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Response to Request No. 27: Description and Explanation

I. Request

All documents concerning any analysis, review, examination or audit of any institutional lending program, whether performed by the Company or any other person or entity, including, but not limited to, any analysis, review, examination or audit of the value of such loans and forecasts of the default potential of such loans.

II. Description of Documents

The documents produced consist of three Ketel Thorstenson, LLP Institutional Loans – Student Accounts Receivable audit workpapers from fiscal years 2006, 2007 and 2008.

Redacted by HELP Committee

The documents provided in response to this Request have been Bates numbered NAU0018534 to NAU0018536.

III. Explanation of Documents Produced

The University's institutional loan program is very small, with only \$223,497.69 of institutional loans outstanding as of September 1, 2010. During the entire period from fiscal year 2006 to fiscal year 2010, the University originated only 106 institutional loans.

Institutional loans are used by the University only in rare circumstances and are not generally available to students as a source of funding their educational expenses. The institutional loan program is internally funded and underwritten; there are no contracts with private lenders or loan services to underwrite, fund or service the institutional loans. The terms of each institutional loan vary depending upon the facts and circumstances of a student's situation.

The University also assists students in finding private loans through the FASTChoice program, which enables students to obtain private loans from third party lenders. The University does not receive any proceeds or fees in connection with such private loans.

The above referenced documents include Ketel Thorstenson, LLP's (the University's independent auditor for fiscal years 2006 through 2008) analysis of the University's institutional

Response to Request No. 27: Description and Explanation
Page 2

loan accounts receivable balance and related allowance for doubtful institutional loan accounts at May 31, 2006, 2007 and 2008. The University's institutional loan balances are small. There are few students with outstanding institutional loans, and the average balance of \$2,600 per student remained consistent between 2006 and 2008.

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