



IOWA DIVISION OF BANKING

CHESTER J. CULVER
GOVERNOR
PATTY JUDGE
LT. GOVERNOR

THOMAS B. GRONSTAL
SUPERINTENDENT

RECEIVED

JAN 19 2010

January 15, 2010

HOUSE OF REPRESENTATIVES

The General Assembly of the State of Iowa
House of Representatives
Senate
Second Floor
State Capital
Des Moines, Iowa 50319

RE: Report of Review of the Qualified Student Loan Bond Issuer

To the General Assembly:

The January 15, 2010, report of review of the qualified student loan bond issuer, Iowa Student Loan Liquidity Corporation, completed by the Iowa Superintendent of Banking is enclosed. This report is submitted pursuant to the Code of Iowa 7C.13(6).

The scope of the review and my findings are shown in the report. I appreciate the opportunity to provide the General Assembly with this report.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas B. Gronstal", written in a cursive style.

Thomas B. Gronstal
Iowa Superintendent of Banking

cc: Governor Chester J. Culver

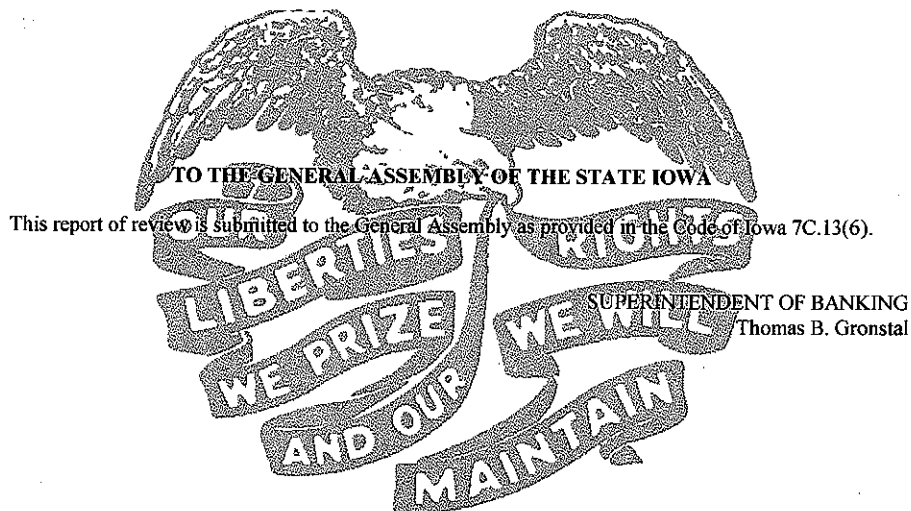
IOWA DIVISION OF BANKING DEPARTMENT OF COMMERCE

REPORT OF REVIEW

Qualified Student Loan Bond Issuer

Iowa Student Loan Liquidity Corporation
West Des Moines, Iowa

January 15, 2010



Iowa Superintendent of Banking

Annual review of the qualified student loan bond issuer

January 15, 2010

The current qualified student loan bond issuer is the Iowa Student Loan Liquidity Corporation (ISLLC)

Scope of Review

Review of assets, loan volume, and reserves.

Review of procedures to inform student about advantages of Title IV loans

Verification of compliance with tax exempt bond issuing requirements

The period under review is the fiscal year July 1, 2008, to June 30, 2009.

Financial review

The Superintendent reviewed ISLLC's most recent audited financial statements dated June 30, 2009 (the auditors noted that the financial statements presented fairly, in all material respects, the financial positions of ISLLC), and interim financial statements dated September 30, 2009; reviewed ISLLC's independent auditor's review of operating controls; and reviewed this information with ISLLC executives.

Findings:

ISLLC is adequately capitalized. A majority of ISLLC's assets are held as student loans guaranteed by the federal government. The net assets and reserves adequately protect the organization from any expected losses in the remaining assets.

The market for bonds secured by student loans remains limited. ISLLC has been able to fund guaranteed student loans through federal government programs. These programs provide funds for new FFELP, Stafford, and PLUS loans, but require ISLLC to refinance the debt created in the program or sell the loans to the Department of Education under the program to retire the debt. Depending on the program, ISLLC will hold loans for 1 to 5 years before refinancing or sale of loans to the Department of Education is required.

ISLLC continues to work with Iowa banks and credit unions to provide funds for private student loans. In this program, ISLLC agrees to service the private student loans that are made and funded by the depository institutions.

Procedures to inform students of advantages of Title IV loans

The Superintendent reviewed information given to students with questions about borrowing for college expenses, private loan application information, and training materials provided to financial aid officers and ISLLC staff regarding private loan applications.

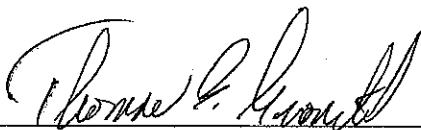
Findings:

Materials given to students and schools note that forms of financial aid other than borrowing should be exhausted before considering borrowing. If the student needs to borrow, the materials note that federal student loans should be exhausted before private loans are considered.

Both online and paper applications for private loans note in their opening paragraphs that all other sources of financial aid and loans should be exhausted before considering a private loan.

Verification of compliance with tax exempt bond issuing requirements

ISLLC has not issued tax exempt bonds in the period under review – July 1, 2008, to June 30, 2009.



Thomas B. Gronstal, Iowa Superintendent of Banking

JANUARY 15, 2010
Date