OH-W6CT  
425 Walnut St.  
Cincinnati, OH 45202

The undersigned, the Chief Financial Officer of the Minnesota Office of Higher Education (the Issuer) hereby certifies to U.S. Bank National Association, a national banking association (The Dissemination Agent) with reference to the Continuing Disclosure Agreement dated as of December 1, 2010, in connection with the issuance of Minnesota Office of Higher Education General Indenture dated December 1, 2010, as amended and supplemented (the "Bonds"), that:

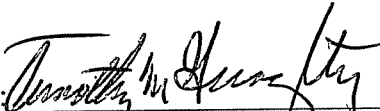
- (1) A complete audit report and opinion of an Accountant and the financial statements of the Issuer for fiscal year ending June 30, 2011, containing balance sheets as of the end of such fiscal year and a statement of operations, changes in fund balances and cash flows for the fiscal year then ended, 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 & SELF V 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 18th day of October, 2011.

MINNESOTA OFFICE OF  
HIGHER EDUCATION

By:



Chief Financial Officer

**Minnesota Office of Higher Education - Financial Information**  
**Fiscal Year Ending June 30, 2011**

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 August 31, 2011, the Agency's 2011-2012 operating budget, exclusive of its supplemental student loan programs, is \$197,505,722, of which it is anticipated \$4,807,722 will come from federal appropriations, \$192,107,000 from State appropriations, and \$591,000 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 bonds in any indenture.

**SUMMARY FINANCIAL DATA FOR THE LOAN CAPITAL FUND**

	Fiscal Year Ended June 30,		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Total assets	\$1,024,517,852	\$972,404,608	\$990,546,780
Total cash and investments	298,829,297	231,476,944	267,530,080
Total loans outstanding, less allowance for loss	728,301,040	733,910,240	714,195,161
Allowance for loan losses	10,211,172	10,476,316	8,676,026
 Total revenues	 31,435,520	 35,357,613	 41,956,120
Total expenses	17,085,408	17,471,123	22,909,687
Excess of revenues over expenses	14,350,112	17,886,490	19,046,433
 Total fund balance	 \$392,160,323	 \$377,810,211	 \$359,923,721

## 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"). In October 2010 the Agency began originating loans under its Student Education Loan Fund V program ("SELF V"). Currently, all student loans originated by the Agency are made pursuant to its SELF V Program.

Together, MHECB, MHESO, and the Agency have originated approximately \$1.8 billion of loans under the SELF I, SELF II, SELF III, SELF IV and SELF V Programs through June 30, 2011. The following table shows the outstanding principal balance of SELF I, SELF II, SELF III, SELF IV and SELF V loans at the dates indicated:

(\$ in Thousands)

<u>As of June 30,</u>	<u>SELF I</u>	<u>SELF II</u>	<u>SELF III</u>	<u>SELF IV</u>	<u>SELF V</u>	<u>Total</u>
2011	\$0	\$34,138	\$195,824	\$475,124	\$21,568	\$726,754
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.

#### **Loss and Delinquency Experience for the Student Loan Portfolio**

The tables that follow set forth, with regard to SELF II, SELF III, SELF IV and SELF V loans, loan loss and recovery experience, shown on an annual basis for the fiscal years ended June 30, 2004 through 2011, and borrower delinquencies, shown on a quarterly basis for quarters ending June 2010 through June 2011. 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, 2011	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
Average Receivables Outstanding**	\$744,174,880	\$743,031,663	\$720,792,038	\$683,659,921	\$640,710,305	\$597,529,720	\$539,272,505	\$466,471,945
Gross Losses	\$8,770,878	\$8,310,373	\$8,819,170	\$8,775,825	\$7,594,400	\$7,301,755	\$5,499,400	\$5,838,432
Recoveries	<u>6,429,677</u>	<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>
Net Losses*	\$2,341,201	\$1,562,759	\$2,581,252	\$2,482,834	\$1,817,559	\$2,618,871	\$1,023,893	\$1,708,688
Net Losses as Percentage of Average Receivables Outstanding	0.31%	0.21%	0.36%	0.36%	0.28%	0.44%	0.19%	0.37%

\*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, 2010		Sept 30, 2010		December 31, 2010		March 31, 2011		June 30, 2011	
Days Delinquent	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
15-29	\$14,841	2.0%	\$15,045	2.0%	\$18,045	2.5%	\$15,348	2.1%	\$18,841	2.6%
30-44	28,878	3.9	27,654	3.7	34,477	4.7	24,843	3.4	23,843	3.3
45-59	4,649	0.6	4,112	0.6	6,516	0.9	4,717	0.6	5,217	0.7
60-89	5,967	0.8	5,897	0.8	6,681	0.9	4,720	0.6	6,268	0.9
90-119	2,571	0.4	2,917	0.4	3,311	0.4	2,483	0.3	2,650	0.4
120 and Over	<u>2,213</u>	<u>0.3</u>	<u>2,468</u>	<u>0.3</u>	<u>3,062</u>	<u>0.4</u>	<u>2,040</u>	<u>0.3</u>	<u>1,890</u>	<u>0.3</u>
Total	\$59,120	8.0%	\$58,093	7.8%	\$72,092	9.8%	\$54,151	7.2%	\$58,709	8.1%