OFFICIAL STATEMENT DATED SEPTEMBER 10, 1990

NEW ISSUE **Not Rated**

In the opinion of Bond Counsel, according to present State of Minnesota and Federal laws, regulations and rulings, assuming compliance with certain covenants, the interest on the Bonds is not includable in gross income for Federal income tax purposes or in taxable income of individuals, estates and trusts for State of Minnesota income tax purposes, and is not an item of tax preference in determining Federal or Minnesota alternative minimum tax applicable to individuals. Interest on the Bonds is subject to the State of Minnesota franchise tax applicable to corporations, including financial institutions, and is includable in the calculation of certain Federal and State of Minnesota taxes imposed on corporations. (See "Tax Exemption.")

$5,155,000

Minnesota Higher Education Facilities Authority

Mortgage Revenue Bonds, Series Two-X

(Northwestern College of Chiropractic)

Dated Date: September 1, 1990 **Interest Due: April 1 and October 1, commencing April 1, 1991**

The Bonds will mature annually on October 1 as follows:

$1,505,000 Serial Bonds

Year	Amount	Interest Rate	Year	Amount	Interest Rate
1992	$190,000	7.00%	1995	$260,000	7.75%
1993	225,000	7.25%	1996	285,000	8.00%
1994	235,000	7.50%	1997	310,000	8.00%

$1,090,000 8.25% Term Bonds due October 1, 2000
$2,560,000 8.50% Term Bonds due October 1, 2005

Price: 100%

At the option of the Minnesota Higher Education Facilities Authority (the "Authority"), all Bonds maturing on or after October 1, 2000 may be redeemed prior to maturity commencing October 1, 1999, in whole on any date thereafter or in part on any interest payment date thereafter. The Bonds will also be subject to optional redemption in whole or in part in certain cases of damage to or destruction or condemnation of the Project Facilities described in the Loan Agreement and Indenture and in whole but not in part in the event of a Determination of Taxability, as described herein. Bonds maturing October 1, 2000 and October 1, 2005 are subject to mandatory redemption on installments as described herein.

The Bonds will be issued in integral multiples of $5,000, and are fully registered as to principal and interest. Norwest Bank Minnesota, National Association, Minneapolis, Minnesota will act as Trustee, Registrar and Paying Agent.

The Bonds are special obligations of the Authority payable solely from Loan Repayments made by or on behalf of Northwestern College of Chiropractic (the "College") pursuant to a Loan Agreement between the Authority and the College, or out of other amounts pledged pursuant to the Indenture or realized from the Mortgage, as described herein. The Loan Repayments will be a general obligation of the College. For a discussion of certain risks related to the Bonds, see "RISK FACTORS," herein.

The Bonds will not be qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986.

THE BONDS SHALL NOT BE LEGAL OR MORAL OBLIGATIONS OF THE STATE OF MINNESOTA NOR CONSTITUTE A DEBT FOR WHICH THE FAITH AND CREDIT OF THE AUTHORITY OR THE STATE OF MINNESOTA, OR THE TAXING POWERS OF THE STATE, ARE PLEDGED. THE AUTHORITY HAS NO TAXING POWERS.

The Bonds are offered when, as and if issued by the Authority and accepted by the Underwriter named below subject to the approval of legality by Faegre & Benson, Minneapolis, Minnesota, Bond Counsel. Certain legal matters will be passed upon by Moore, Costello & Hart, Saint Paul, Minnesota, counsel to the College and Leonard, Street and Deinard, Minneapolis, Minnesota, counsel to the Underwriter. Bonds will be available for delivery on or about September 18, 1990.

Piper, Jaffray & Hopwood
Incorporated

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No dealer, broker, salesman or other person has been authorized by the Authority, the College or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority, the College or the Underwriter. The information contained herein, except as it relates to the Authority, has been obtained from the College and is not guaranteed as to accuracy or completeness. Except for information concerning the Authority, such information is not to be construed as a representation by the Authority. Information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority or the College since the date hereof.

References in this Official Statement to laws, rules, regulations, agreements, and any other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices hereto, they will be furnished on request.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUE AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

The Bonds have not been rated by any rating agency. Consequently, with respect to Minnesota residents, the Bonds are hereby offered to and may be purchased only by persons having a minimum annual gross income of $30,000 and a net worth of $30,000 or in the alternative, a net worth of $75,000. Net worth is determined exclusive of home, home furnishings and automobiles.

The Bonds have not been registered with the Securities and Exchange Commission by reason of the provisions of Section 3(a)(2) of the Securities Act of 1933, as amended. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, and there shall not be any sale of the Bonds by any person in any state in which it is unlawful for such person to make such offer, solicitation or sale. The registration or qualification of these securities in accordance with applicable provisions of securities laws of the jurisdictions in which the Bonds may be registered or qualified and the exemption from registration or qualification in other jurisdictions shall not be regarded as a recommendation thereof. Neither these jurisdictions nor any of their agencies have passed upon the merits of the Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

Certain of the parties involved in this financing have agreed to indemnify certain other parties for any untrue statement of a material fact contained in this Official Statement or any omission to state a material fact necessary to be stated in this Official Statement in order to make the statements contained herein not misleading.

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

MEMBERS

TABLE OF CONTENTS

OFFICIAL STATEMENT

$5,155,000

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY MORTGAGE REVENUE BONDS, SERIES TWO-X

(NORTHWESTERN COLLEGE OF CHIROPRACTIC)

INTRODUCTORY STATEMENT

This Official Statement provides information concerning the Minnesota Higher Education Facilities Authority (the "Authority") and the Northwestern College of Chiropractic, Bloomington, Minnesota, (the "College") in connection with the issuance of the Authority's $5,155,000 Mortgage Revenue Bonds, Series Two-X (Northwestern College of Chiropractic) (the "Bonds" or the "Issue"). The College is a non-profit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code, organized for the purpose of preparing individuals for the practice of chiropractic medicine. (See "Chiropractic Medicine" on page 2.) The College grants the Doctor of Chiropractic degree after a three and one-half to four-year course of study at the College. The College admits students who have had a minimum of two academic years of college credit acceptable toward a baccalaureate degree. Students who entered the College in the fall of 1988 had an average of 3½ years of preprofessional college experience and an average grade point average of 2.96 (on a 4.0 scale). Nearly one-third of the entering class had previously earned college degrees.

The Bonds are being issued pursuant to the provisions of Sections 136A.25 to 136A.42, Minnesota Statutes, as amended, by the provisions of which the Authority was created and authorized to issue its obligations to assist institutions of higher education within the State of Minnesota to finance certain projects.

The Bonds are also issued pursuant to the Trust Indenture between the Authority and Norwest Bank Minnesota, National Association, Minneapolis, Minnesota as trustee (the "Trustee"). The Trustee will also be the Registrar and Paying Agent for the Issue.

Pursuant to a Loan Agreement between the College and the Authority, the College will covenant as a general obligation of the College to make payments and deposits in amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due. The proceeds of the Issue will be loaned to the College by the Authority to refinance the College's indebtedness under a Contract for Deed between the College and Independent School District No. 271, Bloomington, Minnesota; to finance the construction of a new Center for Clinical Studies and refurbishing of the auditorium, all to be located on the College's campus; and the acquisition, improving, furnishing and equipping, including site acquisition and appurtenant site improvements of an outpatient clinic, as more fully described under "THE PROJECT", page 9.

The Bonds are secured by a mortgage on and security interest in the College's main campus located in Bloomington, Minnesota.

The Reserve Account will be initially funded from proceeds of the Issue in the amount of $515,500, and thereafter at the Reserve Requirement as defined in Appendix III.

Upon satisfying certain financial tests, the Authority will have the right to issue Additional Bonds which have an equal and parity lien with the Bonds against any and all security provided by or available under the Indenture, Loan Agreement or Mortgage. See "Summary of Documents-The Indenture-Additional Bonds").

The Bonds shall not be legal or moral obligations of the State of Minnesota nor constitute a debt for which the faith and credit of the Authority or the State of Minnesota or the taxing powers of the State are pledged. The Authority has no taxing powers.

The foregoing Introductory Statement is a summary only. For more specific explanations, reference should be made to the following pages and appendices of this Official Statement. Capitalized terms not defined in the text hereof are defined in Appendix III or have the meanings assigned in the Indenture, Loan Agreement or Mortgage.

CHIROPRACTIC MEDICINE

Council on Chiropractic Education Definition of Chiropractic

A Doctor of Chiropractic is a physician concerned with the health needs of the public as a member of the healing arts. A chiropractor gives particular attention to the relationship of the structural and neurological aspects of the body in health and disease. Chiropractic science concerns itself with the relationship between structure, primarily the spine, and function, primarily coordinated by the nervous system, of the human body as the relationship may affect the restoration and preservation of health. A chiropractor is educated in the basic and clinical sciences as well as in related health subjects.

The Doctor of Chiropractic is prepared by a professional education to be a primary health care provider. As a portal of entry to the health delivery system, the chiropractic physician must be well educated to diagnose, including, but not limited to, spinal analysis, to care for the human body in health and disease, and to consult with, or refer to, other health care providers.

History of and Outlook for Chiropractic

In 1895, Daniel David Palmer administered the first chiropractic adjustment to a patient in Davenport, Iowa, and is recognized as the founder of the chiropractic profession. In 1989, there were approximately 47,800 licensed Doctors of Chiropractic and approximately 2,500 are added yearly. Chiropractic doctors are licensed to practice in all 50 states, and their clinical activities are regulated by state licensing boards. In approximately three-quarters of the states, including the State of Minnesota, chiropractic is included in health and accident insurance coverage by law. Nearly all states include chiropractic treatment in worker's compensation programs. At the federal level, chiropractic is included in Medicare and Medicaid.

Approximately 96 percent of active Doctors of Chiropractic are in private practice. In 1987, experienced chiropractors averaged about $80,575 in earnings, after expenses, according to the American Chiropractic Association.

The Occupational Outlook Handbook, published by the U.S. Department of Labor, gives this outlook for careers in chiropractic:

"Prospects for chiropractors are expected to be very good through the year 2000 due to the growing use of chiropractic services. Demand for chiropractic is related to the ability of patients to pay, either directly or through health insurance, and to public acceptance of the profession, which appears to be growing.

At present, newly graduated chiropractors are entering practice with little difficulty. However, the number of graduates from chiropractic colleges has increased fourfold since the early 1970's, and enrollments are expected to continue to grow. As more students graduate, new chiropractors may encounter competition establishing a practice in areas where other practitioners already are located."

RISK FACTORS

No person should purchase Bonds without carefully reviewing the following information which sets forth some, but not all, of the factors which may affect the Owners' receipt of payments of the principal of, premium, if any, or interest on the Bonds.

Risk of Insufficient Collateral

The Bonds are secured by (a) a pledge of amounts payable under the Loan Agreement, (b) the Mortgage, and (c) a Reserve Account which will be held by the Trustee and applied to the payment of principal and interest on the Bonds. If an Event of Default occurs, there can be no assurance that such security will be sufficient to pay the principal of, premium, if any, or interest on the Bonds. The Mortgage covers only a portion of the College's property and the College estimates that the market value of the property subject to the Mortgage, assuming a willing buyer and willing seller on a voluntary basis, is less than the original principal amount of the Bonds. See "Summary of Security for the Bonds."

Adequacy of Revenues

Payment of principal of and interest on the Bonds is intended to be made primarily from Loan Repayments of the College. The College's ability to make Loan Repayments will be dependent on its ability to receive sufficient unrestricted revenues in excess of expenditures. Such revenues and expenditures are subject to conditions and factors, many of which may be beyond the control of the College and may change in the future to an extent that cannot be presently determined.

Reliance on Tuition

The adequacy of College revenues will be largely dependent on the amount of future tuition revenue received by the College. Such revenue in turn will depend primarily on the ability of the College to charge sufficient rates for tuition and to maintain enrollment levels. Because of the relatively high acceptance rate for applicants to the College, future enrollment levels will depend on the number of students applying to the College. A number of various factors, including, without limitation, such factors as any increases in tuition rates, decline in the desirability of a chiropractic career, competition from other chiropractic colleges, a decline in the number of college age students generally (which is expected for the near future), and adverse general economic conditions, will influence the number of applicants to the College. The perceived desirability of a chiropractic career may be materially adversely influenced by a variety of future circumstances, including, among others, a disproportionate increase in the number of chiropractors, new or existing alternative methods of health care treatment, and a reduction in the extent to which chiropractic fees are payable or reimbursable by third party payors, such as insurance companies and health maintenance organization, or by government-assisted programs such as Medicare or Medicaid.

Financial Aid

Approximately 92% of the College's students currently receive Federal or State financial aid covering tuition and fees or living expenses. No assurance can be given that Federal and State financial aid will continue to be funded at current levels. Curtailment of such aid may cause a decline in enrollment, which would in turn have an adverse effect on the College's revenues. The largest single source of financial aid for students of the College is the federal Stafford Loan program. Stafford Loans are made by banks and other financial institutions and a 100% guarantee against default is provided by one of 55 different guaranty agencies, which are in turn reinsured (on a sliding scale from 80% to 100%) by the U.S. Department of Education. The largest such guarantor, located in Minnesota, is not receiving 100% reinsurance due to its default rate and as a result is experiencing financial difficulty. The resulting uncertainty may adversely affect, at least temporarily, the making of Stafford Loans by some lenders. The College estimates that nearly all of its students rely, to some extent, on the receipt of Stafford student loans for financial aid.

Lack of Bond Rating and Secondary Market

No application has been made for a credit rating for the Bonds. The absence of a rating could adversely affect the market for the Bonds. No assurance can be given that there will be a secondary market in the Bonds. In addition, adverse developments, including decreased enrollment or increased actual operating expenses of the College, may have an unfavorable effect upon the bid and asked prices for the Bonds in any secondary market.

Damage or Destruction

Although the College will be required to obtain certain insurance as set forth in the Loan Agreement, there can be no assurance that the College will not suffer losses for which insurance cannot be or has not been obtained or that the amount of any such loss, or the period during which the property subject to the Mortgage cannot generate revenues, will not exceed the coverage of such insurance policies.

Foreclosure of the Mortgage

The Bonds are limited obligations of the Authority and are payable solely from revenues derived from the College under the Loan Agreement or the Reserve Account. If sufficient payments are not forthcoming from the College, it may be necessary for the Trustee to exercise its remedies under the Indenture and the Mortgage. The value of the mortgaged property upon foreclosure of the Mortgage may be affected by a number of factors, including the following. The mortgaged building is designed for educational and research purposes and its use and marketability for other purposes may be limited. The parcel of land which is subject to the mortgage is subject to an agreement that it will be maintained as an entire parcel, undivided, and used for purposes germane to a college, or similar use, until August, 1993. Attempts to foreclose under mortgages are frequently met with protracted litigation and/or bankruptcy proceedings, which proceedings cause delays in realizing on collateral and may otherwise limit the value of the collateral. The College has been operating since it moved to its present location under a conditional use permit to operate an educational institution issued by the City of Bloomington. The property is zoned R-1 residential by the City. If the mortgage is foreclosed, the value and marketability of the property may be adversely affected for many of the uses to which the property could be put because of the need for a conditional use permit for uses not permitted in an R-1 district.

Nature of Pro Forma Debt Service Coverage

Certain historical operating revenue for the College and computed pro forma debt service coverage is provided in Appendix I under the caption "Northwestern College of Chiropractic Estimated Debt Service Coverage Based on Unrestricted Current Fund (UCF) Net Revenues." The pro forma coverage is merely a mathematical computation as reflected in the applicable table. It is not a projection and constitutes no assurance as to the future sufficiency of College revenues to satisfy College operations and Bond debt service requirements.

Nature of Appraisal

The College retained Campbell Appraisal Co., Inc. (the "Appraiser") to appraise the College's main campus. The Appraiser has rendered its opinion that as of January 9, 1990 the main campus had a value of $4,000,000. Such appraisal reflects solely the opinion of the Appraiser and is not a guarantee of the value of the appraised property. In particular, the valuation assumes a voluntary sale and does not evaluate the forced sale of the property upon foreclosure of the Mortgage if an Event of Default should occur under the Loan Agreement. Additionally, the appraised market value of real estate has been known, in certain cases, to vary significantly from appraiser to appraiser. Finally, the appraisal does not take into consideration any potential increase in value of the appraised property as a result of Project expenditures for the Center for Clinical Studies (estimated to cost $2,025,500) or improvements to the auditorium (estimated to cost $100,000).

Limited Obligation

No entity or person other than the College is, or shall be, in any way liable or responsible for any payments to be made under the Loan Agreement, the Trust Indenture or the Bonds or the other obligations of the College. Accordingly, for payment of principal, interest, premium, if any, on the Bonds, holders of the Bonds must look solely to the revenues and security under the Loan Agreement, the Mortgage, and the Indenture.

Bankruptcy

The ability of the Trustee to exercise rights under the Loan Agreement, the Mortgage, and the Indenture may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws or equitable principles related to or affecting the enforcement of creditors' rights generally.

Other Possible Risk Factors

The occurrence of any of the following events, or other unanticipated events, could adversely affect the operations of the College:

(1) Reinstatement of or establishment of mandatory governmental wage and price controls.
(2) Inability to control increases in operating costs, including salaries, wages and fringe benefits, supplies and other expenses, without being able to obtain corresponding increases in revenues.
(3) Employee strikes and other adverse labor actions which could result in a substantial increase in expenditures without corresponding increase in revenues.
(4) Adoption of Federal, State or local legislation or regulations having an adverse effect on the future operating or financial performance of the College.

Suitability Standard for Minnesota Investors

The Bonds have not been rated by any rating agency. Consequently, with respect to Minnesota residents, the Bonds may be purchased only by persons having a minimum annual gross income of $30,000 and a net worth of $30,000 or in the alternative, a net worth of $75,000. Net worth is determined exclusive of home, home furnishings and automobiles.

THE BONDS

The Bonds will be dated September 1, 1990 and will mature each October 1, commencing October 1, 1992, as set forth on the cover page of this Official Statement. The Bonds are being issued in denominations of $5,000 and integral multiples thereof not exceeding the amount maturing in any maturity, and shall be fully registered as to principal and interest. Interest on the Bonds will be payable on April 1 and October 1, commencing April 1, 1991, at the rates set forth on the cover.

The Bonds will be registered at the office of Norwest Bank Minnesota, National Association, Minneapolis, Minnesota, as Trustee; the Trustee will also be the Registrar and Paying Agent. Bonds may be transferred and exchanged by surrender to the Trustee with a written authorization by the registered Owner thereof or the Owner's authorized attorney satisfactory to the Trustee, subject to such reasonable regulations as the Trustee may prescribe, and shall be without expense to the Owner, except as to any taxes or other governmental charges required to be paid. Bonds may be exchanged only for new Bonds of the same maturity which may be of any authorized denominations so long as the aggregate principal amount thereof equals the aggregate principal sum of the Bonds surrendered. Payment of principal will be at the principal corporate trust office of the Trustee and payment of interest shall be by check or draft of the Trustee mailed (or, pursuant to an agreement with the Trustee, by wire transfer) to the registered Owner at his address as shown on the registration books of the Authority.

Transfers shall not be made with respect to any Bonds called for redemption or during any period within fifteen days next prior to the required date for mailing or publication of notice of such redemption.

Interest on any Bond which is payable, and is punctually paid or duly provided for, on any interest payment date shall be paid to the person in whose name the Bond is registered at the close of business on the 15th day (whether or not a Business Day) of the calendar month next preceding such interest payment date (the "Regular Record Date"). Any interest on any Bond which is payable, but is not punctually paid or duly provided for, on any interest payment date shall forthwith cease to be payable to the registered Holder on the relevant Regular Record Date solely by virtue of such Holder having been such Holder; and such defaulted interest may be paid by the Trustee on a "Special Record Date," as follows:

(a) Subject to the provisions of Article VII of the Indenture relating to application of money upon the occurrence of an Event of Default, upon receipt by the Trustee of any defaulted interest, the Trustee shall fix a Special Record Date for the payment of such defaulted interest which shall not be more than fifteen days nor less than ten days prior to the date of the payment set by the Trustee in its discretion, but not less than ten days after the receipt by the Trustee of such defaulted interest. The Trustee shall promptly notify the Authority of such Special Record Date and, in the name of the Authority, shall cause notice of the proposed payment of such defaulted interest and the Special Record Date therefor to be mailed first class postage prepaid, to each Holder at his address as it appears on the registration books on a date determined by the Trustee, but not less than ten days prior to such Special Record Date. The Trustee may, in its discretion in the name of the Authority, cause a similar notice to be published at least once in a financial journal, but such publication shall not be a condition precedent to the establishment of such Special Record Date. Notice of the proposed payment of such defaulted interest and the Special Record Date therefor having been mailed as aforesaid, such defaulted interest shall be paid to the registered Owners on such Special Record Date and shall no longer be payable pursuant to the following paragraph (b).

(b) Subject to the provisions of Article VII of the Indenture, the Trustee may make payment of any defaulted interest on the Bonds in any other lawful manner, if after notice given to the Authority by the Trustee of the proposed payment pursuant to this paragraph (b), such payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions, each Bond delivered under the Indenture upon transfer of, or in exchange for, or in lieu of, any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

Prior Redemption

Mandatory Redemption

Bonds maturing on October 1, 2000 shall be called for redemption on October 1 in the years 1998 and 1999, at the principal amount thereof to be redeemed, without premium, plus accrued interest to the date fixed for redemption, from moneys in the Sinking Fund Subaccount of the Bond and Interest Sinking Fund Account, in the respective amounts set forth below.

Year	Principal Amount
1998	$335,000
1999	$365,000
2000	$390,000*

* *Maturity*

Bonds maturing on October 1, 2005 shall be called for redemption on October 1 in the years 2001 through 2004, at the principal amount thereof to be redeemed, without premium, plus accrued interest to the date fixed for redemption, from moneys in the Sinking Fund Subaccount of the Bond and Interest Sinking Fund Account, in the respective amounts set forth below:

Year	Principal Amount	Year	Principal Amount
2001	$430,000	2004	$550,000
2002	$470,000	2005	$600,000*
2003	$510,000		

* *Maturity*

The Bonds or portions thereof to be so redeemed shall be selected by the Trustee by lot or in such other random manner as the Trustee shall determine.

The Bonds maturing in 2000 and 2005, to be retired pursuant to the mandatory redemption obligations set forth above, may, at the option of the College, be reduced by the principal amount of any Bonds of such maturity which at least 45 days prior to such redemption:

(1) have been delivered to the Trustee for cancellation; or
(2) have been purchased or redeemed (other than through operation of the Sinking Fund Subaccount) and cancelled by the Trustee and not theretofore applied as a credit against such mandatory redemption obligations.

Optional Redemption

Bonds maturing on or after October 1, 2000 are subject to optional redemption commencing October 1, 1999, in whole on any date or in part on any interest payment date and if in part, in such order of maturity as the College shall direct and by lot or other random manner within a maturity, in integral multiples of $5,000, at par plus accrued interest.

The Bonds will also be subject to optional redemption at par and accrued interest, as a whole on any date or in part on any interest payment date, in certain cases of damage to or destruction or condemnation of the Project Facilities, and as a whole but not in part, upon a Determination of Taxability as provided in the Loan Agreement (see "SUMMARY OF DOCUMENTS - Loan Agreement").

Partial Redemption

In the case of Bonds of denominations greater than $5,000, if less than all of such Bonds then outstanding are to be called for redemption, then for all purposes in connection with redemption, each $5,000 of principal amount shall be treated as though it was a separate Bond of the denomination of $5,000 bearing the number borne by such fully registered Bond and a subnumber assigned by the Trustee. If it is determined that one or more, but not all, of the $5,000 units of principal amount represented by any such Bond is to be called for redemption, then upon notice of intention to redeem such $5,000 unit or units, the Owner of such fully registered Bond shall forthwith surrender such Bond to the Trustee for (1) payment of the redemption price of the $5,000 unit or units of principal amount called for redemption and (2) exchange for a new Bond or Bonds of the aggregate principal amount of the unredeemed balance of the principal amount of such Bond which shall be issued to the registered Owner thereof, without charge therefor. If the Owner of any such Bond of a denomination greater than $5,000 shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, such Bond shall nevertheless become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units of principal amount called for redemption (and to that extent only). Interest shall cease to accrue on the portion of the principal amount of such Bond represented by such $5,000 unit or units of principal amount on and after the date fixed for redemption provided that funds sufficient for payment of the redemption price shall have been deposited with the Trustee and shall be available for the redemption of said $5,000 unit or units on the date fixed for redemption, and in such event, such Bond shall not be entitled to the benefit or security of the Indenture or the Loan Agreement to the extent of the portion of its principal amount (and accrued interest to the date fixed for redemption and applicable premium, if any) represented by such $5,000 unit or units of principal amount, nor shall new Bonds be thereafter issued corresponding to said unit or units.

Notice of Redemption

Notice of any redemption shall be mailed to the registered Owners at their addresses shown on the registration books of the Authority and maintained by the Trustee not less than thirty days, and if more than 60 days, then again not less than 30 nor more than 60 days, before the date fixed for such payment. If moneys are available at the office of the Trustee to pay the redemption price on the date of redemption, any Bonds thus called shall not bear interest after the call date and, except for the purpose of payment by application of the funds so deposited, shall no longer be protected by the Indenture.

Determination of Taxability

If a Determination of Taxability is made that the interest payable on the Bonds is subject to federal income taxes by reason of the application of the provisions of the Internal Revenue Code and regulations thereunder in effect on the date of issuance, the Bonds shall bear additional interest equal to two percent (2.00%) per annum above the basic rate from the date of taxability effective until the respective dates on which the principal of the Bonds is paid. See "Tax Exemption," pages 16-18 and Appendix III, "DEFINITION OF CERTAIN TERMS."

The College will have the option to prepay the Loan and require the Bonds to be redeemed in full but not in part on any date after a Determination of Taxability at a price of par and accrued interest (including additional interest from the Date of Taxability).

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	
Bond Proceeds	$5,155,000
College Funds	344,000
	$5,499,000
Uses:	
Project Costs:	
Contract for Deed Refinancing	$2,193,500
Center for Clinical Studies Construction	2,025,500
Architectural, Consultant and Engineering Costs	179,500
Construction Contingency	75,000
Auditorium Refurbishing	100,000
Burnsville Clinic	230,000
Debt Service Reserve	515,500
Issuance Costs	180,000
Total	$5,499,000

Issuance costs, including the Underwriter's fee, shall be paid by the College from its general funds and not from Bond proceeds.

Accrued interest received at Bond Closing will be deposited into the Bond and Interest Sinking Fund Account and applied as a credit against the amount to be deposited in the Bond and Interest Sinking Fund on or before the next interest payment date.

THE PROJECT

The Project consists of the following components:

1. The refinancing of a Contract for Deed between the College and Independent School District 271, Bloomington, Minnesota, (the "District"), dated August 5, 1983. The Contract for Deed was entered into between the College and the District for the College's purchase of the land and building which now constitutes the main campus of the College. Prior to the College's purchase of the campus, the land and building had been operated as a junior high school by the District. The original principal amount of the Contract for Deed was $3,000,000. As of September 1, 1990, $2,188,048 of the principal will be outstanding. At Bond Closing, the College will pay the outstanding

principal and accrued interest on the Contract for Deed and acquire legal title to the land and building comprising the main campus and execute the Mortgage covering such property.

2. The construction and furnishing of an approximately 25,000 square-foot Center for Clinical Studies attached to the College's building on the College's main campus. The Center will accommodate research, multi-disciplinary patient care, student instruction and office space for faculty and staff. As a condition of Bond Closing the College will have a firm contract with a general contractor on a guaranteed maximum price basis. Construction is expected to begin in September, 1990.

3. The refurbishing of the College's auditorium.

4. The acquisition, improving, furnishing and equipping, including site acquisition and appurtenant site improvements of a 3,500 square-foot outpatient teaching clinic in the city of Burnsville. The College has purchased the land and building for $212,500 and will be reimbursed from Bond proceeds.

The College will enter into a construction contract with a fixed maximum price for construction of the Center for Clinical Studies and will require a payment performance bond from the contractor prior to Bond Closing.

The College expects to spend the Bond proceeds as shown on page 9, "ESTIMATED SOURCES AND USES OF FUNDS," but the College is not prevented from reallocating Bond proceeds among the various components of the Project, other than proceeds required to fund the Reserve Account or refinance the Contract for Deed.

Bond proceeds used to construct the Center for Clinical Studies will be disbursed by or under the direction of the title company issuing the mortgagee's title insurance covering the Mortgage.

SUMMARY OF SECURITY FOR THE BONDS

The Bonds will be special obligations of the Authority payable solely from payments made by or on behalf of the College as required by the Loan Agreement or out of other amounts pledged therefor under the Indenture including moneys and investments in the Reserve Account. The Reserve Account will be fully funded from proceeds of the Bonds in an amount equal to 10% of the proceeds of the Bonds (par less original issue discount according to the reoffering scale) (the "Reserve Requirement").

Pursuant to the Combination Mortgage, Security Agreement and Fixture Financing Statement (the "Mortgage"), the College will mortgage and grant a security interest to the Authority in the main campus of the College in Bloomington, Minnesota, including land and buildings, now or hereafter constructed and the furnishings and equipment owned by the College from time to time located therein to secure its obligations to make timely Loan Repayments (see "SUMMARY OF DOCUMENTS - The Mortgage"). The Authority will, in turn, assign its interest in the Mortgage to the Trustee to be held by the Trustee as part of the Trust Estate. An appraisal of the land and building of the main campus done by Campbell Appraisal Co., Inc., Minneapolis, Minnesota, set the total appraised value of land and existing improvements at $4,000,000 as of January 9, 1990. This value does not include the additions and expansions to be financed with proceeds of the Bonds. (See "RISK FACTORS.") The Mortgage will not cover the Burnsville Clinic being acquired and improved as part of the Project with the proceeds of the Bonds nor any other part of the College which is not part of the main campus.

The College will also covenant that:

a. Following the end of each Fiscal Year, for at least two of the preceding three Fiscal Years (including such Fiscal Year), as shown on the College's audited financial statements, Unrestricted Current Fund revenues shall be not less than Unrestricted Current Fund expenditures, including mandatory transfers, according to the principles of accounting used in the preparation of the College's financial statements for the Fiscal Year ended August 31, 1989 prepared by Larson, Allen, Weishair & Co. In the event that, following any Fiscal Year, the College shall not be in compliance with this paragraph (a), the College may cure such deficiency by making a deposit to the Unrestricted Current Fund, during or within 180 days of the close of such Fiscal Year, sufficient to cure the deficiency. Such deposit may be made from the unencumbered Board-controlled unrestricted funds, if such unencumbered Board-controlled unrestricted funds may legally be transferred to the Unrestricted Current Fund by action of the Board of Trustees. No such deposit may be made from any proceeds of the Bonds or other borrowed funds.

b. For so long as the Bonds remain outstanding, the College shall incur no Funded Debt with a maturity in excess of two years (except for a refunding or refinancing of Funded Debt outstanding which does not increase the amount of Funded Debt outstanding and further excepting indebtedness for capital projects for which the College has obtained funds on hand and written and signed pledges of gifts in an aggregate amount equal to at least 80% of the estimated cost of such project), unless at the end of each of the last two Fiscal Years for which audited financial statements are available the Debt Service Coverage Ratio was at least 120% based upon Maximum Annual Debt Service of (A) then outstanding Funded Debt and (B) the Funded Debt proposed to be incurred; provided that if the additional Funded Debt proposed to be incurred is to finance student housing, student dining, student union or other revenue producing facilities, there shall be added to the amount of Net Income Available for Debt Service for each of the earlier Fiscal Years the estimated Net Income Available for Debt Service to be derived from such facility in the first Fiscal Year following the estimated date of completion of such facility as estimated in a report of an independent management consultant to the College and the Trustee; and provided further that if the additional Funded Debt proposed to be incurred is to finance other College facilities and if the Board of Trustees has increased tuition, student fees or other rates or charges at or after the end of either of such earlier Fiscal Years, for purposes of this paragraph, there shall be added to Net Income Available for Debt Service for any such earlier Fiscal Year the amount of increase net of increased operating expenses, as estimated in a report of an independent management consultant to the College and the Trustee. At no time shall the amount of Funded Debt which is variable rate indebtedness exceed 40% of unrestricted fund balances as shown on the most recent audited financial statements.

(See Appendix III - DEFINITION OF CERTAIN TERMS and Appendix IV - SUMMARY OF THE DOCUMENTS - The Loan Agreement - Financial Covenants) For purposes of (a) and (b) above, all capitalized terms used but not otherwise defined in the Loan Agreement shall have the meanings provided for audits of colleges and universities, as applied by Larson, Allen, Weishair & Co. in the report of the College's financial statements for the Fiscal Year ended August 31, 1989.

The Bonds shall not be legal or moral obligations of the State of Minnesota nor constitute a debt for which the faith and credit of the Authority or the State of Minnesota, or the taxing powers of the State, are pledged. The Authority has no taxing powers.

The College will agree pursuant to the terms of the Loan Agreement and the Indenture to make payments directly to the Trustee in such amounts and at such times as to assure that the Trustee has sufficient funds with which to pay the principal of and interest on the Bonds.

The Bonds will not be secured by the General Bond Reserve of the Authority (see "ACCOUNTS - General Bond Reserve Account").

ACCOUNTS

Summary

The Indenture will provide for the creation of certain trust accounts into which the proceeds from the sale of the Bonds and revenues received as Loan Repayments under the Loan Agreement are to be deposited. These accounts include a Refinancing Account, a Construction Account, a Bond and Interest Sinking Fund Account, a Reserve Account, and a Redemption Account. The net proceeds of original issue and sale of the Bonds are to be deposited into the Refinancing Account and the Construction Account, except that the amount of the Reserve Requirement will be deposited into the Reserve Account and accrued interest will be deposited in the Bond and Interest Sinking Fund Account. Following Bond Closing, amounts received by the Trustee from the College as Loan Repayments are to be deposited into the Bond and Interest Sinking Fund Account and the Redemption Account and used, to the extent needed, to redeem or pay the principal of and interest on the Bonds when due and into the Reserve Account to maintain a debt service reserve in the amount of the Reserve Requirement.

Refinancing Account

There shall be deposited into the Refinancing Account the proceeds received from sale of the Bonds equal to the balance due and unpaid on the Contract for Deed payable to Independent School District No. 271. All money deposited in the Refinancing Account, except approximately $33,000 (the "Montessori Portion"), will be used by the Trustee to pay the remaining balance of the Contract for Deed on the day of Bond Closing. The Montessori Portion will be disbursed to the College to pay the Montessori Portion of the Contract for Deed at Bond Closing or at a later date to reimburse the College for payment of the Montessori Portion of the Contract for Deed from College funds only upon evidence of the status of one of the tenants of the main campus as an exempt organization under Section 501(c)(3) of the Internal Revenue Code or evidence that such tenant has vacated the campus. In the event the Montessori Portion is not disbursed by March 1, 1991, the Trustee will transfer all remaining funds in the Refinancing Account to the Redemption Account to redeem the Bonds in accordance with the Indenture.

Construction Account

There shall be deposited initially into the Construction Account the proceeds received from sale of the Bonds, exclusive of the amount deposited into the Refinancing Account, accrued interest and the Reserve Requirement. In addition, the College will agree in the Loan Agreement to provide for payment of all Project Costs in excess of the proceeds of the Bonds available therefor and to pay out of available general funds all costs of issuance of the Bonds. Upon receipt of proper documentation, the Trustee will reimburse or pay for the account of the College costs incurred in connection with the Project. When the Project has been completed and a certificate to that effect has been furnished to the Trustee, any balance in the Construction Account shall be deposited into the Bond and Interest Sinking Fund Account, or the Redemption Account.

Bond and Interest Sinking Fund Account; Sinking Fund Subaccount

Initially there shall be deposited into the Bond and Interest Sinking Fund Account any amount of Bond proceeds representing accrued interest, which is to be used to pay interest on the Bonds. Deposits shall be made on the first day of each month, commencing October 1, 1990, in amounts equal to one-sixth of the interest payable on the next succeeding interest payment date and one-twelfth of the principal due on the next succeeding principal payment date. In addition, deposits to the Sinking Fund Subaccount shall be made on the first day of each month commencing October 1, 1997, in amounts equal to one-twelfth of the redemption price of the principal specified for mandatory redemption on the next succeeding October 1. Deposits shall be made to the Bond and Interest Sinking Fund Account from earnings on other accounts established under the Indenture, from Loan Repayments made by the College and from Pledge Receipts as received. (See "SUMMARY OF DOCUMENTS - The Loan Agreement - Other Covenants.") The moneys and investments in the Bond and Interest Sinking Fund Account will be irrevocably pledged to and shall be used by the Trustee, from time to time, to the extent required, for the payment of principal of and interest on the Bonds as and when such principal and interest shall become due and payable according to stated maturities or by mandatory redemption and for that purpose only. If at any time the amount of funds and investments on deposit in the Bond and Interest Sinking Fund Account (valued consistent with the provisions of the Arbitrage Regulations) exceeds the amount permitted for a bona fide debt service fund under the Arbitrage Regulations, the Trustee shall forthwith transfer the excess to the Redemption Account.

Reserve Account

There shall be initially deposited into the Reserve Account from Bond proceeds the amount of the Reserve Requirement. All amounts paid by the College as Loan Repayments not deposited or required to be deposited into the Bond and Interest Sinking Fund Account or Redemption Account will be deposited into the Reserve Account in order to maintain the Reserve Account in an amount not less than the Reserve Requirement. All amounts in the Reserve Account are irrevocably pledged to the payment of principal of and interest on the Bonds.

In the event that a withdrawal of funds from the Reserve Account reduces the balance therein to a sum less than the Reserve Requirement, the College shall restore the deficiency forthwith, provided that if such funds are withdrawn in order to make any rebate payment required to be made by the Authority under the Loan Agreement, the Authority shall restore such deficiency or shall reimburse the College for a deposit by the College of amounts so withdrawn. Investments in the Reserve Account which are eligible investments under the Arbitrage Regulations for such valuation method shall be valued at par or (if purchased at a premium or discount) at amortized cost, and other investments in the Reserve Account shall be valued at market value. Investments in the Reserve Account shall be valued annually by the Trustee as of the end of each Fiscal Year, within 30 days after the close of the Fiscal Year. If upon any valuation date, the amount on deposit in the Reserve Account (exclusive of earned or accrued interest on moneys or investments therein) is more than the amount of the Reserve Requirement, or more than the amount allowed for a reasonably required reserve fund under the Arbitrage Regulations, the Trustee shall forthwith transfer the excess to the Bond and Interest Sinking Fund Account. If at the end of any Fiscal Year the amount on deposit in the Reserve Account is less than the amount of the Reserve Requirement, then (unless the deficiency is equal to or less than the excess of the amount of the Reserve Requirement over the amount allowed for a reasonably required reserve fund under the Arbitrage Regulations) such deficiency shall be restored to an amount equal to the amount of the Reserve Requirement within not less than 30 days.

Interest and income of the Reserve Account shall be transferred monthly to the Bond and Interest Sinking Fund Account to the extent the amount on deposit in the Bond and Interest

Sinking Fund Account is less than the amount permitted for a bona fide debt service fund under the Arbitrage Regulations, and when the moneys and investments in the Reserve Account shall be sufficient to pay the principal of and interest on all outstanding Bonds when due, such moneys and investments shall be transferred, as appropriate, into the Bond and Interest Sinking Fund Account or the Redemption Account; provided that the Trustee is authorized, in its discretion, to use funds and investments in the Reserve Account to pay the amount of any rebate due the United States in respect of the Bonds under Section 148 of the Internal Revenue Code if the College or the Authority shall have failed to pay or provide for the payment thereof under the Loan Agreement.

Redemption Account

Any amounts received which are not otherwise committed will be paid into the Redemption Account. Funds in this Account will be available to maintain required balances in other accounts and to purchase or redeem Bonds. No specific amounts are required. Notwithstanding the foregoing, the Trustee, in its discretion, is authorized to use funds and investments in the Redemption Account to pay the amount of any rebate due the United States in respect of the Bonds under Section 148 of the Internal Revenue Code if the College or the Authority shall have failed to pay or provide for the payment thereof under the Loan Agreement.

To the extent moneys have been transferred from the Bond and Interest Sinking Fund Account to the Redemption Account to maintain a bonafide debt service fund under the Arbitrage Regulations, the Trustee shall transfer on the first day of each month thereafter the maximum amount, if any, which, together with the balance in the Bond and Interest Sinking Fund Account, would be permitted under the Arbitrage Regulations for the Bond and Interest Sinking Fund Account to remain a bonafide debt service fund.

General Bond Reserve Account

Pursuant to its General Bond Resolution adopted October 31, 1972, the Authority has established and maintains a General Bond Reserve Account. In general, the General Bond Reserve Account secures certain Bonds of the Authority for which a deposit is made into the General Bond Reserve Account in compliance with the General Bond Resolution. In connection with the Bonds, the Authority will not require that the College deposit funds into the General Bond Reserve Account. **The Bonds will not be secured by the General Bond Reserve Account, and Bondholders will have no right to require the Authority to apply moneys or investments in the General Bond Reserve Account to the payment of the Bonds or interest thereon.**

Authorized Investments

Moneys on deposit to the credit of the Construction Account, Bond and Interest Sinking Fund Account, the Reserve Account, the Refinancing Account, or the Redemption Account shall be invested by the Trustee only in Authorized Investments described in Section 5.04 of the Indenture and generally as follows: Direct obligations of the United States government and certain obligations issued or guaranteed by certain of its agencies; direct and general obligations of states and local governments, rated at least AA or Aa in the case of state obligations and AAA or Aaa in the case of local government obligations; insured revenue bond obligations of states and local governments rated AAA or Aaa; mutual funds or unit trusts which invest solely in the foregoing obligations of the United States government, its agencies, state and local governments; certificates of deposit and other accounts fully insured by the Federal Deposit Insurance Corporation; investment agreements acceptable to the Trustee and issued by a corporation rated at least AA or Aa; repurchase agreements not longer than 30 days and fully collateralized by securities of the United States government or its agencies in which the Trustee has a perfected security interest; and commercial paper maturing in 365 days or less and rated within the top two categories by Standard & Poor's Corporation or Moody's Investors Service, Inc.

THE AUTHORITY

The Minnesota Higher Education Facilities Authority was created by Chapter 868, Laws of Minnesota, 1971 (Sections 136A.25 through 136A.42, Minnesota Statutes), for the purpose of assisting institutions of higher education within the State in the construction and financing of projects. The Authority consists of eight members appointed by the Governor with the advice and consent of the Senate. The Executive Director of the Minnesota Higher Education Coordinating Board, and the President of the Minnesota Private College Council, who is a non-voting member, are also members of the Authority.

Dr. Joseph E. LaBelle has been the Executive Director of the Authority since its inception.

The Authority is authorized and empowered to issue revenue bonds whose aggregate outstanding principal amount at any time shall not exceed $250 million. The Authority has had 56 issues (including refunded and retired issues) totaling $188,265,000 of which $117,960,000 (excluding the Bonds) is outstanding as of August 2, 1990. Bonds issued by the Authority are payable only from the rentals, revenues and other income, charges and moneys pledged for their payment. The bonds of the Authority do not represent or constitute a debt or pledge of the faith or credit or moral obligation of the State of Minnesota.

Educational institutions eligible for assistance by the Authority are generally private nonprofit educational institutions authorized to provide a program of education beyond the high school level. However, pursuant to special legislation, the Authority has once issued bonds on behalf of a State owned and operated post-secondary institution. In addition, State community and technical colleges are eligible for assistance in financing child-care facilities, but not other types of projects. Sectarian institutions are not eligible for assistance; however, the fact that an institution is sponsored by a religious denomination does not of itself make the institution sectarian. Application to the Authority is voluntary.

The scope of projects for which the Authority may issue bonds is broad, including buildings or facilities for use as student housing, academic buildings, parking facilities and other structures or facilities required or useful for the instruction of students, or conducting of research, in the operation of an institution of higher education.

While the Authority retains broad powers to oversee planning and construction, it is current policy to permit the institution almost complete discretion with respect to these matters.

In Minnesota Higher Education Facilities Authority v. Hawk, filed August 8, 1975, the Minnesota Supreme Court affirmed the constitutionality of the issuance of tax-exempt bonds by the Authority to refinance debts incurred by Minnesota private colleges in the construction of facilities used solely for nonsectarian education purposes. In the opinion of bond counsel, this decision also confirms the legality of bonds issued by the Authority to finance original construction, improvement, and remodeling projects.

The Authority is also authorized to issue revenue bonds for the purpose of refunding bonds of the Authority then outstanding, including payment of any redemption premium thereon and any interest accrued or to accrue to the earliest or any subsequent date of redemption.

The Authority is financed solely from fees paid by the participating institutions; it has no taxing power.

Bond issuance costs, including fees of bond counsel, the financial advisor and trustee, are paid by the participating institution.

FINANCIAL ADVISOR

Springsted Incorporated, Saint Paul, Minnesota, has served as financial advisor to the Authority in connection with the issuance of the Bonds. The Financial Advisor will not participate in the underwriting of the Bonds.

UNDERWRITING

The Bonds are being purchased by Piper, Jaffray & Hopwood Incorporated (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a purchase price of par, plus interest accrued from September 1, 1990. The Underwriter will be paid a fee of $143,102 by the College from general College funds. The initial public offering prices set forth on the cover page may be changed by the Underwriter and the Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the offering prices set forth on the cover page.

RATING

The Bonds are not rated.

LITIGATION

The Authority and the College are unaware of any pending or threatened litigation which would affect the validity of the Bonds or materially affect the ability of the College to pay the principal of or interest on the Bonds as the same become due.

LEGALITY

On the date for delivery of the Bonds to the Underwriter, Bond Counsel, Faegre & Benson of Minneapolis, Minnesota, will deliver the opinion, dated the date thereof, to the effect that the Bonds, the Loan Agreement and the Indenture are valid and legally binding on the Authority, enforceable in accordance with their terms and as to the validity and tax exemption of the Bonds. (See Appendix II for the form of such opinion.) Certain legal matters will be passed upon for the College by Moore, Costello & Hart, St. Paul, Minnesota.

TAX EXEMPTION

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excludable from gross income under Section 103 of the Code. These requirements include, but are not limited to, (1) a limitation of $150,000,000 on the aggregate principal amount of "tax-exempt nonhospital bonds" (generally defined as bonds for other than acute care, in-patient hospital facilities) that is allocated to the College or any 501(c)(3) organization under common management or control with the College as an owner or user of facilities financed with proceeds of such bonds, (2) provisions which prescribe yield and other limits relative to the investment of the proceeds of the Bonds and other amounts, (3) provisions which require that certain investment earnings be rebated periodically to the Federal government and (4) a requirement that at least 95% of the proceeds of the Bonds be used for purposes of the College constituting the basis for its being an organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and that not more than 5% of the proceeds of the Bonds be used in (or provide a facility to be used in) an unrelated trade or business of the College or the trade or business of any nonexempt person. Noncompliance with such requirements may cause interest on the Bonds to become includable in gross income for purposes of Federal and State of Minnesota income taxation retroactive to their date of original issue, irrespective in some cases of the date on which such noncompliance is ascertained.

The Loan Agreement and Indenture contain provisions (the "Tax Covenants") including covenants of the Authority and the College, pursuant to which, in the opinion of Bond Counsel, such requirements can be satisfied. Certificates will be furnished by officers of the Authority and the College to Bond Counsel at closing to the effect that, at the date of issuance of the Bonds, not more than $150,000,000 of tax-exempt nonhospital bonds (including the Bonds) are outstanding allocable to the College and 501(c)(3) organizations under common management or control, that less than 5% of the space in the Project Buildings is leased to or used by nonexempt persons, and that the College does not and shall not use the Project Buildings for an unrelated trade of business, including the Center for Clinical Studies and the clinic building. The Tax Covenants do not relate to all the continuing requirements referred to in the preceding paragraph. If a Determination of Taxability occurs, however, whether or not as a result of violation of any of the Tax Covenants, the outstanding Bonds are subject to optional redemption without premium, and the Bonds shall bear additional interest at a rate of two percent (2%) per annum from the date of taxability until the respective dates on which the principal of the Bonds is paid. (See "THE LOAN AGREEMENT- Determination of Taxability" in Appendix IV). A determination that interest on the Bonds is includable in the computation of the alternative minimum tax imposed on individuals under the Code is not a Determination of Taxability.

Under present provisions of the Code, interest on the Bonds is exempt from federal income taxes, including the alternative minimum tax imposed with respect to individuals and corporations and the environmental tax imposed with respect to corporations, except that interest on the Bonds will be included in the computation of "adjusted net book income" (or, for taxable years beginning after 1989, "adjusted current earnings"), which may be an item of tax preference includable in alternative minimum taxable income used in calculating the alternative minimum tax that may be imposed with respect to corporations.

The Code imposes an environmental tax with respect to corporations on the excess of a corporation's modified alternative minimum taxable income (determined as described above) over $2 million. Regardless of whether a corporation is subject to the alternative minimum tax, the environmental tax applies with respect to taxable years beginning after December 31, 1986 and before January 1, 1992.

The Code imposes a 30% branch profits tax on the taxable income of a United States branch of certain foreign corporations attributable to its taxable income effectively connected (or treated as effectively connected) with a United States trade or business and a tax equal to 30% of the "dividend equivalent amount" which is measured by "earnings and profits" effectively connected to the United States, net of certain adjustments. Included in the earnings and profits of a United States branch of a foreign corporation is income that would be effectively connected with a United States trade or business if such income were taxable, such as the interest on the Bonds. Existing United States income tax treaties may modify, reduce or eliminate the branch profits tax except in cases of "treaty shopping."

In addition, interest on the Bonds is includable in the net investment income of foreign insurance companies for purposes of Section 842(b) of the Code. In the case of a property, casualty or other insurance company subject to the tax imposed by Section 831 of the Code, the amount which otherwise would be taken into account as losses incurred under Section 832(b)(5) of the Code must be reduced by an amount equal to 15% of the interest on the Bonds that is received or accrued during the taxable year. In addition, passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for an S corporation that has Subchapter C earnings and profits at the close of the taxable year if more than 25% of its gross receipts is passive investment income.

The Code further provides that interest on the Bonds is includable in the calculation of modified adjusted gross income in determining whether Social Security or railroad retirement payments are to be included in taxable income of individuals.

Bondholders should consult their tax advisors with respect to collateral consequences arising from the receipt of interest on the Bonds, including without limitation the calculations of alternative minimum tax, environmental tax or foreign branch profits tax liability, or the inclusion of social security or other retirement payments in taxable income.

Assuming compliance with the Tax Covenants and on the basis of the certifications to be furnished at Bond Closing, in the opinion of Faegre & Benson, Bond Counsel, under present laws and rulings: interest on the Bonds is not includable in gross income for federal income tax purposes or in the taxable income of individuals, estates or trusts for Minnesota income tax purposes (other than Minnesota corporate franchise taxes measured by taxable income). Interest on the Bonds is not treated as a preference item includable in alternative minimum taxable income for purposes of the Federal alternative minimum tax applicable to all taxpayers or the Minnesota alternative minimum tax applicable to individuals, estates and trusts, but is includable in "book income" or in "adjusted current earnings" for purposes of computing the alternative minimum tax and the environmental tax that may be imposed with respect to corporations.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds will not be "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

THE COLLEGE

GENERAL

Northwestern College of Chiropractic is a private, not-for-profit professional college which prepares students for the degree of Doctor of Chiropractic. The College is one of 14 such chiropractic colleges in the United States. The College was founded in 1941 in Minneapolis, Minnesota and has been located since 1983 on its present site at 2501 West 84th Street, Bloomington, Minnesota.

The College is accredited by the Commission on Accreditation of the Council on Chiropractic Education. The Council on Chiropractic Education is approved by the U.S. Department of Education as the accrediting body for chiropractic education and holds membership in the Council on Postsecondary Accreditation. The College is also accredited by the North Central Association of Colleges and Schools.

The College does not unlawfully discriminate on the basis of race, color, creed, religion, national origin, sex, marital status, or with regard to public assistance or disability.

ACADEMIC INFORMATION

Prerequisites for admission to the College include the completion of a minimum of two academic years of college credits acceptable toward a baccalaureate degree with a minimum grade point average of 2.5 overall and a science grade point average of 2.0 (on a 4.0 grading scale).

The Bachelor of Science Degree in Human Biology is awarded to those students who fulfill the equivalent of 134.5 trimester credits, with a minimum of 44.5 trimester hours satisfactorily completed at the College.

The Doctor of Chiropractic degree is awarded to students who satisfactorily complete a minimum of ten trimesters of educational and clinical experience beyond entrance requirements, and who are recommended for that degree by the faculty of the College.

The College's academic program consists of ten equal trimesters. Each trimester is 15 weeks. The average length of time to complete the Doctor of Chiropractic degree is 3.5 to 4 years. Students are admitted for enrollment in September and January. Approximately 120 students are admitted in September and approximately 40 are admitted in January.

STUDENT BODY

Students who entered the College in the fall of 1988 had an average of 3½ years of preprofessional college experience and an average grade point average of 2.96 (on a 4.0 grading scale). Nearly one-third of the entering class had previously earned college degrees. Approximately one-third of the student body are women and approximately one-half of the student body are from Minnesota.

CHIROPRACTIC COLLEGES IN THE UNITED STATES

College	Approximate Enrollment	1989/90 Tuition
Cleveland Chiropractic College, Kansas City, MO	375	$3,400/trimester
Cleveland College of Chiropractic, Los Angeles, CA	375	$3,150/trimester
Life Chiropractic College-West, San Lorenzo, CA	425	$2,500/quarter
Life College, Marietta, GA	1,350	$2,190/quarter
Los Angeles College of Chiropractic, Whittier, Ca	990	$3,636/trimester
Logan College of Chiropractic, Chesterfield, MO	690	$3,200/trimester
National College of Chiropractic, Lombard, IL	750	$3,456/trimester
New York Chiropractic College, Glen Head, NY	750	$3,000/trimester
Northwestern College of Chiropractic, Bloomington, MN	**560**	**$3,350/trimester**
Palmer College of Chiropractic, Davenport, IA	1,600	$3,160/trimester
Palmer College of Chiropractic-West, Sunnyvale, CA	550	$2,630/quarter
Parker College of Chiropractic, Dallas, TX	415	$3,100/trimester
Texas Chiropractic College, Pasadena, TX	390	$2,900/trimester
Western States Chiropractic College, Portland, OR	400	$2,656/quarter

GOVERNANCE

The College is governed by the Board of Trustees which consists of not less than nine nor more than 15 elected Trustees. All Trustees except ex-officio Trustees are elected by the Board of Trustees for terms of three years. Ex-officio Trustees are the President of the College, the President of the Alumni Association of the College and the President of the Minnesota Chiropractic Association. Ex-officio Trustees may not vote.

Members of the Board of Trustees

Principal Executive Officers

President

Donald M. Cassata, Ph.D., President, was appointed to that position in 1984. He also is a professor in the Department of Clinical Sciences at the College. From 1978 to 1984, Dr. Cassata held the position of Director of Behavioral Medicine in the Department of Family Medicine at the University of North Carolina School of Medicine. From 1972 to 1978 he was Director of Medical Communications in the Department of Family Practice and Community Health, University of Minnesota. Dr. Cassata holds a B.A. in psychology and an M.A. in mass communication from the University of Denver and a Ph.D. in communication/social psychology from the University of Minnesota. He has authored or co-authored numerous articles and monographs in the field of health education and communication and currently serves on the editorial boards of the Journal of Canadian Chiropractic Association and Communication Therapy.

President's Cabinet

James A. Albertson is **Director of Business Affairs** and has been in that position since 1979. Mr. Albertson is responsible for all the College's business and financial affairs and acts as administrator for the business office, physical plant, bookstore, computer department, copy center and food service. Prior to coming to the College, he held similar positions in private businesses. Mr. Albertson holds a B.S. in accounting from the University of Minnesota.

Charles W. Jones, Ph.D., Vice President of Academic Affairs is the chief academic officer supervising the programs leading to the granting of degrees at the College. Dr. Jones became Vice President of Academic Affairs in 1985 after serving as Director of Continuing Medical Education at Marshall University School of Medicine in Huntington, West Virginia for five years. Dr. Jones has earned the following degrees from the University of Florida: B.A. (philosophy), M.Ed.; Ed.S., and Ph.D. (foundations of education). Since 1983, he has been a member of the Board of Directors of the Health Sciences Consortium, an international nonprofit publishing cooperative in Chapel Hill, North Carolina.

James E. McDonald has been **Director of Alumni and Development** since 1985 and also serves as the department chairperson of the practice and business management department. As Vice President for Alumni and Development, he is responsible for all administrative functions regarding alumni and development, including fundraising and public relations. He has been associated with the College since 1977 in the capacities of professor, director of admissions, dean of student services, and clinic administrator. Mr. McDonald received a B.S. and M.S. in biology from California Polytechnic State University and an M.B.A. from the College of St. Thomas.

John A. DeSalvo, Ph.D., is Dean of Admissions and has held that position since 1983 and was also Dean of Student Affairs until in 1989 when the two functions were made separate positions by the College. Dr. DeSalvo came to the College in 1981 as an assistant professor in physiology. He has also taught at Northampton County Area Community College in Bethlehem, Pennsylvania, the University of Illinois and The Johns Hopkins University. His degrees include a Ph.D. in biophysics from Clayton University, an M.A. in biophysics from The Johns Hopkins University and a B.A. from Stevens Institute of Technology.

Curtis J. Rapp, D.C. is Dean of Clinic Affairs and Director of the Bloomington clinic. Dr. Rapp has taught at the College and at Western States Chiropractic College where he was Division Chairman of clinical and chiropractic sciences. He has been associated with the College since 1978. Dr. Rapp holds a Doctor of Chiropractic degree from the College and a B.A. from the University of Minnesota.

Charles E. Sawyer, D.C. has been **Dean of Academic Affairs** since 1988 and has been with the College since 1977 serving in the positions of associate clinic director and clinic director from 1977 to 1980 and, since 1980, as an associate professor of clinical sciences, nutrition, in addition to his administrative duties. Dr. Sawyer received his Doctor of Chiropractic degree from the College in 1977 and a B.A. in physical education from the College of St. Thomas, Saint Paul, Minnesota.

Larry A. Kuusisto, D.C. holds the positions of **Dean of Advanced Studies and Student Affairs**, to which he was appointed in 1989, and Director of Clinical Outreach Training. Until 1988, Dr. Kuusisto had also maintained a private practice. He received his Doctor of Chiropractic from the College in 1980 and a B.A. in speech communications from the University of Minnesota.

PHYSICAL PLANT

Main Campus

The College is housed in one building of approximately 189,300 square feet on a 23-acre campus. The building was originally constructed in 1962 by Independent School District 271 and was purchased by the College from the District in 1983 through a contract for deed. The building houses classrooms, lecture halls, laboratories, a 9,000-book library, 550-seat auditorium, cafeteria, swimming pool, two gymnasiums, student health service and a public chiropractic clinic.

The College does not own or operate any student housing. Students are responsible for arranging their own housing.

The College currently leases 10,560 square feet of space in its building to John Deere Corp. as a training facility. The lease generates annual revenue of approximately $80,000; the current lease expires in 1992, but is subject to renewal by mutual agreement. The College also leases space to the Mariana Montessori and Daycare Child Learning Centers.

Clinics

Currently the College owns and operates four public teaching clinics which also provide internships for students. Together, the clinics average more than 30,000 patient visits per year. A portion of the proceeds of the Bonds will provide for the acquisition and improvement of a fifth clinic site and building in Burnsville, Minnesota.

The present four clinics are:

- The St. Paul Clinic - occupies more than 5,000 square feet including 11 treatment rooms, two exam rooms, x-ray laboratory, consultation rooms, an intern lounge and clinic study and library.
- The Minneapolis Clinic - has nine treatment rooms, two exam rooms, x-ray, consultation, laboratory, intern study and library, occupying more than 4,000 square feet.
- The Robbinsdale Clinic - occupies approximately 2,000 square feet and contains five treatment rooms, an x-ray laboratory, a physical therapy room, intern lounge and offices.
- The Bloomington-College Clinic is part of the College's building on the main campus and contains 16 treatment rooms, two exam rooms, two consultation rooms and x-ray services. The College maintains its own clinical lab in the College's building on the main campus which provides laboratory test results to all the College's clinics.

ENROLLMENT

Fall Term FTE Enrollment

Actual:	1985/86	1986/87	1987/88	1988/89	1989/90
	544	542	564	561	527
Projected:	1990/91	1991/92	1992/93	1993/94	1994/95
	539	550	533	552	552

The projected enrollments are based solely on current enrollment and on the assumptions that 160 new students per year will enroll and that there will be an attrition rate of 10% per year. No assurance can be given that those assumptions or the projected enrollments will be realized (see "RISK FACTORS").

Geographic Distribution of Student Body

Students enrolled in the 1989 fall term represented the following geographic distribution:

Minnesota	272
Wisconsin	42
North Dakota	39
New York	27
Iowa	21
Other States	94
Foreign Origin	32
	527

Applications, Admissions and Enrollment

	1985/86	1986/87	1987/88	1988/89	1989/90
First Year Applicants	343	283	267	283	307
Acceptances	310	245	248	269	289
Percent Accepted	90.3%	86.6%	92.9%	95.1%	94.1%
Enrolled	180	166	146	157	151
Percent Enrolled	58.1%	67.8%	58.9%	58.4%	52.3%

Second Year Retention of First Year Students

1984/85	1985/86	1986/87	1987/88	1988/89
90.3%	86.8%	97.8%	91.0%	90.4%

TUITION AND FEES

The College meets the costs of its educational programs primarily through tuition and fees. The following table lists tuition and fees for the past five years. An academic year is two trimesters.

	1985/86	1986/87	1987/88	1988/89	1989/90
Tuition Per Trimester	$2,650	$2,800	$2,975	$3,125	$3,350
Average Fees Per Trimester	$ 100	$ 100	$ 100	$ 100	$ 100
Tuition and Fees Per Academic Year	$5,500	$5,800	$6,150	$6,450	$6,900

FINANCIAL AID

	1984/85	1985/86	1986/87	1987/88	1988/89
Loans:					
Perkins (NDSL)	$ 347,760	$ 315,006	$ 400,362	$ 796,923	$ 509,244
Stafford (GSL)	2,197,031	2,893,640	3,791,290	4,646,386	4,794,635
SLS	618,244	969,485	1,120,000	1,505,257	1,580,920
HEAL	1,076,204	1,757,162	1,476,502	1,126,650	1,214,516
Total Loans	$4,239,239	$5,935,293	$6,788,154	$8,075,216	$8,099,315
Grants:					
Federal	69,169	125,227	92,297	63,391	56,050
State of Minnesota	-	765	13,393	29,327	40,947
Work-Study	36,688	82,482	40,622	71,705	99,833
Total Grants	$ 105,857	$ 208,474	$ 146,312	$ 164,423	$ 196,830
Total All Financial Aid	$4,345,096	$6,143,767	$6,934,466	$8,239,639	$8,296,145
Percent of Students Receiving Financial Aid	98.0%	88.0%	91.0%	92.0%	92.0%
Average Financial Aid Per Student	$8,183	$11,335	$12,794	$14,609	$14,788

FACULTY AND STAFF

	1985/86	1986/87	1987/88	1988/89	1989/90
Full-time Faculty	35	39	41	45	50
Part-time Faculty	25	22	19	19	12
Part-time Non-Paid	80	80	80	80	80
Total	140	141	140	144	142
Faculty with Doctorates	132	130	128	132	136
Average Faculty Salary Per F.T.E.	$23,400	$23,700	$27,200	$29,800	$33,197

Formal academic tenure is not granted. Some faculty are granted longer-term contracts with a 5-year maximum.

In addition to faculty, the College employs 67 full and part-time personnel.

Pensions

The College participates in the Teachers Insurance and Annuity Association and College Retirement Equities Fund program (TIAA-CREF) which covers full-time faculty and staff employees. Benefits are based upon amounts accumulated for the account for each individual employee at date of retirement. For the Fiscal Years ending June 30, 1989 and 1988, the College contributed $88,000 and $56,000, respectively.

UNIONS/BARGAINING UNITS

The College employees and faculty are not represented by any unions or bargaining units.

CAPITAL CAMPAIGN

Currently the College is developing a capital campaign to fund the construction, working capital and research expenses for the Center for Clinical Studies. It is important to note that the success of the Center for Clinical Studies operations is not dependent on the success of the capital campaign. The College expects that the campaign could provide up to 17% of the projected annual operating expenses with the remaining funds provided by fee for service revenues and existing budget support.

The College has never undertaken the task of a capital campaign and consequently has no track record or means to project or predict success. As the campaign develops it has been and will continue to solicit major gifts. The College has established goals for various sources of contributions and if the College has reached half of the goal of $2.47 million it will make a public announcement of the capital campaign. As of July 31, 1990, less than $200,000 has been received in pledges and cash receipts.

LONG-TERM DEBT OF THE COLLEGE

1. $3,000,000 original principal amount Contract for Deed dated August 5, 1983, payable to Independent School District 271, Bloomington, Minnesota, secured by the land and building of the College's main campus. The Contract for Deed is payable in monthly installments of at least $23,843 including interest at 9.80%. This debt is being refinanced by the Series Two-X Bonds.

2. $80,000 mortgage note payable to First Bank National Association, in monthly installments of $854 including interest at 9.875% and secured by land and building of the outpatient clinic in Saint Paul, Minnesota. The final maturity is July 1, 1993. $26,854.87 was outstanding as of August 2, 1990.

3. The Bonds

On August 10, 1990, the College defeased a promissory note, dated November 22, 1983 issued to the Authority in connection with the Authority's Pooled Revenue Bonds, Series 1983A (the "Pooled Revenue Bonds").

As of August 2, 1990, excluding the Contract for Deed being refinanced by the Bonds and the note defeased in connection with the Pooled Revenue Bonds but including the Series Two-X Bonds, the total long-term debt of the College is $5,181,854.87.

Long-Term Debt Service Including the Bonds

Fiscal Year Ending	The Bonds Principal(a)	Interest Rates	Principal & Interest	Outstanding Debt Service*	Total Debt Service
1991	$ 0		$ 246,467	$10,248	$ 256,715
1992	0		422,514	10,248	432,762
1993	190,000	7.00%	605,864	9,394	615,258
1994	225,000	7.25	626,058		626,058
1995	235,000	7.50	619,089		619,089
1996	260,000	7.75	625,201		625,201
1997	285,000	8.00	628,726		628,726
1998	310,000	8.00	629,926		629,926
1999	335,000	8.25	628,707		628,707
2000	365,000	8.25	629,832		629,832
2001	390,000	8.25	623,688		623,688
2002	430,000	8.50	629,325		629,325
2003	470,000	8.50	631,075		631,075
2004	510,000	8.50	629,425		629,425
2005	550,000	8.50	624,375		624,375
2006	600,000	8.50	625,500		625,500
Total	$5,155,000		$9,425,772	$29,890	$9,455,662

* *Excludes Contract for Deed being refinanced with the Bonds.*

NORTHWESTERN COLLEGE OF CHIROPRACTIC
ESTIMATED DEBT SERVICE COVERAGE STATEMENT BASED ON UNRESTRICTED CURRENT FUND (UCF) NET REVENUES
FIVE MOST RECENT FISCAL YEARS

	1989	1988	1987	1986	1985
Total UCF Revenues	$6,456,456	$6,029,757	$5,702,923	$5,149,842(a)	$4,522,184(a)
Total UCF Expenses	5,487,670	5,163,245	5,033,554	4,323,228	3,820,682
Excess of Revenues over Expenditures Before Transfers	$ 968,786	$ 866,512	$ 669,369	$ 826,614	$ 701,502
Less Mandatory and Nonmandatory Transfers	911,574	831,214	661,842	786,842	685,821
Net Increase in UCF Fund Balance	$ 57,212	$ 35,298	$ 7,527	$ 39,772	$ 15,681
Add: Debt Service	493,887	540,952	526,991	410,796	547,919
Nonmandatory Transfers	393,062	240,262	103,532	351,692	137,902
Investment Income in Plant Fund Available for Debt Service	4,287	181,710	62,533		
Income Available for Debt Service	$ 948,448	$ 998,222	$ 700,583	$ 802,260	$ 701,502
Maximum Annual Debt Service	$ 631,075	$ 631,075	$ 631,075	$ 631,075	$ 631,075
Pro Forma Debt Service Coverage(b)	1.50	1.58	1.11	1.27	1.11
Actual Debt Service	$ 493,887	$ 540,952	$ 526,991	$ 410,796	$ 547,919
Actual Debt Service Coverage(c)	1.92	1.85	1.33	1.91	1.28

(a) *Includes nonmandatory transfers of investment income from the Plant Fund to the Unrestricted Current Fund (UCF).*

(b) *Actual income available for debt service divided by projected maximum annual debt service.*

(c) *Actual income available for debt service divided by actual debt service.*

FINANCIAL INFORMATION

Financial Statements

The College's Fiscal Year ends August 31 of each year. Financial records are maintained on the fund accounting system and financial statements have been prepared on the accrual basis of accounting except that depreciation is not recognized under generally accepted accounting principles applicable to nonprofit educational institutions. Appendix V sets forth the financial statements of the College for the years ended August 31, 1989 and 1988. Appendix VI sets forth unaudited financial reports for the College for the nine months ended May 31, 1990. The College's auditors are Larson, Allen, Weishair & Co., Certified Public Accountants, Minneapolis, Minnesota, who has not participated in the preparation of this Official Statement and expresses no opinion on its contents, except for Appendix V.

Summaries of Unrestricted Current Revenues, Expenditures and Transfers

The table on page I-12 sets forth summaries of revenues, expenditures and other changes for the College's Unrestricted Current Fund for the past five Fiscal Years from the College's audited financial statements. The table should be read in conjunction with the financial statements found in Appendix V.

Note Receivable

The College holds an unsecured $200,000 note receivable. The note is payable in whole in December, 1991. The interest payment due in December, 1989 was not made and the College has information which leads it to believe the debtor is in financial difficulty. Therefore, the College does not know whether it will collect fully on the note.

NORTHWESTERN COLLEGE OF CHIROPRACTIC
STATEMENT OF UNRESTRICTED CURRENT FUND REVENUE, EXPENDITURES AND OTHER CHANGES
FOR THE YEARS ENDED AUGUST 31

	1989	1988	1987	1986	1985
REVENUES					
Education and General:					
Student Tuition and Fees	$4,833,864	$4,584,803	$4,347,962	$3,959,060	$3,443,138
Clinical and NWCC Lab Fees	546,084	559,638	506,891	453,769	382,595
Auxiliary Enterprises	640,445	610,776	571,131	387,645	339,676
Rental Income	154,259	161,688	147,179	133,289	140,697
Private Gifts and Grants	52,370	42,681	61,542	66,649	79,075
Other Sources	229,434	70,171	68,218	47,474	52,036
Total Revenues	6,456,456	6,029,757	5,702,923	5,047,886	4,437,217
EXPENDITURES					
Education and General:					
Instruction	2,450,837	2,348,647	2,369,200	1,834,836	1,603,015
Research	198,123	178,666	90,414	46,800	67,019
Academic Support	521,254	438,123	275,664	213,561	235,919
Student Services	403,650	392,867	382,292	292,231	252,264
Institutional Support	788,295	772,132	940,106	1,123,487	916,515
Operation and Maintenance Physical Plant	494,998	424,271	428,939	406,895	350,376
Student Aid	82,798	61,514	58,349	53,123	72,934
Total Education and General	4,939,955	4,616,220	4,544,964	3,970,933	3,498,042
Auxiliary Enterprises	547,715	547,025	488,590	352,295	322,640
Total Expenditures	5,487,670	5,163,245	5,033,554	4,323,228	3,820,682
Increase in Fund Balance Before Transfers and Deductions	968,786	866,512	669,369	724,658	616,535
TRANSFERS AND DEDUCTIONS					
Mandatory Transfers:					
Debt Service	(493,887)	(540,952)	(526,991)	(410,796)	(547,919)
Current Fund Matching Grant	(24,625)	(50,000)	(31,319)	(24,354)	-
Nonmandatory Transfers:					
For Board-Designated Reserves	(393,062)	(240,262)	(102,949)	(249,736)	(52,935)
Other	-	-	(583)		
Total Transfers and Deductions	(911,574)	(831,214)	(661,842)	(684,886)	(600,854)
Net Increase (Decrease) in Fund Balance	57,212	35,298	7,527	39,772	15,681
Beginning Fund Balance	101,097	65,799	58,272	18,500	2,819
Ending Fund Balance	$158,309	$101,097	$65,799	$58,272	$18,500

Source: College's Audited Annual Financial Statements

LEGAL OPINION

FAEGRE & BENSON

2200 NORWEST CENTER
90 SOUTH SEVENTH STREET
MINNEAPOLIS, MINNESOTA 55402-3901
612/336-3000
FACSIMILE 336-3026

SUITE 1150, 8400 TOWER
8400 NORMANDALE LAKE BOULEVARD
BLOOMINGTON, MINNESOTA 55437-1076
612/921-2200
FACSIMILE 921-2244

2500 REPUBLIC PLAZA
370 SEVENTEENTH STREET
DENVER, COLORADO 80202-4004
303/592-5900
FACSIMILE 592-5693

SUITE 500
1140 CONNECTICUT AVENUE N.W.
WASHINGTON, D. C. 20036-4001
202/728-0952
FACSIMILE 728-0957

10 EASTCHEAP
LONDON EC3M 1ET, ENGLAND
071/623-6163
FACSIMILE 623-3227

$5,155,000
Minnesota Higher Education Facilities Authority
Mortgage Revenue Bonds, Series Two-X
(Northwestern College of Chiropractic)

We have acted as bond counsel in connection with the issuance by the Minnesota Higher Education Facilities Authority (the "Authority") of its fully registered Mortgage Revenue Bonds, Series Two-X (Northwestern College of Chiropractic), in the aggregate principal amount of $5,155,000 (the "Bonds"), dated September 1, 1990, in the denomination of $5,000 each and integral multiples thereof, maturing on October 1 in the years and amounts and bearing interest at the basic rates per annum as follows:

Year	Amount	Basic Interest Rate	Year	Amount	Basic Interest Rate
1992	$ 190,000	7.00%	1996	$ 285,000	8.00%
1993	225,000	7.25	1997	310,000	8.00
1994	235,000	7.50	2000	1,090,000	8.25
1995	260,000	7.75	2005	2,560,000	8.50

The Bonds are subject to optional redemption prior to the stated maturities thereof as provided in the Bonds. The Bonds due in the years 2000 and 2005 shall be redeemed through operation of the mandatory Sinking Fund Subaccount of the Bond and Interest Sinking Fund Account provided for in the Indenture, as defined below. Interest on the Bonds is payable on each April 1 and October 1, commencing April 1, 1991. In the event of a Determination of Taxability (as defined in the Loan Agreement and Trust Indenture referred to below), the Bonds will bear additional interest at the rate of 2.00% per annum from the Date of Taxability (as defined). Interest is payable by check or draft mailed or sent by wire transfer to the registered owner, and principal is payable at the principal corporate trust office of Norwest Bank Minnesota, National Association, in Minneapolis, Minnesota, as Trustee (the "Trustee"). The Bonds are issued for the purpose of funding a loan from the Authority to Northwestern College of Chiropractic, a Minnesota nonprofit corporation and institution of higher education located in the City of Bloomington, Minnesota (the "College"), in order to finance and refinance the costs of a project consisting of the acquisition, construction, improving, furnishing and equipping, including site acquisition and appurtenant site improvements, of buildings on the College's main campus and other locations (as further described in the Loan Agreement and Indenture, the "Project"). We have examined executed counterparts of the Loan Agreement (the "Loan Agreement") between the Authority and the College, the Trust Indenture (the "Indenture") between the Authority and the Trustee, and the Combination Mortgage, Security Agreement and Fixture Financing Statement (the "Mortgage") from the College to the Authority and assigned by the Authority to the Trustee, all dated as of September 1, 1990, the opinion of Moore, Costello & Hart as counsel to the College, the form of the Bonds prepared for execution, and such other documents as we deemed necessary for the purpose of the following opinion.

As to questions of fact material to our opinion, we have relied upon certified proceedings, documents and certifications furnished to us by public officials and officials of the College without undertaking to verify such facts by independent investigation. We have also relied upon the opinion of Moore, Costello & Hart, as to the Loan Agreement and the Mortgage having been duly authorized and executed and being binding upon the College, as to the corporate organization, good standing and powers of the College.

We have not been engaged or undertaken to verify the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (except only matters set forth as our opinion in the Official Statement).

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Authority is an agency of the State of Minnesota with authority under Sections 136A.25 to 136A.42, Minnesota Statutes, to issue the Bonds, to loan the proceeds thereof to the College and to execute and deliver the Loan Agreement, the Indenture and the assignment of the Mortgage to secure the Bonds.

2. The Loan Agreement, the Indenture, the Mortgage and the assignment of the Mortgage are valid and binding instruments of the parties thereto, enforceable in accordance with their terms.

3. The Bonds are secured by the assignment of the loan repayments payable by the College under the Loan Agreement, to the Trustee in amounts and at times sufficient (if timely paid in full) to pay the principal of and interest on the Bonds when due, by the pledge of the funds and

investments held by the Trustee under the Indenture and by the mortgage lien on certain of the Project facilities and a security interest in the revenues and income arising therefrom provided by the Mortgage.

4. Assuming compliance with the covenants in the Loan Agreement and Indenture, the interest on the Bonds is not includable in gross income for purposes of Federal income taxation or in taxable income of individuals, estates and trusts for purposes of Minnesota income taxation under present laws and rulings. Interest on the Bonds is not an item of tax preference required to be included in the computation of "alternative minimum taxable income" for purposes of the federal alternative minimum tax applicable to individuals under Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") or Minnesota alternative minimum tax applicable to individuals, trusts and estates. Interest on the Bonds is includable in "book income" or in "earnings or profits" for the purpose of determining the "alternative minimum taxable income" of corporations under Section 55 of the Code and is subject to the Minnesota franchise tax imposed upon corporations, including financial institutions, measured by taxable income and the alternative minimum tax base. The Bonds are not arbitrage bonds within the meaning of Section 148 of the Code. The Bonds are "private activity bonds" within the meaning of Section 141(a) and "qualified 501(c)(3) bonds" within the meaning of Section 145 of the Code. Ownership of the Bonds will result in disallowance of a deduction for a portion of the interest expense of a "financial institution" under Section 265(b) of the Code. Reference is made to the caption "Tax Exemption" in the Official Statement for a description of the effect of certain provisions of the Code relating to, among other things, the environmental tax imposed on corporations, the branch profits tax imposed on foreign corporations, losses incurred by property and casualty insurance companies, Subchapter C earnings of S corporations, net investment income of foreign corporations, and the taxability of Social Security and railroad retirement benefits.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Indenture, the Loan Agreement and the Mortgage may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in accordance with general principles of law.

Dated at Minneapolis, Minnesota, _______________, 1990.

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DEFINITIONS OF CERTAIN TERMS

Act: Sections 136A.25 to 136A.42, Minnesota Statutes, as amended.

Additional Bonds: Any Additional Bonds issued by the Authority on behalf of the College pursuant to section 2.09 of the Indenture.

Authority: The Minnesota Higher Education Facilities Authority, its successors and assigns.

Authorized Authority Representative: The person at the time designated to act on behalf of the Authority by written certificate furnished to the College and the Trustee, containing the specimen signature of such person and signed on behalf of the Authority by its Chair, Vice Chair, Secretary or Executive Director. Such certificate may designate an alternate or alternates.

Authorized Institution Representative: The person at the time designated to act on behalf of the College by written certificate furnished to the Authority and the Trustee, containing the specimen signature of such person and signed on behalf of the College by the Chairman of its Board of Directors or the President of the Institution. Such certificate may designate an alternate or alternates.

Authorized Investments: Investments authorized for moneys in the accounts created under the Indenture and described in Section 5.04 thereof.

Board Controlled: When used with reference to unrestricted funds, means funds which may be transferred to the Unrestricted Current Fund by action of the Board of Trustees and used for the general purposes of the College.

Board of Trustees: The Board of Trustees of the College, including any Executive Committee authorized to act for such board.

Bond and Interest Sinking Fund Account: The account established pursuant to the Indenture into which the Authority and Trustee shall deposit certain moneys for payment of principal of and interest on the Bonds.

Bonds: $5,155,000 Minnesota Higher Education Facilities Authority Mortgage Revenue Bonds, Series Two-X (Northwestern College of Chiropractic) and any Additional Bonds then outstanding.

Bond Closing: The original issuance, sale and delivery of the Bonds.

Bond Resolution: The Series Resolution of the Authority to be adopted on August 29, 1990, authorizing the Bonds, as the same may be amended, modified or supplemented by any amendments or modifications thereof.

Bond Year: (a) The period from the Bond Closing to the close of business on April 1, 1991 and (b) each succeeding 12-month period ending at the close of business on April 1 of each year in which the outstanding Series Two-X Bonds, if paid at their stated maturity dates, shall be outstanding.

Building Equipment: Those items of goods, equipment, furnishings, furniture, inventory, machinery or other tangible personal property now or hereafter owned by the College and located in the Project Buildings acquired solely from funds other than the proceeds of the Bonds.

Business Day: Any day other than Saturday, Sunday, a legal holiday in the State of Minnesota, or any other day that banks in Minnesota are not open for business.

College: Northwestern College of Chiropractic, a Minnesota nonprofit corporation, its successors and assigns.

Construction Account: The account established under the Indenture for the deposit of certain Bond proceeds and other funds to be used for the payment of Project Costs.

Contract for Deed: The Contract for Deed between Independent School District No. 271, Bloomington, Minnesota and the College for the purchase by the College of the land and building comprising the College's main campus in Bloomington, Minnesota and any amendments.

Date of Taxability: That date as of which the interest on the Bonds is determined to be includable in the gross income of the Owners thereof, pursuant to a Determination of Taxability; provided, that no Bond shall bear additional interest for any period for which the statute of limitations shall be a bar to the assertion or collection of a deficiency of federal income taxes from the Owner of such Bond.

Debt Service Coverage Ratio: For any particular period, the ratio (expressed as a percentage) determined by dividing Net Income Available for Debt Service during the period by the total amount of principal and interest payable on Funded Debt during the period.

Determination of Taxability: A Notice of Deficiency issued by the Internal Revenue Service or a final decision of a court of competent jurisdiction to the effect that the interest payable on the Bonds is includable in gross income for purposes of federal income taxation by reason of the application of the provisions of Section 103 of the Internal Revenue Code, related sections and regulations thereunder, in effect on the date of issuance of the Bonds, as more fully provided in the Loan Agreement. A determination that interest on the Bonds is includible in the computation of any alternative minimum tax is not a Determination of Taxability.

Event of Default: An Event of Default described in the Indenture or Loan Agreement and summarized in Appendix IV - SUMMARY OF DOCUMENTS under the headings "The Indenture - Events of Default" and "The Loan Agreement - Events of Default."

Financial Journal: Northwestern Financial Review, The Bond Buyer, or any other newspaper or journal devoted to financial news published in the English language in Minneapolis or St. Paul, Minnesota, or in the City of New York, New York.

Fiscal Year: The College's fiscal year, initially the 12-month period commencing on September 1 in each year.

Funded Debt: Indebtedness (including a guarantee of indebtedness) for borrowed money having a maturity date of more than one year and as defined in Section 6.13 of the Loan Agreement.

General Bond Resolution: The General Bond Resolution adopted by the Authority on October 31, 1972, and any amendments thereto.

Holder, Bondholder, or Owner: The person in whose name a Bond is registered.

Indenture: The Trust Indenture between the Authority and Norwest Bank Minnesota, National Association, Minneapolis, Minnesota, as Trustee, dated as of September 1, 1990, under which the Bonds are authorized to be issued, and including any indenture supplemental thereto.

Institution: Northwestern College of Chiropractic, a Minnesota non-profit institution of higher education owned and operated by the College.

Internal Revenue Code: The Internal Revenue Code of 1986 and amendments thereto.

Issue: The Bonds.

Loan Agreement: The Loan Agreement between the Authority and the College dated as of September 1, 1990, as amended or supplemented from time to time.

Loan Repayments: Payments required to be made by the College to the Trustee pursuant to Section 4.02 of the Loan Agreement.

Maximum Annual Debt Service: The largest total amount of principal of and interest on Funded Debt payable by the College in any future Fiscal Year during which Bonds will (if paid at their stated maturity dates or redeemed in accordance with a mandatory sinking fund schedule) be outstanding, and as further defined in Section 6.13 of the Loan Agreement.

Mortgage: The Combination Mortgage, Security Agreement and Fixture Financing Statement, dated as of September 1, 1990 from the College to the Authority, and assigned by the Authority to the Trustee, as amended or supplemented from time to time.

Mortgaged Property: The site of the main campus of the College and all building and equipment thereon, as the same may at any time exist.

Net Income Available for Debt Service: The excess of Unrestricted Current Fund revenues over Unrestricted Current Fund expenditures but excluding depreciation, amortization and interest from Unrestricted Current Fund expenditures, plus income from investments of Accounts held by the Trustee under the Indenture, all as determined by generally accepted accounting principles.

Net Proceeds: When used with respect to proceeds of insurance or a condemnation award, moneys received or receivable by the College as owner or the Trustee as secured party, less the cost of recovery (including attorneys' fees) of such moneys from the insuring company or the condemning authority.

Permitted Encumbrances: As of any particular time, (i) liens for ad valorem taxes and special assessments not then delinquent, (ii) utility, access and other easements and rights-of-way, mineral rights, restrictions and exceptions that an independent engineer certifies will not interfere with or impair the use of or operations being conducted in the Project Facilities, (iii) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to properties similar in character to the Project Facilities (including, with respect to Project Equipment, purchase money security interests and equipment leases) and as do not in the aggregate, in the opinion of independent counsel, materially impair the property affected thereby for the purposes for which it was acquired or is held by the College, (iv) until the Bond Closing, the Contract for Deed, (v) the Mortgage and (vi) those additional encumbrances set forth in Exhibit C to the Loan Agreement.

Pledge Receipts: Collections of gift pledges or contributions to the College's capital fund drive for its proposed Center for Clinical Studies, to the extent such contributions are designated for or are allocable to the construction of the Center according to the Opinion of Counsel to the College and to the extent such contributions are not applied to the Project Costs.

Project: Except as the description of the Project may be amended in accordance with the Loan Agreement, the Project consists of (i) the purchase of the land and building constituting the campus of the College in Bloomington, Minnesota, pursuant to and for the purpose of refinancing the Contract for Deed; (ii) the construction of an approximately 25,000 square foot Center for Clinical Studies, and the refurbishing of the Auditorium, all to be located on the Bloomington campus; and (iii) the acquisition, improving, furnishing and equipping, including site acquisition and appurtenant site improvements, of a 3,500 square foot outpatient clinic to be owned and operated by the College and located on a 36,000 square foot parcel of land in Burnsville, Minnesota.

Project Buildings: Those buildings on the College's main campus in the City of Bloomington which are to be refinanced, acquired, constructed or remodeled as part of the Project, and the new outpatient clinic to be acquired, improved, furnished and equipped as part of the Project.

Project Costs: Costs properly payable from the Construction Account in relation to the Project.

Project Equipment: All furnishings, furniture, fixtures, equipment, and other personal property of a capital nature acquired with proceeds of the Bonds, including investment income, and installed and located in or as part of the Project Buildings or other College buildings or elsewhere as part of the Project.

Project Facilities: The Project Site, the Project Buildings and the Project Equipment.

Project Site: The land on which the Project Buildings are or are being located.

Redemption Account: The Redemption Account created under the Indenture for deposit of any moneys received which are not otherwise committed. Moneys in the Redemption Account shall be used (i) to create and maintain the required balance in the Bond and Interest Sinking Fund Account, (ii) to create and maintain the required balance in the Reserve Account, and (iii) to redeem or prepay outstanding Bonds to the extent permitted or required by the Loan Agreement. Moneys in the Redemption Account may be used in the discretion of the Trustee to pay rebate due to the United States under Section 148 of the Internal Revenue Code if the College or the Authority fails to provide for payment of any rebate.

Refinancing Account: The Account established under the Indenture for the deposit of certain Bond proceeds to be used for the repayment of the Contract for Deed.

Regular Record Date: The 15th day (whether or not a Business Day) of the calendar month next preceding an interest payment date.

Reserve Account: The Reserve Account established under the Indenture, into which at Bond Closing will be placed Bond proceeds in the amount of the Reserve Requirement (approximately $515,500.) Moneys in the Reserve Account shall be used to pay principal of and interest on the Bonds if moneys in the Bond and Interest Sinking Fund Account or Redemption Account are not sufficient thereof and may be used in the discretion of the Trustee to pay rebate due to the United States under Section 148 of the Internal Revenue Code if the College or the Authority fails to provide for payment of any rebate.

Reserve Requirement: (i) If no Additional Bonds are outstanding, the maximum amount of principal of and interest on the Bonds payable in any remaining Bond Year or (if less) 10% of the proceeds (par value less original issue discount, if any, according to the reoffering scale) received from the issuance and sale of the Bonds or (ii) if Additional bonds are outstanding, the sum of (A) the amount set forth in subsection (i) plus (B) the maximum amount of principal of and interest on Additional Bonds payable in any remaining Bond Year or (if less) 10% of the proceeds (par value less original issue discount, if any, according to the reoffering scale) received from the issuance and sale of the Additional Bonds.

Sinking Fund Subaccount: The Sinking Fund Subaccount of the Bond and Interest Sinking Fund Account created under the Indenture into which the Authority shall deposit certain moneys for mandatory redemption prior to maturity of Bonds as specified in the Indenture.

Special Record Date: The record date set by the Trustee for the purpose of paying defaulted interest.

Trust Estate: All the rights, interests and security given to the Trustee under the Indenture as security for the Bonds.

Trustee, Registrar, Paying Agent: Norwest Bank Minnesota, National Association, Minneapolis, Minnesota.

SUMMARY OF DOCUMENTS

THE LOAN AGREEMENT

The following is a summary of certain provisions of the Loan Agreement. This summary does not purport to be complete and reference is made to the full text of the Loan Agreement for a complete recital of its terms. Certain words and terms used in this summary are defined in "DEFINITIONS OF CERTAIN TERMS," Appendix III, contained herein.

Completion of Project

The College represents that the acquisition, construction and improvement of the Project are to be substantially completed by no later than June 30, 1992 subject only to "force majeure," as provided in the Loan Agreement, provided that the College may apply to the Authority at any time to delete from the Project any building, system or equipment proposed to be acquired, constructed or improved as part of the Project, or to add any building, system or equipment to the Project, and upon approval of the Authority, the description of the Project shall accordingly be amended by a supplement to the Loan Agreement executed by the Authority and the Institution, a copy of which shall be furnished to the Trustee, provided that no such amendment of the description of the Project shall be approved if the Project, as so amended, will not constitute an authorized "project" under the Act or will adversely affect the tax exempt status of interest on the Bonds or if the College does not represent that it has sufficient funds on hand to complete the Project as amended. The College agrees that it has previously paid or will itself pay all costs relating to the acquisition, construction, improving and equipping of the Project, including costs of issuance of the Bonds, to the extent such payments and costs are not met from proceeds of the Bonds in the Construction Account. The College represents that it will prepay the Contract for Deed and acquire title to the land and buildings comprising the main campus at the Bond Closing and to the extent it has not already done so, to acquire title to the land and building constituting the clinic in Burnsville, Minnesota.

Loan Repayments

Under the Loan Agreement, the College agrees to make Loan Repayments in amounts and at times sufficient to provide for payment in full of all principal of and interest on the Bonds when due. To provide for such payments the College covenants to pay for the account of the Authority in immediately available funds the following amounts:

(a) On the first day of each month and monthly thereafter, commencing October 1, 1990 into the Bond and Interest Sinking Fund Account a sum which will be equal to one-sixth of the amount payable as interest and a sum equal to one-twelfth of the amount payable as principal on the Series Two-X Bonds on the next succeeding interest payment date, provided however, that there shall be credited against such obligations (i) the net amount of funds and investments then on deposit to the credit of the Bond and Interest Sinking Fund Account, and (ii) any credits permitted by Sections 5.02, 5.03 or 5.04 of the Indenture (relating to the transfer to the Bond and Interest Sinking Fund Account of certain investment earnings and certain excess funds); and

(b) prior to a date established for the optional redemption and prepayment of the Bonds, into the Redemption Account such amount, if any, as shall be necessary and sufficient to provide for the redemption of any Series Two-X Bonds called for redemption from the Redemption Account; and

(c) forthwith into the Bond and Interest Sinking Fund Account or Redemption Account, as appropriate, the amount of any deficiency in the event that the funds on deposit in the Bond and Interest Sinking Fund Account or Redemption Account on any Bond principal or interest payment date are for any reason insufficient to pay principal, premium (if any) and interest on the Series Two-X Bonds then due or then to become due (whether at maturity, or by call for redemption, or by acceleration of maturity); and

(d) into the Reserve Account forthwith any amounts then required to be deposited therein by Section 5.02 of the Indenture; and

(e) into any fund or account designated by the Trustee funds in the amount determined by the Trustee to be necessary to comply with the provisions of Section 6.09(f) of the Loan Agreement and Section 5.05 of the Indenture (relating to arbitrage rebate); and

(f) on the first day of each month and monthly thereafter, commencing October 1, 1997, into the Sinking Fund Subaccount, a sum which will be equal to one-twelfth of the amount, if any, as shall be necessary and sufficient to redeem on the next succeeding October 1, at par plus accrued interest, the amount of the Series Two-X Bonds specified in the Indenture for mandatory redemption.

There is reserved to the College the right to prepay all or part of the Loan and to redeem Bonds prior to their maturity in certain events as described under "THE BONDS."

As additional payments the College agrees to pay the annual fee of the Authority, fees and expenses of the Trustee, rebate of certain excess investment earnings to the United States, and certain other expenses.

Use of Project Facilities

The College agrees to use the Project Facilities as educational facilities, in compliance with law and ordinance requirements, and not as facilities for sectarian instruction or religious worship, nor primarily in connection with a program of a school or department of divinity for any religious denomination. The College agrees not to permit use of the Project Facilities in such manner or to such an extent as would result in loss of the tax-exemption of interest on the Bonds under the Internal Revenue Code or loss of its status as an exempt organization under Section 501(c)(3) of the Code.

Maintenance of Project Facilities

The College agrees that, so long as there are Bonds outstanding, the College will keep the Project Facilities in good repair and good operating condition at its own cost, making such repairs and replacements as are necessary so that the Project will remain a "project" under the Act and interest on the Bonds will be exempt from federal income taxation. The College may lease or sublease or enter into agreements in the ordinary course of business for the use of the Project Facilities, so long as the tax-exempt status of the Bonds will not be affected thereby, such lease, sublease or use agreement shall not be inconsistent with the Loan Agreement, the Indenture, the Mortgage, or the Act, and the College shall remain fully obligated under the Loan Agreement and the Mortgage as if such lease, sublease or use agreement had not been made.

Title to Property and Liens

Except for Permitted Encumbrances, the College will not permit any liens to be established or to remain against the Project Facilities including any mechanics liens for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements, provided the College may in good faith contest any liens filed or established against the Project Facilities and may permit the items so contested to remain undischarged and unsatisfied during the period of such contest unless the Authority or Trustee shall notify the College that, in the opinion of independent counsel, by nonpayment of any such items the Project Facilities will be subject to loss or forfeiture, in which event the College shall promptly pay all such items.

Taxes and Other Governmental Charges

The College will pay all taxes, special assessments, license fees and governmental charges of any kind that may at any time be lawfully assessed or levied against, or with respect to the operations of the College, or the Project Facilities or any improvements, equipment or related property installed or bought by the College therein or thereon, or the Bonds, the Loan Agreement, the Mortgage, the Indenture, or the interest of the Authority, the Trustee, or the Bondholders therein.

The College may, at its expense, in good faith contest any such taxes, assessments, license fees and other charges and may permit the taxes, assessments, license fees or other charges so contested to remain unpaid during the period of such contest unless the Authority or the Trustee shall notify the College that, in the opinion of independent counsel, by nonpayment of any such items the Project Facilities or any part thereof, or the revenue therefrom will be subject to loss or forfeiture, in which event such items shall be paid promptly.

Insurance

The College is required to maintain, or cause to be maintained, insurance as follows:

(a) Insurance against loss and/or damage to the Project Facilities and contents, including fire and extended coverage in an amount not less than the lesser of (i) the full insurable replacement value of the Project Buildings or (ii) the principal amount of the outstanding Bonds or (if greater) 80% of the full insurable replacement value of the Project Buildings, with a deductible amount of up to $50,000.

(b) Comprehensive general public liability insurance against liability for personal injury in the minimum amount for each occurrence of $5,000,000 and aggregate for each year of $5,000,000, with a deductible amount of not more than $50,000 per occurrence, and against liability for property damage in the minimum amount for each occurrence of $100,000.

(c) Workers' compensation insurance in such amount as is customarily carried by organizations in like activities of comparable size and liability exposure to the College.

(d) Use and occupancy (or business interruption) insurance, covering interruption of the College's operation in whole or in part caused by perils described in paragraph (a), with customary exceptions, in an amount at least equal to the Maximum Annual Debt Service for any future Fiscal Year, with losses up to the amount of the Loan Repayments payable during the Fiscal year to be paid to the Trustee for deposit in the Bond and Sinking Fund Account and credited against Loan Repayments of the College.

Upon the written request of the College, the Trustee (i) may permit modifications to such insurance requirements and deductible amounts, including permission for the College to be self-insured in whole or in part for any comprehensive general public liability coverage, upon such terms and conditions as the Trustee may require, and (ii) shall permit modifications to such insurance requirements and deductible amounts, including permission for self-insurance for comprehensive general public liability, in accordance with the recommendation of an independent insurance consultant employed by the College and satisfactory to the Trustee.

The College is required to furnish to the Trustee policies or certificates or binders evidencing the required insurance. Each required policy shall contain a provision that the insurer will not cancel or modify the policy without giving written notice to the Board and the Trustee at least thirty days before the cancellation or modification becomes effective.

Damage or Destruction

If the Project Facilities shall be damaged or partially or totally destroyed there shall be no abatement in the Loan Repayments, and the College shall either repair, rebuild or restore the damaged facilities, or redeem and prepay the Bonds, or both, as more fully provided in the Loan Agreement. The Bonds may be redeemed in whole, at the College's option, if the main campus of the College is damaged or destroyed to such extent that it cannot be reasonably restored within six months or the College is prevented from carrying on its normal use and operation for six months or the cost of restoration would exceed by more than $100,000 the Net Proceeds of the insurance. If one or more of the Project Buildings is damaged or destroyed and is not needed for the effective and economic operations of the Institution, the Bonds may be redeemed in part and the available Net Proceeds (or, if less, the pro rata portion) in respect of any Project Building or site thereof which the Institution elects not to repair, rebuild or restore shall be used for redemption or purchase of outstanding Bonds. For purposes of this provision, "pro rata portion" shall mean 95% of the principal amount of outstanding Bonds in the case of the main campus facility to be acquired, constructed, remodeled or expanded as part of the Project and 5% of the principal amount of outstanding Bonds in the case of the outpatient clinic to be acquired, equipped and improved.

Condemnation

If at any time before the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the Indenture), title to one or more of the Project Buildings and site thereof shall be taken in any proceeding involving the exercise of the right of eminent domain, the College shall either redeem the Bonds in whole or in part or rebuild or restore such facilities, in whole or in part, or both, as more fully provided in the Loan Agreement. If the Bonds are redeemed in part, the available Net Proceeds (or, if less, the pro rata portion) in respect of any Project Building and site thereof which the College elects not to repair, rebuild, restore or replace shall be used for the redemption or purchase of outstanding Bonds. For purpose of this provision, "pro rata portion" shall be defined as set forth above under "Damage or Destruction."

Indemnification

The College agrees to hold the Authority, its members and employees, harmless against any claim, cause of action, suit or liability for any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project Facilities and the use thereof, including that caused by any negligence of the Authority or anyone acting in its behalf, provided that the indemnity shall be effective only to the extent of any loss that may be sustained by the Authority in excess of the net proceeds received by the Authority from any insurance carried with respect to the loss sustained.

The College agrees to indemnify and hold harmless the Authority against any and all losses, claims, damages or liability to which the Authority may become subject under law, and to reimburse the Authority for any out-of-pocket legal and other expenses (including reasonable counsel fees) incurred by the Authority in connection with investigating any such losses, claims, damages, or liabilities or in connection with defending any actions, insofar as the same relate to information furnished to the Authority by the College in connection with the sale of the Bonds.

College to Maintain its Existence and Accreditation

The College agrees that during the term of the Loan Agreement it will maintain its existence as a nonprofit corporation and maintain the Institution as an institution of higher education under the laws of Minnesota and its accreditation as an institution of higher education by recognized accrediting agencies and that it will not consolidate with or merge into another corporation, or permit one or more other corporations to consolidate with or merge into it, or transfer all or substantially all of its assets to another institution except upon the conditions provided in the Loan Agreement. The conditions are the following: (a) if the surviving, resulting or transferee institution, as the case may be, (i) shall have either an unrestricted fund balance equal to at least 90% of the unrestricted fund balance of the College for the most recent Fiscal Year for which audited financial statements are available or have an average Debt Service Coverage Ratio (as defined in Section 6.13 of the Loan Agreement) on a consolidated basis for the two most recent fiscal years for which audited financial statements are available at least equal to the average Debt Service Coverage Ratio of the College for the same period or have an average projected Debt Service Coverage Ratio for the next two succeeding fiscal years of at least 120% of the Maximum Annual Debt Service (as so defined) of the College at the time of such merger or consolidation and (ii) if the surviving, resulting or transferee corporation, as the case may be, is other than the College, such surviving, resulting or transferee corporation shall assume in writing all of the obligations of the College in the Loan Agreement and the Mortgage, and be either a state university or college or a nonprofit corporation and a nonprofit Institution of higher education under the laws of Minnesota, eligible to be a participating nonprofit institution under the Act, and complies and will comply with the provisions of the Loan Agreement against discrimination and requiring that the institution be nonsectarian; and (b) the College shall furnish to the Trustee an opinion of bond counsel that such consolidation, merger or transfer shall have no effect upon the tax-exempt nature of the interest on the Bonds under the Internal Revenue Code and regulations thereunder.

$150,000,000 Limitation on Outstanding Nonhospital Bonds

The College has represented that the sum of the principal amount of the Bonds, plus the respective outstanding aggregate principal amounts of all tax-exempt nonhospital bonds issued on behalf of or for the benefit of the College and all organizations under common management or control with the College (other than qualified hospital bonds), within the meaning of Section 145 of the Internal Revenue Code, does not exceed $150,000,000.

Federal Income Tax Status

The College represents that it presently is and agrees that it shall take all appropriate measures to assure that it remains an organization described in Section 501 (c) (3) of the Internal Revenue Code, exempt from income taxes under Section 501 (a) of such Code.

College To Be Nonsectarian

The College agrees that the Institution will continue to be nonsectarian; will not require or forbid attendance by students or any other persons at religious worship or acceptance of any religious creed; and will not promulgate the distinctive doctrines, creeds or tenets of any particular religious sect.

Determination of Taxability

In the event a Determination of Taxability is made that interest payable on the Bonds is includible in gross income for purposes of federal income taxation under the provisions of the Internal Revenue Code and regulations thereunder as in effect at the date of issuance of the Bonds, the Bonds shall bear additional interest at the rate of two percent (2.00%) per annum from the Date of Taxability until the respective dates on which the principal of the Bonds is paid. In addition, in the event of such Determination of Taxability, the Bonds shall be subject to optional redemption, as a whole and not in part, on the next practicable date and any date thereafter and the redemption price therefor shall be equal to par plus accrued interest.

Financial Covenants

The College covenants and agrees, so long as the Bonds shall remain outstanding, to comply with the financial covenants described under the heading "Summary of Security for the Bonds" in this Official Statement. In addition, the Loan Agreement includes provisions governing the calculation of Maximum Annual Debt Service covering, among other things, variable rate indebtedness, guarantees, balloon indebtedness, put indebtedness, refunded debt, subordinated debt, and capital appreciation bonds and notes.

Other Covenants

The College further agrees to provide financial statements and other information to the Authority and the Trustee; to comply with all applicable laws and regulations against discrimination, and not to discriminate on account of religion, race, color or creed in the use of the Project Facilities; to provide and file such financing statements and other instruments of further assurance as the Trustee may request; to perform all obligations imposed by the Internal Revenue Code and regulations thereunder with respect to the non-arbitrage status of the Bonds and to comply with the applicable rebate requirements under Section 148 of the Code and regulations thereunder; and to observe all applicable State laws and regulations, including those of the Authority and the Minnesota Higher Education Coordinating Board, subject to the right of contest. The College agrees to indemnify the Authority from losses arising from certain representations made by the College regarding the absence of hazardous waste on the Project Facilities. To the extent, if any, the College allocates any contributions ("Pledge Receipts") received in connection with its capital campaign drive for the Center for Clinical Studies for construction of the Center rather than endowment, working capital and research purposes, and such contributions are not applied to Project Costs or costs of issuance of the Bonds, the College will deposit such contributions into the Bond and Interest Sinking Fund Account and will receive a credit against Loan Repayments.

The Authority further agrees to comply with the applicable rebate requirements imposed under Section 148 of the Internal Revenue Code with respect (but only with respect) to amounts paid by the College to the Authority as the Authority's annual fee under the Loan Agreement.

Events of Default

Following are Events of Default under Section 7.01 of the Loan Agreement:

(a) If the College shall fail to make any Loan Repayment when due and either (i) the moneys on deposit in the Bond and Interest Sinking Fund Account, Reserve Account or Redemption Account, as the case may be, on a Bond principal or interest payment date or redemption date are insufficient to pay when due principal, premium, if any, and interest on the Bonds, or (ii) such failure shall continue for 5 Business Days after notice from the Trustee or the Authority to the College that such payment has not been made; or

(b) If the College shall fail to comply with the provisions of Section 6.09(f) of the Loan Agreement (relating to arbitrage calculation and rebate requirements); or

(c) If the College shall default in the observance of any of the covenants set forth in Section 6.13 of the Loan Agreement (relating to financial covenants), provided that failure to comply with Section 6.13(a) (relating to the ratio of Unrestricted Current Fund revenues to Unrestricted Current Fund expenditures) shall not become an Event of Default unless the College fails to restore the deficiency thereunder within a period of 180 days, from the close of the Fiscal Year in which such deficiency has occurred; and provided further that the Event of Default arising from a failure to comply with Section 6.13(a) and failure to restore the deficiency thereunder within 180 days shall cease to be an Event of Default if in any subsequent Fiscal Year the College shall have Unrestricted Current Fund revenues equal to Unrestricted Current Fund expenditures, including mandatory transfers, according to the principles of accounting used in the College's financial statements for the Fiscal Year ended August 31, 1989; or

(d) If the College shall fail to maintain the balance in the Reserve Account in the amount of the Reserve Requirement, provided failure to comply with such requirement shall not become an Event of Default unless the College fails to restore such deficiency within a period of thirty (30) days after written notice specifying such deficiency and requesting that it be remedied is given to the College by the Authority or the Trustee; or

(e) If the College shall fail to observe and perform for reasons other than force majeure any other covenant, condition or agreement on its part under this Loan Agreement for a period of thirty (30) days after written notice, specifying such default and requesting that it be remedied, is given to the College by the Authority or the Trustee; or

(f) If there shall occur an event of default (as defined therein) under the Mortgage; or

(g) If the College files a petition in voluntary bankruptcy, or for the composition of its affairs or for its corporate reorganization under any state or Federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or consents in writing to the appointment of a trustee or receiver for itself or for the whole or any substantial part of the property of the College; or

(h) If a court of competent jurisdiction shall enter an order, judgment or decree against the College in any insolvency, bankruptcy, or reorganization proceeding, or appointing a trustee or receiver of the College or of the whole or any substantial part of the property of the College, and such order, judgment or decree shall not be vacated or set aside or stayed within ninety days from the date of the entry thereof; or

(i) If, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the College or of the whole or any substantial part of its property, and such custody or control shall not be terminated within ninety days from the date of assumption of such custody or control.

The term "force majeure" as used above includes the following: acts of God; strikes, lockouts or other employee disturbances; acts of public enemies; orders, regulations or laws of any kind of the government of the United States of America or of the State of Minnesota or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions, breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the College. The provisions of paragraph (e) above, are subject to the further limitation that if the Default can be remedied but not within a period of thirty days after notice and if the College has taken all action reasonably possible to remedy such default within such thirty-day period, the default shall not become an Event of Default for so long as the College shall diligently proceed to remedy such default and in accordance with any directions or limitations of time made by the Trustee. The College agrees, however, to use its best efforts to remedy with all reasonable dispatch any cause or causes preventing the College from carrying out its agreements.

Remedies on Default

Whenever any Event of Default shall have happened, and be subsisting, the Loan Agreement provides that any one or more of the following steps may be taken:

(a) The Trustee may declare all or any amount of Loan Repayments thereafter to become due and payable for the remainder of the term of the Loan Agreement to be immediately due and payable, whereupon the same shall become immediately due and payable.

(b) The Trustee (or the Authority with respect to certain sections of the Loan Agreement) may take whatever action at law or in equity which may appear necessary or desirable to collect the payments then due and thereafter to become due.

(c) The Trustee may take whatever action in law or equity which appears necessary or desirable to enforce the security provided by or enforce any provision of the Loan Agreement or the Indenture or to foreclose the Mortgage in accordance with the provisions thereof.

Any amounts collected by the Trustee pursuant to the actions set forth above shall be applied first to advances and expenses, and then to payment of interest, principal and premium, if any, on the Bonds as provided in Section 7.04 of the Indenture, and any excess to the College.

Amendments

Except as otherwise provided in the Loan Agreement or in the Indenture, subsequent to issuance of the Bonds and so long as any Bonds are outstanding, the Loan Agreement may not be amended without the prior written consent of the Trustee.

THE INDENTURE

The following constitutes a summary of certain provisions of the Trust Indenture (the "Indenture"). This summary does not purport to be complete and reference is made to the full text of the Indenture for a complete recital of its terms. Certain words and terms used in this summary are defined in "DEFINITIONS OF CERTAIN TERMS," Appendix III, contained herein.

Granting Clauses

Pursuant to the Indenture, the Authority grants to the Trustee, as security for the Holders of the Bonds, the following:

(1) all right, title and interest of the Authority under the Loan Agreement and all Loan Repayments and other sums due under the Loan Agreement, except the Authority's annual fee and rights to indemnity and reimbursement;

(2) a first lien on and pledge of (i) the moneys and investments in the Accounts covenanted to be paid and maintained under the Indenture, (ii) moneys and investments in the Construction Account not paid out for Project Costs, and (iii) all accounts, contract rights, general intangibles, moneys and instruments arising therefrom or relating thereto and all proceeds and products of and accessions to any thereof; and

(3) any and all other property of every name and nature from time to time conveyed, mortgaged, assigned or transferred, or in which a security interest is granted, by the Authority or the College or by anyone in behalf of them or with their written consent, to the Trustee, including, but not limited to, the Mortgage.

Accounts

Bond proceeds and revenues derived under the Loan Agreement or Indenture shall be deposited into accounts held by the Trustee as described in "ACCOUNTS," contained in the body of this Official Statement.

Trustee's Right to Payment

The Trustee shall have a lien, with right of payment prior to payment of interest on or principal of the Bonds for reasonable compensation, expenses, advances and counsel fees incurred in and about the execution of the trusts created by the Indenture and exercise and performance of the powers and duties of the Trustee under the Indenture, and the cost and expenses incurred in defending against any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the negligence, breach of contract, breach of fiduciary duty, willful misconduct, or willful default of the Trustee).

Additional Bonds

In addition to the Bonds, the Indenture permits the issuance of one or more series of Additional Bonds by the Authority, acting at the request of the College, equally and ratably secured on a parity with the Bonds to provide funds for the following purposes: (i) completion of the Project, (ii) refunding of all or any series or portion of series of then outstanding Bonds or Additional Bonds, (iii) improvements or alterations, repairs or replacement of the Project Facilities, or (iv) other project or projects as authorized by the Act.

The issuance of Additional Bonds requires, among other things, evidence satisfactory to the Authority of the College's ability to meet debt service on the Additional Bonds. Furthermore, to the extent required by the Authority, the College shall make additional deposits to the Reserve Fund, grant additional collateral to be held by the Trustee under the Mortgage and Indenture and execute supplements to the Loan Agreement, the Indenture and Mortgage. Additional Bonds may not be issued unless in the opinion of bond counsel the interest on the outstanding Bonds remains and the Additional Bonds will be excludable from gross income of the holders for federal income tax purposes. Notwithstanding any other provisions in the Indenture, the Mortgage will not secure the Additional Bonds, and no principal of, premium or interest on Additional Bonds will be paid from the proceeds thereof unless the College executes and delivers a supplement to the Mortgage describing the Additional Bonds as indebtedness secured thereby.

Covenants of the Authority

Under the Indenture the Authority covenants, among other things, to perform its various undertakings and agreements; not to extend the maturity of any of the Bonds or the time of payment of any claims for interest; to take such action or cause and permit the Trustee to take such action as may be necessary and advisable to enforce the covenants, terms and conditions of the Loan Agreement, if such action shall, in the discretion of the Trustee, be deemed to be in the best interests of the Authority or the Bondholders; to comply with the applicable rebate requirements under Section 148 of the Code and regulations thereunder; to keep proper books, accounts and records; and not to issue or permit to be issued any Bonds under the Indenture in any manner other than in accordance with the provisions of the Indenture and not to suffer or permit any default to occur under the Indenture. Under the Act, and it is expressly agreed that, the Authority has no obligation to make any advance or payment or incur any expense or liability from its general funds for performing any of the conditions, covenants or requirements of the Indenture or from any funds other than Loan Repayments or Bond proceeds.

Events of Default

The following are Events of Default under the Indenture:

(a) If payment of the principal of any of the Bonds, when the same shall become due and payable (whether at maturity or by proceedings for redemption or by declaration of acceleration or otherwise), shall not be made; or

(b) If payment of any interest on the Bonds when the same shall become due and payable (in which case interest shall be payable to the extent permitted by law on any overdue installments of interest, in each case at the interest rate borne by the Bonds in respect of which such interest is overdue) shall not be made; or

(c) If the Authority shall default in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds or in the Indenture, or in any supplemental indenture on the part of the Authority to be performed, and such default shall have continued for a period of sixty days after written notice, specifying such default and requiring the same to be remedied, shall have been given to the Authority and to the College giving the College the privilege of curing such default in the name of the Authority, if permitted by law) by the Trustee, which may give such notice in its discretion and shall give such notice upon written request of the Holders of not less than a majority in principal amount of the Bonds then outstanding; or

(d) If any "event of default" on the part of the College, as that term is defined in the Loan Agreement or the Mortgage, shall occur and be continuing.

Remedies

Upon the occurrence of an Event of Default, the Trustee may, and upon written request of the Holders of a majority in aggregate principal amount of Bonds outstanding shall, by notice in writing delivered to the Authority, declare the principal of all Bonds then outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable subject, however, to the right of the Holders of a majority in aggregate principal amount of Bonds then outstanding, by written notice to the Authority and to the Trustee, to annul such declaration and destroy its effect at any time if all covenants with respect to which default shall have been made shall be fully performed or made good, and all arrears of interest upon all Bonds outstanding and the reasonable expenses and charges of the Trustee, its agents and attorneys, and all other indebtedness secured by the Indenture (except the principal of any Bonds which have not then attained their stated maturity and interest accrued on such Bonds since the last interest payment date) shall be paid, or the amount thereof shall be paid to the Trustee for the benefit of those entitled thereto.

In the case of the breach of any of the covenants or conditions of the Loan Agreement, the Mortgage, or the Indenture, the Trustee, anything therein contained to the contrary notwithstanding and without any request from any Bondholder (subject, however to its rights to indemnity and notice provided in the Indenture), shall be obligated to take such action or actions for the enforcement of its rights and the rights of the Bondholders and the rights of the Authority under the Loan Agreement and the Mortgage as due diligence, prudence and care would require and to pursue the same with like diligence, prudence and care.

Upon the happening and continuance of an Event of Default, the Trustee may, and shall upon the written request of the Holders of not less than a majority in aggregate principal amount of outstanding Bonds, proceed forthwith by suit or suits at law or in equity or by any other appropriate remedy to enforce payment of the Bonds, to enforce application to payment of the Bonds the funds, revenues and income appropriated thereto by the Indenture and by the Bonds, to foreclose the Mortgage, and to enforce any such other appropriate legal or equitable remedy as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of its rights or any of the rights of the Bondholders. Notwithstanding the foregoing, the Trustee need not proceed upon any such written request of the Bondholders, as aforesaid, unless such Bondholders shall have offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby.

Concerning the Trustee

The Trustee has no responsibility to use its own funds under the Indenture, but it may make advances at a rate equal to its reference or prime rate, which advances are given priority of payment. The Trustee also has a lien with right of payment prior to payment of Bond interest or principal for reasonable compensation, expenses, advances and counsel fees. The responsibilities of the Trustee prior to an Event of Default are limited to express provisions of the Indenture, and at all times the Trustee shall not be liable unless it acts negligently or in bad faith. The Trustee is not required to institute suit or take other steps to enforce its rights and powers unless indemnified to its satisfaction against all costs and expenses. The Trustee and its officers and directors are authorized to acquire and hold Bonds and otherwise deal with the Authority or the College to the same extent as if it were not Trustee. Provision is made for the succession or replacement of the Trustee by another corporate Trustee with a minimum capital, surplus and undivided profits of $10 million in event of merger, resignation, or removal by Holders of a majority in principal amount of outstanding Bonds, or in the event of disability, by the Authority or a court.

Concerning the Bondholders

No Bondholder shall have any right to institute any proceeding in equity or at law for the enforcement of the Indenture or for any remedy under the Loan Agreement or the Mortgage unless a default has occurred of which the Trustee has been notified or of which it is deemed to have notice; nor unless also such default shall have become an Event of Default and the Holders of a majority in aggregate principal amount of Bonds outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers granted or to institute such action, suit or proceeding in its own name; nor unless also they shall have offered to the Trustee indemnity as provided in the Indenture; and no one or more Bondholders shall have the right to affect, disturb, or prejudice the lien of the Indenture by his or their action or to enforce any right thereunder except in the manner therein provided, and that all proceedings at law or in equity shall be instituted and maintained in the manner therein provided and for the equal benefit of the Holders of all Bonds outstanding.

The Trustee, upon the written request of the Holders of a majority in principal amount of the Bonds at the time outstanding, shall waive any default under the Indenture and its consequences, except a default in the payment of the principal of the Bonds at the date of maturity specified therein; provided, however, that a default in the payment of interest on the Bonds shall not be waived unless, prior to such waiver, all arrears of interest, and all expenses of the Trustee shall have been paid or shall have been provided for by deposit with the Trustee of a sum sufficient to pay the same. In case of any such waiver, the Authority, the Trustee and the Holders of the Bonds shall be restored to their former positions and rights respectively. No waiver of any default or Event of Default, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Provision is made for meetings of Bondholders, proof of ownership of Bonds and execution of consents and other instruments by Bondholders.

Defeasance

If the Authority and the College shall:

(a) pay or cause to be paid the principal of, and premium, if any, and interest on the Bonds at the time and in the manner stipulated therein and in the Indenture, or

(b) provide for the payment of principal and interest on the outstanding Bonds by depositing with the Trustee at or at any time before maturity an amount either in cash or direct obligations of the United States in such aggregate face amount, bearing interest at such rates, and maturing on such dates sufficient to pay the entire amount due or to become due for principal and premium, if any, and interest to maturity of all Bonds outstanding, or

(c) deliver to the Trustee (1) proof that notice of redemption of all of the outstanding Bonds not surrendered or to be surrendered to it for cancellation has been given or waived, or that arrangements have been made insuring that such notice will be given or waived, or (2) a written instrument executed by the Institution for the Authority under its official seal and expressed to be irrevocable, authorizing the Trustee to give such notice for and on behalf of the Authority, or (3) file with the Trustee a waiver of such notice of redemption signed by the Holders of all such outstanding Bonds, and in any case, deposit with the Trustee before the date on which such Bonds are to be redeemed, the entire amount of the redemption price, including interest accrued and to accrue, and premium, if any, either in cash or direct obligations of the United States of America in such aggregate face amount, bearing interest at such rates and maturing at such dates as shall be sufficient to provide for the payment of the redemption price on the date such Bonds are to be redeemed and on any interest payment dates, or

(d) surrender to the Trustee for cancellation all Bonds for which payment is not so provided,

and shall also pay or provide for the payment of the unpaid fees and expenses of the Trustee and the rebate of all amounts due or to become due to the United States under Section 148 of the Internal Revenue Code, then at the request of the Authority or the College all the Trust Estate shall revert to the Authority and the College as their interests appear, and the entire estate, right, title and interest of the Trustee, and of registered owners of such Bonds in respect thereof, shall thereupon cease, determine and become void; and the Trustee in such case, upon cancellation of all such Bonds for the payment of which cash or government obligations shall not have been deposited in accordance with the provisions of the Indenture, shall, upon receipt of a written request of the Authority and of a certificate of the Authority and an opinion of counsel as to compliance with conditions precedent (and, in the case of defeasance under paragraph (b) above, as to effect on tax exempt status), and at its cost and expense, execute to the Authority, or its order, proper instruments acknowledging satisfaction of the Indenture and surrender to the Authority or its order, all cash and deposited securities, if any (except that held for the payment of the Bonds), which shall then be held thereunder.

When the Authority or the College shall have deposited at any time with the Trustee in trust for the purpose, in the manner provided, or left with it if previously so deposited, cash or direct obligations of the United States of America sufficient to pay the principal of any Bonds (and premium, if any) when the same become due, either at maturity or otherwise, or at the date fixed for the redemption thereof and to pay all interest with respect thereto at the due date of such interest or to the date fixed for redemption, for the use and benefit of the Holders thereof, then upon such deposit all such Bonds shall cease to be entitled to any lien, benefit or security of the Indenture except the right to receive the funds so deposited, and such Bonds shall be deemed not to be outstanding thereunder; and from and after such redemption date or maturity, interest on such Bonds so called for redemption shall cease to accrue.

Supplemental Indentures

The Authority and the Trustee may enter into such supplemental indentures as shall by them be deemed necessary or desirable for any one or more of the following purposes, among others:

(a) to correct the description of any property conveyed or pledged by the Indenture or intended so to be, or to assign, convey, pledge or transfer and set over to the Trustee additional property for the benefit and security of the Holders and owners of all Bonds under the Indenture;

(b) to add to the covenants and agreements of the Authority or to surrender any right or power reserved to or conferred upon the Authority or any successor;

(c) to evidence the succession of any other department, agency, body or corporation to the Authority;

(d) to cure any ambiguity or to correct or supplement any defective or inconsistent provision contained in the Indenture or in any supplemental indentures or to make such other provisions in regard to matters or questions arising under the Indenture or any supplemental indenture as the Authority may deem necessary or desirable and which shall not be inconsistent with the provisions of the Indenture or any supplemental indenture and which shall not impair the security of the same;

(e) to create a series of and authorize Additional Bonds; and.

(f) to modify the Indenture as authorized by the Bondholders pursuant to Section 11.04 of the Indenture.

In addition and subject to the provisions set forth below, the Holders of not less than 65% in aggregate principal amount of the Bonds under the Indenture then outstanding shall have the right to consent to and approve such supplemental indentures as shall be deemed necessary or desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding in any particular, any of the terms or provisions of the Indenture or in any supplemental indenture; provided, however, that such provision shall not be construed as permitting without the consent of the Holders of all such Bonds (a) an extension of the maturity of any Bond, or (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, or (c) the creation of a lien upon or a pledge of revenues ranking prior to or on a parity with the lien or pledge created by the Indenture (except as provided in Section 2.09 of the Indenture), or (d) a preference or priority of any Bond over any other, or (e) a reduction in the aggregate principal amount of the Bonds the Holders of which are required to consent to such supplemental indenture or to amendments to the Loan Agreement or Mortgage.

Amendments to the Loan Agreement and the Mortgage

The Authority and the Trustee may, without the consent of or notice to any of the Bondholders, consent to and (if requested) execute any amendment, change or modification of the Loan Agreement or the Mortgage as may be required (a) by the provisions of the Loan Agreement, the Mortgage or Indenture, or (b) for the purpose of curing any ambiguity or formal defect or omission, or (c) so as to add additional rights acquired in accordance with the provisions of the Loan Agreement or the Mortgage or (d) in connection with any other change therein which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Holders of the Bonds.

Except for amendments, changes or modifications provided for in the preceding paragraph, neither the Authority nor the Trustee may consent to any amendment, change or modification of the Loan Agreement or the Mortgage without the written approval or consent of the Holders of not less than 65% in aggregate principal amount of the Bonds at the time outstanding, given and procured as provided in the Indenture. However, the Indenture does not permit a reduction in, or a postponement of, the loan repayments under the Loan Agreement without the consent of the Holders of all the Bonds then outstanding.

Registration

The Bonds shall be fully registered as to principal and interest at the office of the Trustee, which shall also perform the functions of registrar and paying agent. Bonds may be transferred and exchanged by surrender to the Trustee with a written authorization by the registered Holder or his authorized attorney satisfactory to the Trustee subject to such reasonable regulations as the Trustee may prescribe and shall be without expense to the Holder, except as to any taxes or other governmental charges required to be paid. Bonds may be exchanged only for a new Bond or Bonds of the same series, aggregate principal amount, maturity and basic interest rate of any authorized denominations. Payment of principal will be at the principal corporate trust office of the Trustee and interest shall be by check or draft of the Trustee mailed (or, pursuant to an agreement with the Trustee, by wire transfer) to the registered Owner at his address as shown on the registration books of the Trustee.

THE MORTGAGE

At or prior to the closing, the College will execute and deliver to the Authority, and the Authority will assign to the Trustee, a Combination Mortgage, Security Agreement and Fixture Financing Statement (the "Mortgage"), to be dated as of September 1, 1990, to secure the Bonds. The following is a summary of certain provisions of the Mortgage.

Under the Mortgage, in order to secure its obligations under the Loan Agreement, including payment of Loan Repayments in amounts and at times sufficient to pay the principal of, premium, if any, and interest on the Bonds, the College grants to the Authority a security interest in the equipment described therein and a first mortgage lien on its right, title and interest in and to the land described in Exhibit A to the Mortgage (the "Mortgaged Land"), and any buildings now standing or hereafter constructed or placed upon the Mortgaged Land, including the land and building constituting the main campus of the College, as described in Section 1.04 of the Loan Agreement (collectively, the "Mortgaged Property"). The Authority is also granted a security interest in all of the general intangibles, rents, issues, condemnation awards, insurance proceeds and similar revenues and income (the "Revenues and Income") arising from the ownership of the Mortgaged Property.

The Loan Agreement provides that the College may remove Project Equipment and Building Equipment from the Mortgaged Property, and release such equipment from the lien of the Mortgage, where applicable, upon the following conditions:

(a) the College may substitute equipment and related property for any Project Equipment and Building Equipment, provided that such property so substituted shall not materially impair the character or revenue producing significance of the Project Facilities, and such substituted property shall be subject to the lien of the Mortgage in place of the replaced equipment if such replaced equipment was subject to the lien of the Mortgage prior to the substitution;

(b) the College may remove any Project Equipment without substitution therefor provided that the College pay into the Redemption Account a sum equal to the then value of such Project Equipment;

(c) the College shall have the privilege of removing any Building Equipment without substitution therefor, provided that such removal does not impair the character or revenue producing significance of the Project Facilities.

Events of Default

The following are Events of Default under the Mortgage:

(a) If an event of default (as defined therein) under the Loan Agreement has occurred and is continuing; or

(b) If an event of default (as defined therein) under the Indenture has occurred and is continuing; or

(c) If the College violates or fails to perform any covenant under the Mortgage for a reason other than force majeure (as defined in the Loan Agreement) for a period of thirty days after written notice from the Authority or the Trustee specifying the default and requesting that it be remedied or for such further period of time as the Trustee shall permit; or

(d) If any representation of the College in the Mortgage is incorrect in any material respect.

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NORTHWESTERN COLLEGE OF CHIROPRACTIC

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

AUGUST 31, 1989 AND 1988

LARSON
ALLEN
WEISHAIR
&CO.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Northwestern College of Chiropractic
Minneapolis, Minnesota

We have audited the accompanying balance sheet of NORTHWESTERN COLLEGE OF CHIROPRACTIC as of August 31, 1989, and the related statements of changes in fund balances, and current funds revenues, expenditures and other changes for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of NORTHWESTERN COLLEGE OF CHIROPRACTIC as of August 31, 1988, were audited by other auditors whose report dated November 22, 1988, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NORTHWESTERN COLLEGE OF CHIROPRACTIC as of August 31, 1989, and the changes in fund balances and the current funds revenues, expenditures and other changes for the years then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included on Schedules 1 through 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements as a whole.

Larson Allen Weishair & Co

LARSON, ALLEN, WEISHAIR & CO.

Minneapolis, Minnesota
October 27, 1989

NORTHWESTERN COLLEGE OF CHIROPRACTIC
BALANCE SHEET
AUGUST 31, 1989

	Current Funds				Plant Funds			
	Unrestricted	Restricted	Loan Funds	Endowment Funds	Renewal and Replacement	Retirement of Indebtedness	Investment in Plant	Total
ASSETS								
Cash	$ 132,637	$ 103	$ 147,075	$ -	$ -	$ -	$ -	$ 279,815
Investments (Note 2)	103,275	59,884	-	425,493	311,344	1,735,293	-	2,635,289
Accounts and Notes Receivable, Net of Allowance for Doubtful Accounts of $40,000 (Note 3)	442,917	-	2,650,980	-	200,000	-	-	3,293,897
Due From Other Funds	-	53,529	-	-	384,063	-	-	437,592
Accrued Interest Receivable	-	3,133	-	-	19,500	13,642	-	36,275
Prepaid Expenses	61,375	-	-	-	-	-	-	61,375
Bookstore Inventories	203,297	-	-	-	-	-	-	203,297
College Land and Building	-	-	-	-	-	-	4,156,996	4,156,996
College Equipment and Furnishings	-	-	-	-	-	-	1,394,697	1,394,697
Clinic Land and Building	-	-	-	-	-	-	586,504	586,504
Clinic Equipment and Furnishings	-	-	-	-	-	-	148,117	148,117
Library Equipment and Books	-	-	-	-	-	-	646,881	646,881
Vehicles	-	-	-	-	-	-	11,736	11,736
Total Assets	$ 943,501	$ 116,649	$2,798,055	$ 425,493	$ 914,907	$1,748,935	$6,944,931	$13,892,471
LIABILITIES AND FUND BALANCES								
Accounts Payable	$ 133,366	$ 210	$ -	$ -	$ -	$ -	$ -	$ 133,576
Due to Other Funds	305,637	-	9,353	45,669	-	76,933	-	437,592
Accrued Salaries and Payroll Taxes	78,901	-	-	-	-	-	-	78,901
Accrued Interest Payable	21,147	-	-	-	-	-	-	21,147
Tuition Deposits	246,141	-	-	-	-	-	-	246,141
Bonds Payable (Note 4)	-	-	-	-	-	-	448,535	448,535
Contracts and Mortgages Payable (Note 4)	-	-	-	-	-	-	2,313,836	2,313,836
Capitalized Lease Obligations (Note 5)	-	-	-	-	-	-	18,346	18,346
Total Liabilities	$ 785,192	$ 210	$ 9,353	$ 45,669	$ -	$ 76,933	$2,780,717	$ 3,698,074
Fund Balances	158,309	116,439	2,788,702	379,824	914,907	1,672,002	4,164,214	10,194,397
Total Liabilities and Fund Balances	$ 943,501	$ 116,649	$2,798,055	$ 425,493	$ 914,907	$1,748,935	$6,944,931	$13,892,471

See accompanying Notes To Financial Statements.

NORTHWESTERN COLLEGE OF CHIROPRACTIC
BALANCE SHEET
AUGUST 31, 1988

	Current Funds				Plant Funds			
	Unrestricted	Restricted	Loan Funds	Endowment Funds	Renewal and Replacement	Retirement of Indebtedness	Investment in Plant	Total
ASSETS								
Cash	$ 34,515	$ 3,294	$ 158,187	$ 738	$ 184,476	$ 46,105	$ -	$ 427,315
Investments (Note 2)	-	59,883	-	326,136	311,391	1,409,592	-	2,107,002
Accounts and Notes Receivable, Net of Allowance for Doubtful Accounts of $80,000 (Note 3)	383,852	15,764	2,353,878	-	200,000	-	-	2,953,494
Accrued Interest Receivable	-	6,675	-	-	19,040	18,956	-	44,671
Prepaid Expenses	32,205	-	-	-	-	-	-	32,205
Inventories	209,359	-	-	-	-	-	-	209,359
College Land and Building	-	-	-	-	-	-	4,129,892	4,129,892
College Equipment and Furnishings	-	-	-	-	-	-	1,284,363	1,284,363
Clinic Land and Building	-	-	-	-	-	-	570,379	570,379
Clinic Equipment and Furnishings	-	-	-	-	-	-	144,768	144,768
Library Equipment and Books	-	-	-	-	-	-	602,186	602,186
Vehicles	-	-	-	-	-	-	11,736	11,736
Total Assets	$ 659,931	$ 85,616	$2,512,065	$ 326,874	$ 714,907	$1,474,653	$6,743,324	$12,517,370
LIABILITIES AND FUND BALANCES								
Accounts Payable	$ 119,517	$ 210	$ -	$ -	$ -	$ -	$ -	$ 119,727
Accrued Salaries and Payroll Taxes	86,351	-	-	-	-	-	-	86,351
Accrued Interest Payable	22,638	-	-	-	-	-	-	22,638
Tuition Deposits	330,328	-	-	-	-	-	-	330,328
Bonds Payable (Note 4)	-	-	-	-	-	-	573,067	573,067
Contracts and Mortgages Payable (Note 4)	-	-	-	-	-	-	2,397,483	2,397,483
Capitalized Lease Obligations (Note 5)	-	-	-	-	-	-	36,697	36,697
Total Liabilities	$ 558,834	$ 210	$ -	$ -	$ -	$ -	$3,007,247	$ 3,566,291
Fund Balances	101,097	85,406	2,512,065	326,874	714,907	1,474,653	3,736,077	8,951,079
Total Liabilities and Fund Balances	$ 659,931	$ 85,616	$2,512,065	$ 326,874	$ 714,907	$1,474,653	$6,743,324	$12,517,370

See accompanying Notes To Financial Statements.

NORTHWESTERN COLLEGE OF CHIROPRACTIC
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED AUGUST 31, 1989

	Current Funds				Plant Funds			
	Unrestricted	Restricted	Loan Funds	Endowment Funds	Renewal and Replacement	Retirement of Indebtedness	Investment in Plant	Total
REVENUE AND OTHER ADDITIONS								
Tuition and Fees	$4,463,523	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,463,523
Postgraduate Tuition	370,341	-	-	-	-	-	-	370,341
Private Gifts and Grants	52,370	59,926	-	62,950	-	-	-	175,246
Government Grants	-	131,194	221,629	-	-	-	-	352,823
Investment Income	179,685	2,500	61,681	-	-	4,287	-	248,153
Endowment Income	-	38,959	-	-	-	-	-	38,959
Clinical and Northwestern Lab Fees	546,084	-	-	-	-	-	-	546,084
Auxiliary Enterprises	640,445	-	-	-	-	-	-	640,445
Rental Income	154,259	-	-	-	-	-	-	154,259
Retirement of Indebtedness	-	-	-	-	-	-	234,819	234,819
Capital Outlay From Current Funds	-	-	-	-	-	-	205,018	205,018
Other	49,749	-	-	-	-	-	-	49,749
Total Revenue and Other Additions	$6,456,456	$ 232,579	$ 283,310	$ 62,950	$ -	$ 4,287	$ 439,837	$ 7,479,419
EXPENDITURES AND OTHER DEDUCTIONS								
Education and General	$4,026,285	$ 150,299	-	$ -	$ -	$ -	$ -	$ 4,176,584
Clinical and Northwestern Lab	913,670	-	-	-	-	-	-	913,670
Auxiliary Enterprises	547,715	-	-	-	-	-	-	547,715
Retirement of Indebtedness	-	-	-	-	-	234,819	-	234,819
Payment of Interest	-	-	-	-	-	259,068	-	259,068
Other	-	61,247	31,298	-	-	-	11,700	104,245
Total Expenditures and Other Deductions	$5,487,670	$ 211,546	$ 31,298	$ -	$ -	$ 493,887	$ 11,700	$ 6,236,101
TRANSFERS AND OTHER CHANGES								
Mandatory Transfers:								
Debt Service	$ (493,887)	$ -	$ -	$ -	$ -	$ 493,887	$ -	$ -
Current Fund Matching Grant	(24,625)	-	24,625	-	-	-	-	-
Nonmandatory Transfers:								
For Board-Designated Reserves	(393,062)	-	-	-	200,000	193,062	-	-
Other	-	10,000	-	(10,000)	-	-	-	-
Total Transfers and Other Changes	$ (911,574)	$ 10,000	$ 24,625	$ (10,000)	$ 200,000	$ 686,949	$ -	$ -
NET INCREASE FOR YEAR	$ 57,212	$ 31,033	$ 276,637	$ 52,950	$ 200,000	$ 197,349	$ 428,137	$ 1,243,318
Fund Balance - Beginning of Year	101,097	85,406	2,512,065	326,874	714,907	1,474,653	3,736,077	8,951,079
FUND BALANCE - END OF YEAR	$ 158,309	$ 116,439	$2,788,702	$ 379,824	$ 914,907	$1,672,002	$4,164,214	$10,194,397

See accompanying Notes To Financial Statements.

NORTHWESTERN COLLEGE OF CHIROPRACTIC
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED AUGUST 31, 1988

	Current Funds				Plant Funds			
	Unrestricted	Restricted	Loan Funds	Endowment Funds	Renewal and Replacement	Retirement of Indebtedness	Investment in Plant	Total
REVENUE AND OTHER ADDITIONS								
Tuition and Fees	$4,220,318	$ -	$ -	$ -	$ -	$ -	$ -	4,220,318
Postgraduate Tuition	364,485	-	-	-	-	-	-	364,485
Private Gifts and Grants	42,681	76,112	-	45,874	-	-	-	164,667
Government Grants	-	155,953	450,000	-	-	-	-	605,953
Investment Income	1,347	2,500	49,450	-	42,700	139,010	-	235,007
Endowment Income	-	22,691	-	-	-	-	-	22,691
Clinical and Northwestern Lab Fees	559,638	-	-	-	-	-	-	559,638
Auxiliary Enterprises	610,776	-	-	-	-	-	-	610,776
Rental Income	161,688	-	-	-	-	-	-	161,688
Retirement of Indebtedness	-	-	-	-	-	-	258,947	258,947
Capital Outlay From Current Funds	-	-	-	-	-	-	203,435	203,435
Other	68,824	-	-	-	-	-	-	68,824
Total Revenue and Other Additions	$6,029,757	$ 257,256	$ 499,450	$ 45,874	$ 42,700	$ 139,010	$ 462,382	$7,476,429
EXPENDITURES AND OTHER DEDUCTIONS								
Education and General	$3,710,273	$ 237,227	$ -	$ -	$ -	$ -	$ -	$3,947,500
Clinical and Northwestern Lab	905,947	-	-	-	-	-	-	905,947
Auxiliary Enterprises	547,025	-	-	-	-	-	-	547,025
Retirement of Indebtedness	-	-	-	-	-	258,947	-	258,947
Payment of Interest	-	-	-	-	-	282,005	-	282,005
Other	-	-	33,283	-	-	-	80,517	113,800
Total Expenditures and Other Deductions	$5,163,245	$ 237,227	$ 33,283	$ -	$ -	$ 540,952	$ 80,517	$6,055,224
TRANSFERS AND OTHER CHANGES								
Mandatory Transfers:								
Debt Service	$ (540,952)	$ -	$ -	$ -	$ -	$ 540,952	$ -	$ -
Current Fund Matching Grant	(50,000)	-	50,000	-	-	-	-	-
Nonmandatory Transfers:								
For Board-Designated Reserves	(240,262)	-	-	-	200,000	40,262	-	-
Other	-	43,068	-	(43,068)	-	-	-	-
Total Transfers and Other Changes	$ (831,214)	$ 43,068	$ 50,000	$ (43,068)	$ 200,000	$ 581,214	$ -	$ -
NET INCREASE FOR YEAR	$ 35,298	$ 63,097	$ 516,167	$ 2,806	$ 242,700	$ 179,272	$ 381,865	$1,421,205
Fund Balance - Beginning of Year	65,799	22,309	1,995,898	324,068	472,207	1,295,381	3,354,212	$7,529,874
FUND BALANCE - END OF YEAR	$ 101,097	$ 85,406	$2,512,065	$ 326,874	$ 714,907	$1,474,653	$3,736,077	$8,951,079

See accompanying Notes To Financial Statements.

NORTHWESTERN COLLEGE OF CHIROPRACTIC
STATEMENTS OF CURRENT FUNDS REVENUE, EXPENDITURES AND OTHER CHANGES
FOR THE YEARS ENDED AUGUST 31, 1989 AND 1988

	1989			1988		
	Current Funds			Current Funds		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
REVENUES						
Education and General:						
Student Tuition and Fees	$4,463,523	$ -	$4,463,523	$4,220,318	$ -	$4,220,318
Postgraduate Tuition	370,341	-	370,341	364,485	-	364,485
Clinical and Northwestern Lab Fees	546,084	-	546,084	559,638	-	559,638
Auxiliary Enterprises	640,445	-	640,445	610,776	-	610,776
Rental Income	154,259	-	154,259	161,688	-	161,688
Private Gifts and Grants	52,370	67,802	120,172	42,681	71,192	113,873
Government Grants	-	131,194	131,194	-	155,953	155,953
Other Sources	229,434	12,550	241,984	70,171	10,082	80,253
Total Revenues	$6,456,456	$ 211,546	$6,668,002	$6,029,757	$ 237,227	$6,266,984
EXPENDITURES						
Education and General:						
Instruction	$2,450,837	$ 61,247	$2,512,084	$2,348,647	$ 60,400	$2,409,047
Research	198,123	-	198,123	178,666	-	178,666
Academic Support	521,254	-	521,254	438,123	-	438,123
Student Services	403,650	-	403,650	392,867	-	392,867
Institutional Support	788,295	-	788,295	772,132	-	772,132
Operation and Maintenance of Physical Plant	494,998	1,315	496,313	424,271	6,160	430,431
Student Aid	82,798	148,984	231,782	61,514	170,667	232,181
Total Educational and General Expenditures	$4,939,955	$ 211,546	$5,151,501	$4,616,220	$ 237,227	$4,853,447
Auxiliary Enterprises	547,715	-	547,715	547,025	-	547,025
Total Expenditures	$5,487,670	$ 211,546	$5,699,216	$5,163,245	$ 237,227	$5,400,472
Increase in Fund Balance Before Transfers and Deductions	$ 968,786	$ -	$ 968,786	$ 866,512	$ -	$ 866,512
TRANSFERS AND DEDUCTIONS						
Mandatory Transfers:						
Debt Service	$ (493,887)	$ -	$ (493,887)	$ (540,952)	$ -	$ (540,952)
Current Fund Matching Grant	(24,625)	-	(24,625)	(50,000)	-	(50,000)
Nonmandatory Transfers:						
For Board-Designated Reserves	(393,062)	-	(393,062)	(240,262)	-	(240,262)
Other	-	10,000	10,000	-	43,068	43,068
Excess of Restricted Receipts Over Disbursements	-	21,033	21,033	-	20,029	20,029
Total Transfers and Deductions	$ (911,574)	$ 31,033	$ (880,541)	$ (831,214)	$ 63,097	$ (768,117)
Net Increase (Decrease) in Fund Balance	$ 57,212	$ 31,033	$ 88,245	$ 35,298	$ 63,097	$ 98,395

See accompanying Notes To Financial Statements.

NORTHWESTERN COLLEGE OF CHIROPRACTIC
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1989 AND 1988

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The accounts of the College are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups.

Endowment funds are subject to the restrictions of gift instruments requiring in perpetuity that the principal be invested and the income only be utilized.

Accrual Basis

The financial statements of the College have been prepared on the accrual basis except for depreciation accounting as explained under property, plant and equipment.

Restricted resources (including gifts, grants, endowment income and other restricted income) are reported as revenues when expended for current operating purposes. All unrestricted resources, including gifts, are reported as revenues when earned or received.

Investments

Investments are carried at cost or fair market value at date of gift.

Inventories

Inventories are valued at the lower of cost, on a first-in, first-out basis, or market.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation of physical plant and equipment has not been recognized.

To the extent that current funds are used to finance plant fund activities, the amounts so provided are accounted for (1) as expenditures, in the case of additions to and normal replacement or movable equipment, library books and other capital improvements; and (2) as mandatory transfers, in the case of required provisions for debt services.

Pensions

The College participates in the T.I.A.A.-C.R.E.F. retirement plan, which covers substantially all faculty and administrative employees. The plan is a contributory plan, to which the College contributes 5% of eligible salary.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Income Taxes
The College is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

NOTE 2 INVESTMENTS

Investments are carried at cost. Stocks and bonds received by gift are carried at market value at the date of gift. Investments of all funds combined at August 31, 1989 and 1988 are as follows:

	1989		1988	
	Book Value	Market Value	Book Value	Market Value
Money Market Funds	$ 972,247	$ 972,247	$ 766,509	$ 766,509
Mutual Funds	1,422,332	1,422,382	989,189	989,189
Bonds	240,710	278,344	351,304	386,398
	$2,635,289	$2,672,973	$2,107,002	$2,142,096

NOTE 3 RECEIVABLES

Receivables at August 31, were as follows:

	1989	1988
Student Loans - Perkins	$2,650,980	$2,363,878
Student	180,932	207,326
Doctors	30,617	35,832
Clinic Patients	235,040	193,539
Federal Work Study Grants	19,755	15,764
Demand Note Receivable	200,000	200,000
Other	16,573	17,155
Less: Allowance for Doubtful Accounts	(40,000)	(80,000)
	$3,293,897	$2,953,494

NOTE 4 DEBT

Debt obligations at August 31, were as follows:

Description	1989	1988
Bonds Payable		
MHEFA Pooled Revenue Bonds, Series 1983-A, secured by an irrevocable standby letter of credit and investments of the College to the extent of the debt outstanding, interest at rates ranging from 6.75% to 8.50% is payable on the first day of each month, due in various amounts through 1991	$ 465,114	$ 597,935
Less: Deferred Bond Discount	16,579	24,868
Total Bonds Payable	$ 448,535	$ 573,067
Contracts and Mortgages Payable		
Mortgage Payable, secured by land and building, due in monthly installments of $854 including interest at 9.875%	$ 34,055	$ 40,580
Contract for deed secured by land and building, due in monthly installments of $23,843 including interest at 9.80% until September 1, 1991 when the remaining unpaid balance is to be paid in full	2,279,781	2,356,903
Total Contracts and Mortgages Payable	$2,313,836	$2,397,483

The College's debt matures in the following fiscal years ending August 31:

Year	Amount
1990	$ 234,758
1991	254,861
1992	2,279,185
1993	10,146
	$2,778,950
Less: Deferred Bond Discount	16,579
Total	$2,762,371

NOTE 5 LEASES

The College leases certain equipment under long-term lease agreements. The leases, which are accounted for as capital leases, expire at various dates prior to March 31, 1993. The cost of equipment recorded under capital leases is $70,045 at August 31, 1989. Future minimum lease payments are as follows:

Year	Amount
1990	$ 11,424
1991	7,375
1992	2,358
	$ 21,157
Less Amount Representing Interest	2,811
Present Value of Net Minimum Payments	$ 18,346

The College leases office space to another party under a formal long-term lease agreement. Additional space and facilities are also leased/rented under various informal agreements. All of the agreements are accounted for as operating leases. Future minimum rental under noncancellable agreements ending fiscal year 1990 is $67,966.

Lease/rental receipts included in current fund revenues amounted to approximately $154,000 and $162,000 for the years ended August 31, 1989 and 1988, respectively.

NOTE 6 PENSION PLAN

The College's share of retirement plan contributions to the plan was approximately $88,000 and $56,000 for the years ended August 31, 1989 and 1988, respectively.

NOTE 7 CONTINGENCIES

The College is a defendant in an action arising out of the normal course of its operations. Although the final outcome of such action cannot currently be determined, the College's administration is of the opinion that the resolution of this action will not have a material effect on the College's financial position.

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NORTHWESTERN COLLEGE OF CHIROPRACTIC

UNAUDITED FINANCIAL REPORTS

NINE MONTHS ENDED MAY 31, 1990

NORTHWESTERN COLLEGE OF CHIROPRACTIC

FINANCIAL STATEMENTS AND

ACCOUNTANT'S COMPILATION REPORT

MAY 31, 1990

TABLE OF CONTENTS

LARSON
ALLEN
WEISHAIR
& CO.
CERTIFIED PUBLIC ACCOUNTANTS

The Board of Trustees
Northwestern College of Chiropractic
Minneapolis, Minnesota

We have compiled the accompanying balance sheet of NORTHWESTERN COLLEGE OF CHIROPRACTIC as of May 31, 1990, and the related statements of changes in fund balances, and current funds revenue, expenditures and other changes for the nine-month period then ended, in accordance with standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Larson, Allen, Weishair & Co.
LARSON, ALLEN, WEISHAIR & CO.

Minneapolis, Minnesota
June 15, 1990

NORTHWESTERN COLLEGE OF CHIROPRACTIC
BALANCE SHEET
MAY 31, 1990

	Current Funds				Plant Funds			
	Unrestricted	Restricted	Loan Funds	Endowment Funds	Renewal and Replacement	Retirement of Indebtedness	Investment in Plant	Total
ASSETS								
Cash	$ 64,793	$ 71,884	$ 82,325	$ -	$ -	$ -	$ -	$ 219,002
Investments (Note 2)	457,290	126,337	5,392	416,994	733,490	1,648,360	-	3,387,863
Accounts and Notes Receivable, Net of Allowance for Doubtful Accounts of $125,000 (Note 3)	486,898	-	3,080,970	-	100,000	-	-	3,667,868
Due From Other Funds	213,454	2,844	-	-	-	155,139	-	371,437
Accrued Interest Receivable	10,000	3,133	-	-	19,500	23,642	-	56,275
Prepaid Expenses	81,502	-	-	-	-	-	-	81,502
Bookstore Inventories	218,496	-	-	-	-	-	-	218,496
College Land and Building	-	-	-	-	-	-	4,192,297	4,192,297
College Equipment and Furnishings	-	-	-	-	-	-	1,468,807	1,468,807
Clinic Land and Building	-	-	-	-	-	-	821,360	821,360
Clinic Equipment and Furnishings	-	-	-	-	-	-	151,818	151,818
Library Equipment and Books	-	-	-	-	-	-	685,327	685,327
Vehicles	-	-	-	-	-	-	15,166	15,166
Construction in Progress	-	-	-	-	-	-	96,301	96,301
Total Assets	$1,532,433	$ 204,198	$3,168,687	$ 416,994	$ 852,990	$1,827,141	$7,431,076	$15,433,519
LIABILITIES AND FUND BALANCES								
Accounts Payable	$ 197,390	$ 929	$ -	$ -	$ -	$ -	$ -	$ 198,319
Due to Other Funds	-	-	31,000	11,670	-	-	328,767	371,437
Accrued Salaries and Payroll Taxes	61,020	-	-	-	-	-	-	61,020
Accrued Interest Payable	21,147	-	-	-	-	-	-	21,147
Tuition Deposits	24,398	-	-	-	-	-	-	24,398
Unearned Tuition	991,417	-	-	-	-	-	-	991,417
Bonds Payable (Note 4)	-	-	-	-	-	-	305,333	305,333
Contracts and Mortgages Payable (Note 4)	-	-	-	-	-	-	2,245,950	2,245,950
Capitalized Lease Obligations (Note 5)	-	-	-	-	-	-	(4,001)	(4,001)
Total Liabilities	$1,295,372	$ 929	$ 31,000	$ 11,670	$ -	$ -	$2,876,049	$ 4,215,020
Fund Balances	237,061	203,269	3,137,687	405,324	852,990	1,827,141	4,555,027	11,218,499
Total Liabilities and Fund Balances	$1,532,433	$ 204,198	$3,168,687	$ 416,994	$ 852,990	$1,827,141	$7,431,076	$15,433,519

See accompanying Notes To Financial Statements and Accountant's Compilation Report.

NORTHWESTERN COLLEGE OF CHIROPRACTIC
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE NINE-MONTH PERIOD ENDED MAY 31, 1990

	Current Funds		Loan Funds	Endowment Funds	Plant Funds			Total
	Unrestricted	Restricted			Renewal and Replacement	Retirement of Indebtedness	Investment in Plant	
REVENUE AND OTHER ADDITIONS								
Tuition and Fees	$3,733,340	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,733,340
Postgraduate Tuition	327,615	-	-	-	-	-	-	327,615
Private Gifts and Grants	115,261	37,030	-	25,500	-	-	-	177,791
Government Grants	-	155,218	219,761	-	-		-	374,979
Investment Income	194,690	-	33,256	-	83	-	-	228,029
Endowment Income	-	37,954	-	-	-	-	-	37,954
Clinical and Northwestern Lab Fees	419,779	-	-	-	-	-	-	419,779
Auxiliary Enterprises	537,996	184,304	-	-	-	-	-	722,300
Rental Income	118,971	-	-	-	-	-	-	118,971
Retirement of Indebtedness	-	-	-	-	-	-	233,435	233,435
Capital Outlay From Current Funds	-	-	-	-	-	-	164,336	164,336
Other	50,907	-	102,550	-	-	-	-	153,457
Total Revenue and Other Additions	$5,498,559	$ 414,506	$ 355,567	$ 25,500	$ 83	$ -	$ 397,771	$ 6,691,986
EXPENDITURES AND OTHER DEDUCTIONS								
Education and General	$3,606,939	$ 179,245	$ -	$ -	$ 37,000	$ -	$ -	$ 3,823,184
Clinical and Northwestern Lab	782,673	-	-	-	-	-	-	782,673
Auxiliary Enterprises	461,985	130,617	-	-	-	-	-	592,602
Retirement of Indebtedness	-	-	-	-	-	233,435	-	233,435
Payment of Interest	-	-	-	-	-	179,282	-	179,282
Other	-	18,750	31,000	-	-	-	6,958	56,708
Total Expenditures and Other Deductions	$4,851,597	$ 328,612	$ 31,000	$ -	$ 37,000	$ 412,717	$ 6,958	$ 5,667,884
TRANSFERS AND OTHER CHANGES								
Mandatory Transfers:								
Debt Service	$ (412,717)	$ -	$ -	$ -	$ -	$ 412,717	$ -	$ -
Current Fund Matching Grant	(25,354)	936	24,418	-	-	-	-	-
Nonmandatory Transfers:								
For Board-Designated Reserves	(230,139)	-	-	-	75,000	155,139	-	-
Other	100,000	-	-	-	(100,000)	-	-	-
Total Transfers and Other Changes	$ (568,210)	$ 936	$ 24,418	$ -	$ (25,000)	$ 567,856	$ -	$ -
NET INCREASE FOR NINE-MONTH PERIOD	$ 78,752	$ 86,830	$ 348,985	$ 25,500	$ (61,917)	$ 155,139	$ 390,813	$ 1,024,102
Fund Balance - Beginning	158,309	116,439	2,788,702	379,824	914,907	1,672,002	4,164,214	10,194,397
FUND BALANCE - ENDING	$ 237,061	$ 203,269	$3,137,687	$ 405,324	$ 852,990	$1,827,141	$4,555,027	$11,218,499

See accompanying Notes To Financial Statements and Accountant's Compilation Report.

NORTHWESTERN COLLEGE OF CHIROPRACTIC
STATEMENT OF CURRENT FUNDS REVENUE, EXPENDITURES AND OTHER CHANGES
FOR THE YEAR NINE-MONTH PERIOD ENDED MAY 31, 1990

	Current Funds		
	Unrestricted	Restricted	Total
REVENUES			
Education and General:			
Student Tuition and Fees	$3,733,340	$ -	$3,733,340
Postgraduate Tuition	327,615	-	327,615
Clinical and Northwestern Lab Fees	419,779	-	419,779
Auxiliary Enterprises	537,996	130,617	668,613
Rental Income	118,971	-	118,971
Private Gifts and Grants	115,261	23,724	138,985
Government Grants	-	143,368	143,368
Other Sources	245,597	30,800	276,397
Total Revenues	$5,498,559	$ 328,509	$5,827,068
EXPENDITURES			
Education and General:			
Instruction and Clinics	$2,196,818	$ 11,874	$2,208,692
Research	181,916	-	181,916
Academic Support	467,962	-	467,962
Student Services	336,211	-	336,211
Institutional Support	680,243	-	680,243
Operation and Maintenance of Physical Plant	325,572	-	325,572
Student Aid	200,890	167,268	368,158
Other	-	18,750	18,750
Total Educational and General Expenditures	$4,389,612	$ 197,892	$4,587,504
Auxiliary Enterprises	461,985	130,617	592,602
Total Expenditures	$4,851,597	$ 328,509	$5,180,106
Increase in Fund Balance Before Transfers and Deductions	$ 646,962	$ -	$ 646,962
TRANSFERS AND DEDUCTIONS			
Mandatory Transfers:			
Debt Service	$ (412,717)	$ -	$ (412,717)
Current Fund Matching Grant	(25,354)	936	(24,418)
Nonmandatory Transfers:			
For Board-Designated Reserves	(230,139)	-	(230,139)
Other	100,000	-	100,000
Excess of Restricted Receipts Over Disbursements	-	85,894	85,894
Total Transfers and Deductions	$ (568,210)	$ 86,830	$ (481,380)
Net Increase (Decrease) in Fund Balance	$ 78,752	$ 86,830	$ 165,582

See accompanying Notes To Financial Statements and Accountant's Compilation Report.

NORTHWESTERN COLLEGE OF CHIROPRACTIC
NOTES TO FINANCIAL STATEMENTS
MAY 31, 1990

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting
The accounts of the College are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups.

Endowment funds are subject to the restrictions of gift instruments requiring in perpetuity that the principal be invested and the income only be utilized.

Accrual Basis
The financial statements of the College have been prepared on the accrual basis except for depreciation accounting as explained under property, plant and equipment.

Restricted resources (including gifts, grants, endowment income and other restricted income) are reported as revenues when expended for current operating purposes. All unrestricted resources, including gifts, are reported as revenues when earned or received.

Investments
Investments are carried at cost or fair market value at date of gift.

Inventories
Inventories are valued at the lower of cost, on a first-in, first-out basis, or market.

Property, Plant and Equipment
Property, plant and equipment are stated at cost. Depreciation of physical plant and equipment has not been recognized.

To the extent that current funds are used to finance plant fund activities, the amounts so provided are accounted for (1) as expenditures, in the case of additions to and normal replacement or movable equipment, library books and other capital improvements; and (2) as mandatory transfers, in the case of required provisions for debt services.

Pensions
The College participates in the T.I.A.A.-C.R.E.F. retirement plan, which covers substantially all faculty and administrative employees. The plan is a contributory plan, to which the College contributes 5% of eligible salary.

NORTHWESTERN COLLEGE OF CHIROPRACTIC
NOTES TO FINANCIAL STATEMENTS
MAY 31, 1990

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Income Taxes
The College is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

NOTE 2 INVESTMENTS

Investments are carried at cost. Market value of investments approximates cost at May 31, 1990. Stocks and bonds received by gift are carried at market value at the date of gift. Investments of all funds combined at May 31, 1990 are as follows:

	Book Value
Money Market Funds	$1,066,803
Mutual Funds	2,116,741
Bonds	204,319
	$3,387,863

NOTE 3 RECEIVABLES

Receivables at May 31 were as follows:

	1990
Student Loans - Perkins	$2,910,612
Student Loans - Canadian Students	170,357
Student Loans	185,696
Doctors	44,183
Clinic Patients	263,326
Federal Work Study Grants	7,352
Demand Note Receivable	100,000
Other	12,118
Less: Allowance for Doubtful Accounts	(25,776)
	$3,667,868

NORTHWESTERN COLLEGE OF CHIROPRACTIC
NOTES TO FINANCIAL STATEMENTS
MAY 31, 1990

NOTE 4 DEBT

Debt obligations at May 31 were as follows:

Description	1990
Bonds Payable	
MHEFA Pooled Revenue Bonds, Series 1983-A, secured by an irrevocable standby letter of credit and investments of the College to the extent of the debt outstanding, interest at rates ranging from 6.75% to 8.50% is payable on the first day of each month, due in various amounts through 1991	$ 321,912
Less: Deferred Bond Discount	(16,579)
Total Bonds Payable	$ 305,333
Contracts and Mortgages Payable	
Mortgage Payable, secured by land and building, due in monthly installments of $854 including interest at 9.875%	$ 28,721
Contract for deed secured by land and building, due in monthly installments of $23,843 including interest at 9.80% until September 1, 1991 when the remaining unpaid balance is to be paid in full	2,217,229
Total Contracts and Mortgages Payable	$2,245,950

The College's debt matures in the following fiscal years ending May 31:

Year	Amount
1991	$ 252,623
1992	2,302,821
1993	9,436
1994	2,982
Less: Deferred Bond Discount	(16,579)
Total	$2,551,283

NORTHWESTERN COLLEGE OF CHIROPRACTIC
NOTES TO FINANCIAL STATEMENTS
MAY 31, 1990

NOTE 5 LEASES

The College leases certain equipment under long-term lease agreements. The leases, which are accounted for as capital leases, expire at various dates prior to March 31, 1993. The cost of equipment recorded under capital leases is $41,137 at May 31, 1990. Future minimum lease payments are as follows:

Year	Amount
1991	$ 9,035
1992	3,370
	$ 12,405
Less: Amount Representing Interest	1,281
Present Value of Net Minimum Payments	$ 11,124

The College leases office space to another party under a formal long-term lease agreement. Additional space and facilities are also leased/rented under various informal agreements. All of the agreements are accounted for as operating leases. Future minimum rental under noncancellable agreements ending fiscal year 1990 is $14,208.

Lease/rental receipts included in current fund revenues amounted to approximately $119,000 for the nine month period ended May 31, 1990.

NOTE 6 PENSION PLAN

The College's share of retirement plan contributions to the plan was approximately $82,000 for the nine month period ended May 31, 1990.