

ATTORNEY GENERAL OF THE STATE OF NEW YORK

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In the Matter of

Nelnet, Inc.,

Respondent.

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ASSURANCE OF DISCONTINUANCE

WHEREAS the Office of Attorney General of the State of New York (the "OAG") has commenced an investigation pursuant to Executive Law § 63(12) and General Business Law §§ 349 and 350 into practices related to higher education loans offered to students and parents (the "Investigation");

WHEREAS in the course of the Investigation the OAG reviewed extensive evidence;

WHEREAS Nelnet, Inc. (including its subsidiaries and affiliates, referred to herein as "Nelnet") has cooperated in the Investigation by voluntarily producing evidence and answering questions relevant to the Investigation;

WHEREAS, as set forth in the findings of fact ("Findings") below, the OAG asserts that its Investigation has revealed that many institutions of higher education and lenders that provide loans to or on behalf of students of those institutions have engaged in certain acts, practices and omissions that violated Executive Law § 63(12) and General Business Law §§ 349 and 350;

WHEREAS, as set forth below in section I(B), the OAG alleges that Nelnet has engaged in certain of the practices that violate these statutes;

WHEREAS Nelnet does not admit, and expressly denies, that its conduct constituted any violation of law;

WHEREAS Nelnet has advised the OAG of its desire to resolve the Investigation

through this Assurance of Discontinuance (the "Assurance");

WHEREAS Nelnet, without admitting the OAG's Findings and assertions made below, has agreed to alter its practices with respect to education loans, to make a contribution of \$2 million to the OAG's national fund for educating and assisting high school seniors and their parents about the financial aid process and to adopt a Code of Conduct for education loan practices, all as set forth specifically below;

NOW THEREFORE, the OAG, based upon the Investigation, makes the following Findings:

I. FINDINGS OF THE ATTORNEY GENERAL

A. Industry-Wide Findings

The Investigation has covered many lenders and institutions of higher education. Based on the Investigation, the OAG makes the following findings as to common practices found throughout the nation's higher education loan industry. The Attorney General does not allege that Nelnet has engaged in each of the industry wide practices, many of which practices do not apply to Nelnet.

1. Many students and their families are unable to pay all of the expenses appurtenant to higher education. In addition to grants, scholarships and work-study programs, significant numbers of students and their parents turn to loans to cover what they cannot otherwise afford to pay. Higher education loans constitute an \$85 billion per year industry.

2. Higher education loans take several forms. By dollar amount, most loans are borrowed by students themselves and are federally regulated and guaranteed. The federal government has created a program for providing loans, known as "Stafford Loans," to students.

The interest rate for Stafford Loans is set by the federal government. Lenders, however, have wide latitude in offering benefits to borrowers, including discounts off of that interest rate.

3. Other federal loans, known as “PLUS Loans” are offered to students’ parents to cover higher education expenses incurred by their children and to graduate students. Like Stafford Loans, the federal government sets the interest rates for PLUS Loans, and lenders have wide latitude in offering borrower benefits.

4. In addition to the federal loans described above, parents or students can obtain private “alternative loans” to cover educational expenses not covered by other financial aid. The federal government does not sponsor, subsidize or guarantee alternative loans. Accordingly, the interest rate and other terms of the loans are determined by the borrower’s creditworthiness and market forces.

i. “Preferred Lender” Lists

5. In response to the staggering array of lenders that offer each of the various types of education loans, some institutions of higher education have created lists of recommended lenders. Institutions of higher education that use such lists – often referred to and referred to herein as “Preferred Lender Lists” – usually have separate lists for each of the several types of education loans available. In some instances, such Preferred Lender Lists contain dozens of potential lenders that meet certain minimal requirements; in other instances, the Preferred Lender Lists contain only a handful of lenders, or even a single one.

6. The lenders listed on an institution of higher education’s Preferred Lender Lists typically receive in aggregate up to 90% of the loans taken out by the institution’s students and their parents. Despite the significant role that these lists play in determining the lenders from which students and parents borrow, many institutions did not inform their student and parent

borrowers about the process and criteria used to formulate the Preferred Lender Lists. Nor did they disclose the potential conflicts of interest on the part of their financial aid offices, which typically compile the Preferred Lender Lists. These conflicts of interest may arise from: revenue sharing between the institution and the lenders; lender-funded travel on the part of institutions' financial aid officials to attend meetings and seminars in attractive locations; the appointment of the institutions' financial aid officials to "Boards" or "Committees" sponsored by the lenders; the lenders' provision of staff and services to the institutions; and the lenders' provision of "Opportunity Loans." These practices are described below.

ii. Revenue Sharing

7. In the context of the education loan business, revenue sharing refers to an arrangement whereby a lender pays an institution of higher education a percentage of the principal of each loan directed toward the lender from a borrower at the institution. Such payment is often in exchange for the institution of higher education placing the given lender on the institution of higher education's Preferred Lender Lists. Revenue sharing is prohibited by federal regulation in the context of Stafford Loans, PLUS Loans and other federal loan programs; it occurs only in the alternative loan segment of the industry.

8. The practice of revenue sharing creates a potential conflict of interest on the part of the institutions of higher education. When and if the institutions direct students to lenders, the direction should be based solely on the best interests of the student and parents who may take out loans from the lenders; yet, through revenue sharing arrangements, the lenders encourage the institutions to place lenders on the institution's Preferred Lender Lists because the institutions have a financial interest in the selection of the lenders by the students and parents.

iii. Denial of Choice of Lender

9. Borrowers have a right to select the Stafford Loan and PLUS Loan lender of their choice, irrespective of whether the lender appears on any Preferred Lender Lists. By offering consideration in exchange for exclusive or preferred lender status, lenders encourage some institutions of higher education to abrogate this right, by stating or strongly implying that borrowers were limited to the lenders on the list.

10. In some instances, a lender may contract with an institution of higher education to be the sole name on the institution's Preferred Lender List. In exchange for being the only listed preferred lender, the lender paid money to the institution.

iv. Exclusive Consolidation Loan Marketing Agreements

11. Former students may wish to combine their various education loans into a single package, called a "consolidation loan." Some institutions of higher education have entered into agreements with the providers of such consolidation loans pursuant to which the institution agrees to encourage its former students to consolidate the former students' loans with a particular lender and no other. In exchange, the lender pays money or gives other consideration to the institution. The lender, thus, places the institution in a conflicted position because the institution's advice and encouragement to potential borrowers may be influenced by the money paid or consideration given by the lender.

v. *Undisclosed Sales of Loans to Another Lender*

12. In many instances, institutions of higher education place several lenders on the institutions' Preferred Lender Lists, leading the potential borrower to understand that the Preferred Lender List represents a real choice of options. But, the choice is illusory when, as sometimes occurs, all or a number of the lenders on a Preferred Lender List have arranged with each other to sell all of their loans to one of the lenders.

vi. *Opportunity Loans*

13. Lenders have entered into undisclosed agreements with institutions of higher education to provide what are referred to as "Opportunity Loans." These agreements provide that the lender will make loans in the institution's discretion up to a specified aggregate amount to students with poor or no credit history, or international students, who might otherwise not be eligible for the lender's alternative loan program. In exchange for the lender's commitment to make such loans, the institution may provide concessions or promises to the lender that may prejudice other borrowers.

vii. *Call Centers*

14. Lenders have agreed with institutions of higher education to staff "call centers" that answer the institutions' students' questions regarding financial aid, loans and lenders. The call centers staffed by the lenders may create another conflict of interest: The student should receive disinterested advice and information regarding lenders, but the call center staff members have an interest in advocating on behalf of the lender that pays them.

B. Findings as to Nelnet

15. Nelnet is a publicly-traded company incorporated under the laws of the State of Nebraska with its headquarters in Lincoln, Nebraska. Nelnet is an education planning and

education finance company that provides student loans and other products and services to students, their parents and institutions of higher education nationwide.

16. In 2006, Nelnet entered into a private loan referral agreement with one school whereby Nelnet paid that school a referral fee of fifty (50) basis points on the fully disbursed amount of all funded private loans. The total amount of referral fees paid to that school was \$4,820.09. This agreement has been terminated.

17. In early 2002, an educational institution requested that Nelnet's business partner, Union Bank and Trust Company, which provided loans at the institution, pursue a relationship with the New Jersey Higher Education Student Assistance Authority ("NJHESAA"). Subsequently, Union Bank entered into a Marketing and Services Agreement with NJHESAA, under which NJHESAA agreed to market Union Bank's education loan products and services, on a nonexclusive basis, to its school partners. This agreement was subsequently expanded to include the Nelnet brand. In return, Union Bank and Nelnet agreed to pay NJHESAA a marketing fee equal to one percent (1%) of the loan application amount on any loan applications generated as a result of NJHESAA's marketing efforts. NJHESAA notified Nelnet on April 20, 2007 of its intent to terminate this agreement and Nelnet agreed to such termination.

18. Nelnet has provided to financial aid offices of educational institutions certain free products and services, such as Nelnet's proprietary student loan origination and processing software systems and printing of lender lists and similar materials. Nelnet has also provided training budgets to financial aid offices of educational institutions. These budgets are provided for training-related activities, including sponsorships and registration fees for training retreats and industry conferences. In one instance, the funds were used to reimburse school employees for travel to industry conferences, conference give-aways, and entertainment and recreational

events organized in conjunction with such conferences. On rare occasions, Nelnet has retained a consultant to assist Nelnet in process-mapping technology and related services associated with transitioning educational institutions from the Federal Direct Loan Program to the FFEL Program, and to improve financial aid office processes. The results of the consultant's work, including process maps, were utilized by Nelnet and also provided to the schools.

19. Nelnet has provided items of value to school employees, including tickets to sporting and entertainment events, travel to marketing events, hotel accommodations associated with these events, luncheons, dinners, managers' retreats, spa services, and apparel. On one occasion, for example, Nelnet purchased coach-class airline tickets from upstate New York to New York City for two financial aid officers employed by an educational institution with which Nelnet already had a relationship, in connection with attendance at a theater event, and on rare occasions, similar items of value were provided to members of school employees' families who attended these events with the employee.

20. Through an affinity partnership with a certain non-educational institution club, Nelnet has made financial aid, college planning, education loan and education loan consolidation information available to the club's members. As part of this relationship, Nelnet also arranged for local financial aid professionals to conduct informational seminars on financial aid at branch offices, and compensated them for their time and expenses. Nelnet has discontinued all such payments and reimbursements, and future seminars will be presented only on a volunteer basis.

21. Nelnet has reimbursed employees of institutions of higher education for travel to Nelnet's service centers and offices, located in Denver, Indianapolis, Jacksonville, Lincoln, and Washington, D.C, for tours and meetings with Nelnet staff.

22. Nelnet has convened advisory boards made up of representatives from financial aid offices. Nelnet has provided reimbursement of expenses for advisory board members. In one instance, Nelnet paid a speaking fee to a presenter (a university's chancellor for enrollment management) at one advisory board meeting.

23. Nelnet has provided entrance and exit counseling services, staffing assistance at peak times for financial aid offices, and computer installation and maintenance to institutions of higher education. In one instance, Nelnet retained an independent contractor to assist the financial aid office of one school in connection with technology projects related to the implementation and integration of Nelnet products and services and other systems in that office.

24. Nelnet has provided printing of lender lists and similar materials for financial aid offices at institutions of higher education.

25. Nelnet has provided higher education loans to students at several institutions of higher education who did not otherwise meet the lending requirements of the Nelnet Academic Private Loan program. The decision to provide these loans was based in part on Nelnet's overall relationships with the institutions.

26. Nelnet has provided a telephone and email answering service on behalf of the financial aid offices of seven institutions of higher education. As part of the service, Nelnet employees respond to the financial aid inquiries that the institutions' staff would otherwise handle. Nelnet service center employees have not disclosed that they are Nelnet employees to those who call or email with questions. (The program pursuant to which these services were provided was called "Financial Aid Solutions.")

27. Nelnet has relationships with schools in connection with their School as Lender program, pursuant to which Nelnet provides loan origination, loan servicing, financing and/or arranges for the purchase of such loans in a secondary market function.

28. Nelnet is a party to arrangements with other lenders to purchase loans from those lenders and to sell loans to other lenders. In general, a condition of the agreement between Nelnet and the selling lender is that the student loans purchased by Nelnet will maintain the same borrower benefits and servicing for the life of the loan. Likewise, in the limited situations where Nelnet sells loans to other lenders, these conditions generally apply.

29. Nelnet has entered into affinity agreements and license agreements with approximately one hundred twenty (120) college and university alumni associations, which are divisions of institutions of higher education or separate legal entities. Under these agreements, college and university alumni associations grant Nelnet licenses to use certain intellectual property, including (i) member lists in order to market Nelnet's consolidation loan products to the association's members, and (ii) the alumni association's logo for use in Nelnet's marketing correspondence. In consideration of these rights, Nelnet typically pays the alumni association an annual fee, a fixed fee for each loan consolidation application ready for guarantee that is received by Nelnet from a borrower on a member list, or a combination thereof.

30. Nelnet had an agreement, which was terminated in July 2006, with an individual associated with one of its alumni association customers. Nelnet compensated the individual for providing marketing services consisting primarily of introducing Nelnet and its services to other alumni associations. The individual is permitted under his agreement with the association to independently consult with other associations and non-associations related to alumni and alumni

affinity issues, and was not involved in any way with financial aid office activities at any school, nor was he an employee or officer of any school.

31. On one occasion, a Nelnet associate suggested to a school financial aid officer that because Nelnet had made a donation to the school in connection with a campus promotional event, the school should consider including Nelnet as a “preferred lender.” When made aware of the associate’s statement, Nelnet advised the financial aid director that the statement was inappropriate, and that Nelnet neither expected nor intended its donation to be consideration for being included on the school’s Preferred Lender List. Nelnet promptly removed the associate from the account for this and other performance related issues and the associate resigned shortly thereafter.

32. Nelnet and a related foundation make scholarship donations to students and to various educational institutions, both those with which Nelnet has relationships and those with which it does not.

33. Nelnet’s logo appears on the websites of several colleges and universities where Nelnet is a recommended lender.

34. Nelnet’s officers have made charitable donations to educational institutions, including those that they previously attended as students.

35. Nelnet is the exclusive preferred lender at approximately two dozen schools.

C. Violations

36. The OAG alleges that the acts, practices and omissions set forth in section I(B) on the part of Nelnet violated Executive Law § 63(12) and General Business Law §§ 349 and 350.

II. AGREEMENT

IT NOW APPEARING THAT Nelnet, while it denies any violation of the laws cited in this Assurance, desires to settle and resolve the Investigation without admitting the OAG's Findings;

AND IT FURTHER APPEARING THAT Nelnet agrees to accept a Code of Conduct promulgated by the OAG for entities that provide and service education loans:

NOW, THEREFORE, the OAG and Nelnet hereby enter into the Assurance, pursuant to Executive Law § 63(15), as follows:

A. Code of Conduct

i. Prohibition of Certain Remuneration to Institutions of Higher Education

37. Nelnet shall not provide, directly or indirectly, anything of value to any institution of higher education in exchange for any advantage or consideration provided to Nelnet related to Nelnet's higher education loan activity, including but not limited to placement on any institution of higher education's Preferred Lender List. This prohibition on providing anything of value shall also include, but not be limited to, (i) "revenue sharing" with an institution of higher education, (ii) providing an institution of higher education with any computer hardware for which the institution pays below-market prices, and (iii) providing printing costs or services. This paragraph shall prohibit Nelnet from providing, directly or indirectly, anything of value to any Alumni Association in exchange for any advantage or consideration provided to Nelnet related to Nelnet's higher education loan activity. As used herein, the phrase "Alumni Association" means any subdivision of an institution of higher education, or any association or group that is a separate or independent legal entity from such an institution, a principal role of which is to serve alumni of a particular institution of higher education or otherwise to foster

relationships between an institution and its alumni. Notwithstanding anything else in this paragraph, Nelnet may continue to participate in school lender programs that are sanctioned by federal regulations and may provide assistance to an institution of higher education as contemplated in 34 CFR 682.200(b)(definition of "Lender")(5)(i).

ii. Prohibition of Certain Remuneration to Higher Education Employees

38. Nelnet shall not provide, directly or indirectly, anything of more than nominal value during any 12 month period to any officer, trustee, director, employee or agent of any institution of higher education, except that nothing in this section shall preclude an officer, trustee, director, employee or agent of any institution of higher education, or any family member thereof, from receiving a loan from Nelnet in the ordinary course of Nelnet's business. Nothing in this paragraph shall prohibit any officer, trustee, director, employee or agent of an institution of higher education, who has no involvement in either the affairs of the institution's financial aid office or in the institution's financial aid decisions, from serving on a Nelnet board or advisory body or otherwise providing services to Nelnet, and receiving remuneration therefrom, provided such services concern non-University business.

iii. Limitations on Lender Advisory Boards

39. Nelnet shall not provide, directly or indirectly, any remuneration to or reimburse expenses of any officer, trustee, director, employee or agent of an institution of higher education for service on any advisory board of Nelnet that addresses issues relating to financial aid or Nelnet's higher education loan activity.

iv. Prohibition of Nelnet's Staffing of Financial Aid Offices

40. No employee, representative or other agent of Nelnet may staff an institution of higher education's financial aid offices at any time where that employee has contact with

students other than general debt counseling, such as in exit interviews with students concerning loan obligations they have already incurred. Nelnet shall take all appropriate steps necessary to ensure that none of its employees, representatives or other agents is ever identified to students or prospective students of an institution of higher education, or their parents, as an employee, representative or agent of an institution of higher education. Nothing in this paragraph prevents Nelnet from promoting or marketing its products or services to borrowers or potential borrowers and/or providing education and information to students on the options, obligations and issues related to financing their education provided that Nelnet does so in its own name.

v. *Prohibition of Opportunity Loans*

41. Nelnet shall not arrange with an institution of higher education to provide any Opportunity Loans as defined above in section I(A)(vi), if the provision of such Opportunity Loans are offered in return for, or in exchange for, a specified loan volume from the institution of higher education or placement on the institution's Preferred Lender List.

vi. *Maintenance of Repayment Benefits*

42. If Nelnet sells, after the date of this Agreement, any education loan that it has provided, or if Nelnet changes the servicer of any loan it has provided, then Nelnet shall take all commercially reasonable steps to ensure that all benefits originally available to a borrower (or other benefits substantially identical or better) during the repayment phase of the loan and the possibility of such benefits, including any benefits that were available but for which the borrower had not yet qualified, will continue to inure to the benefit of the borrower to the same extent as if Nelnet had not sold or changed the servicer of the loan. If Nelnet purchases any education loans, it will honor all benefits promised by the seller (or other benefits that are

substantially identical or better) to the borrower during the repayment phase of the loan.

including the possibility of such benefits.

vii. Full Disclosure of Sales of Loans to Another Lender

43. Nelnet shall fully and prominently disclose to potential borrowers any agreement between Nelnet and any unaffiliated entity to sell loans Nelnet may make to such potential borrowers, if such sale results in Nelnet no longer servicing such loan.

viii. Disclosure at the Request of Institutions of Higher Education

44. Upon the request of any institution of higher education, Nelnet shall disclose to the institution, in reasonable detail and form, (i) the historic default rates of borrowers from said institution, and (ii) the rates of interest charged to borrowers from the institution in the year preceding the disclosures and the number of borrowers obtaining each rate of interest.

B. Nelnet Payment

45. In recognition of the Attorney General's leadership in improving the circumstances under which education financing is made available to college students and consistent with Nelnet's commitment to educating and assisting the public about the financial aid process, Nelnet agrees to donate \$2 million to the New York Attorney General's national fund for educating and assisting high school seniors and their parents regarding the financial aid process.

C. Scope of the Assurance

46. Except as provided below, the Assurance concludes the investigation and precludes any action that the OAG could commence against Nelnet and its respective current and former officers, trustees and employees for the acts, practices, and omissions listed in section I(B) of the Assurance; provided however, that nothing contained in the Assurance shall be

construed to cover claims of any type by any other state agency or any claims that may be brought by the OAG to enforce Nelnet's obligations arising from or relating to the provisions contained in the Assurance. The Assurance shall not prejudice, waive or affect any claims, rights or remedies of the OAG with respect to any person, other than Nelnet and its current and former officers, trustees and employees, all of which claims, rights, and remedies are expressly preserved, nor shall the Assurance create any rights on behalf of persons not parties to the Assurance.

D. Cooperation

47. Nelnet shall cooperate fully and promptly with the OAG with regard to the Investigation and any related proceedings and actions related to higher education loans. Nelnet shall use its best efforts to ensure that all of its officers, directors, employees and agents also fully and promptly cooperate with the OAG in the Investigation and any related proceedings and actions, subject to their individual rights and privileges. Except where prohibited by applicable law, cooperation shall include without limitation:

- (a) Production, voluntarily and without service of subpoena, by Nelnet of any information and all documents or other tangible evidence related to education loan practices reasonably requested by the OAG, and any compilations or summaries of information or data that the OAG reasonably requests be prepared, subject to recognized privileges and protections for confidential information; and
- (b) Using Nelnet's best efforts to cause Nelnet's officers, directors, employees and agents to attend any proceedings related to the Investigation at which the presence of any such persons is reasonably requested by the OAG, and having

such persons answer any and all inquiries that may be put by the OAG to any of them at any proceedings voluntarily, and without service of a subpoena, subject to their individual rights and privileges ("Proceedings" include but are not limited to any meetings, interviews, depositions, hearings, grand jury hearing and trial).

50. In the event any document otherwise required to be provided under the terms of the Assurance is withheld or redacted on grounds of privilege, work-product or other legal doctrine, a statement shall be submitted in writing by Nelnet indicating: the type of document; the date of the document; the author and recipient of the document; the general subject matter of the document; the reason for withholding the document; and the Bates number or range of the withheld document. The OAG may challenge such claim in any forum of its choice and may, without limitation, rely on all documents or communications theretofore produced or the contents of which have been described by Nelnet, its officers, directors, employees, or agents.

51. Nelnet shall not jeopardize the confidentiality of any aspect of the Investigation, including sharing or disclosing evidence, documents, or other information with others during the course of the investigation without the consent of the OAG. Nothing herein shall prevent Nelnet from conferring with counsel or consultants or from providing such evidence or information to regulators or as otherwise required by law.

E. Miscellaneous Provisions

52. The Assurance is entered into Pursuant to Executive Law § 63(15). As such, evidence of a substantive violation of the Assurance by Nelnet shall constitute prima facie proof

of a violation of Executive Law § 63(12) and General Business Law §§ 349 and 350 in any civil action or proceeding subsequently commenced by the OAG.

53. If Nelnet commits a material breach of any of the obligations described herein, the OAG may in its sole discretion terminate the Assurance upon written notice to Nelnet. In such event, any statute of limitations or other time-related defense applicable to the subject of the Assurance and any claims arising from or relating thereto are tolled from and after the last execution date of the Assurance and the Assurance shall in no way bar or otherwise preclude the OAG from commencing, conducting or prosecuting any investigation, action or proceeding, however denominated, related to the Investigation, against Nelnet or from using in any way any statements, documents or other materials produced or provided by Nelnet after commencement of the Investigation, including, without limitation, any statements, documents or other materials provided for purposes of settlement negotiations.

54. The Assurance and any dispute related thereto shall be governed by the laws of the State of New York without regard to any conflicts of laws principles. Nelnet consents to, and waives any objection to, jurisdiction and venue in New York State Supreme Court in New York County, New York.

55. No failure or delay by the OAG in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided herein shall be cumulative.

56. Nelnet enters into the Assurance voluntarily.

57. The Assurance may be changed, amended or modified only by a writing signed by all parties hereto.

58. The Assurance constitutes the entire agreement between the OAG and Nelnet and supersedes any prior communication, understanding or agreement, whether written or oral, concerning the subject matter of the Assurance.

59. The Assurance shall be binding upon Nelnet and its successors, assigns, and/or purchasers of all or substantially all its assets, provided, however, that any successor to Nelnet may petition the Attorney General for relief from such undertakings.

60. The Assurance and its provisions shall be effective and binding only when it is signed by all parties. Nelnet will have until October 1, 2007 to implement the provisions of this agreement, with the exception of paragraph 39 (that portion relating to Nelnet's agreements with Alumni Associations) and paragraph 42 (that portion relating to Nelnet's Financial Aid Solutions contracts), with respect to which Nelnet will have until January 1, 2008 to implement. Nelnet may petition the Attorney General for additional time to implement provisions under this agreement. The Attorney General shall grant that relief for a reasonable time on a showing of good cause for the delay in implementation.

61. The Assurance may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one instrument.

62. Nothing contained herein shall be construed as relieving Nelnet of its obligation to comply with all state and federal laws, regulations or rules, nor shall any of the provisions of the Assurance be deemed permission to engage in any act or practice prohibited by such laws, regulations or rules. In the event that performance of any provision of this Assurance is rendered impossible by any New York or federal law, regulation, or binding directive, such law, regulation, or binding directive shall control. Notwithstanding anything else in this Assurance, Nelnet may continue to engage in conduct sanctioned by federal regulations and may provide

assistance to an institution of higher education as contemplated in 34 CFR 682.200(b) (definition of "Lender")(5)(i)) and guidance from the Department of Education.

63. The acceptance of the Assurance by the OAG shall not be deemed approval by the Attorney General of any of Nelnet's business practices, and Nelnet shall make no representation to the contrary.

64. Nothing in this Assurance constitutes an admission of liability by Nelnet as to any issue of fact or law. Neither this Assurance nor Nelnet's agreement to enter into this Assurance may be offered or received into evidence in any action as an admission of liability by Nelnet, whether arising before or after the Implementation Date.

65. Unless otherwise provided, all notices as required by the Assurance shall be provided as follows:

To the OAG:

Melvin Goldberg, Assistant Attorney General
Office of the New York State Attorney General
Bureau of Consumer Frauds & Protection
120 Broadway, 3rd Floor
New York, New York 10271
tel. (212) 416-8296
fax. (212) 416-6003

To Nelnet:

William J. Munn, Esq.
General Counsel
Nelnet, Inc.
3015 S. Parker Road, Suite 400
Aurora, CO 80014
tel. 303-696-5405
fax. (303) 484-2977

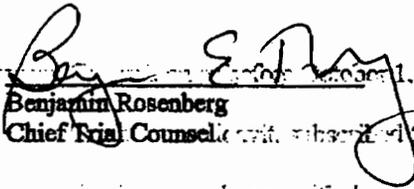
66. Nothing in the Assurance shall be construed to prevent any individual from pursuing any right or remedy at law which any consumer may have against Nelnet.

67. Nelnet shall submit to the Attorney General, on or before October 1, 2007, or such date after October 1, 2007 to which the parties agree, an affidavit, subscribed to by an officer of Nelnet authorized to bind Nelnet, setting forth its compliance with the provisions of the Assurance.

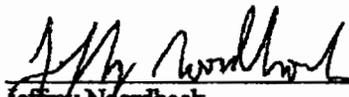
WHEREFORE, the signatures evidencing assent to this agreement have been affixed hereto on the dates set forth below.

Dated: July 31, 2007

ANDREW M. CUOMO
Attorney General of the State of New York

By: 
Benjamin Rosenberg
Chief Trial Counsel

NELNET, INC.

By: 
Jeffrey Noordhoek
President, Nelnet, Inc.