United States Senate

Committee on Health, Education, Labor, and Pensions

Tom Harkin, Chairman

EXHIBITS

Hearing on

Drowning in Debt: Financial Outcomes of Students at For-Profit Colleges

June 7, 2011

428 Dirksen Senate Building, Washington, DC 20510

DEBT HEARING EXHIBIT LIST

Documents Related to Cost

1. Email between Apollo and ECMC (default manager contractor), October 2008, *re: tuition increase is a reason why students are not returning ([Our grace period counselors] are starting to hear an increase in the reason the student is not returning to school is because they are advising that the price increase/high tuition is preventing them from returning.)* (AGI 0045757)
2. Corinthian Admissions Representative Training Manual (CCi-00046774) (Excerpt)
3. DeVry Internal Email, September 2010, re: *pricing (reasons to be careful about a strategy to more aggressively raise prices…congressional scrutiny)* (DEVRY0036666)
4. EDMC Internal Email, June 2008, re: *Alt Loan Amendment (I am reluctant to be telling the new students about the price increase now, because it will leak out to the continuing students from FA or the ADA's before the summer term begins)* (EDMC-916-000211843)
5. EDMC Internal Email, May 2007, re: *New Tuition Increase (We are already getting a significant amount of parents objecting to a new plan with the new rates – especially since they have just signed off on a plan recently. I am really concerned that we will lose many of these students since many of the parents are telling SFS that they feel that they have been deceived.)* (EDMC-916-000212577)
6. EDMC Internal Email, May 2007, re: *October Tuition (It appears this policy decision and determination of the actual rate increase by CS was made without clear communication to the campus, which if true greatly concerns me...we do not have enrollment agreements printed reflecting a fall increase since we were not notified…more importantly, is this the right thing to do?)* (EDMC-916-000220745)
7. EDMC Internal Email, May 2008, re: *Tuition Increase (when we change the tuition on existing students if we do not provide them with this time it creates a backlash on the school and our potential for student drops is larger. They need to absorb the information and get over the initial emotional impact.)* (EDMC-916-000212943).
8. EDMC Internal Email, June 2008 *(Although we all know intellectually why we are doing this, the fact remains that the sticker shock of a tuition increase of this magnitude, coupled with the financing issues we will face with the resulting gaps, could easily cause a blip in our enrollment and new start plans for fall.)* (EDMC-916-000211780)

9. Herzing Internal Email, November 2009, re: *Tuition (In my experience, and especially lately, the majority of our students cannot afford higher payments.)* (HP000005730).
10. Herzing Internal Email, November 2009, re: *Tuition Increase Recommendations (We would prefer to see no increase as there is already a struggle for many students…Any increase will make it much more difficult for students to be able to graduate in their programs. This is only adding to the student's debt without them gaining additional marketable skills/degrees.)* (HP000006785).
11. Herzing Student Email (*I wish this "Annual" increase was brought to my attention before I signed all the papers to be admitted.)* (HP000006912)
12. Kaplan Internal Email, September 2009, re: *Pricing (I received a request from the Sacramento to increase the tuition from $26,167 to $28,450, a 8% increase…With the new pricing, we can lose 2 students and still make the same profit.)* (KHE 173528)
13. Kaplan Internal Email, January 2010, re: *Charges for Withdrawn Students (both of these students have stop attending school and we should reverse them earlier so there charges will be wiped out but they now will owe a huge balance to and morally this is not right and we have failed student because now they are not going to pay school and their account going to be sent to collection and ruin their credit as well.)* (KHE 225803)
14. Kaplan Internal Presentation, *Strategies for Overcoming Objections to Tuition Payment Commitment* (KHE 272320) (Excerpt)
15. Kaplan Internal Email, December 2009, re: *Tuition Discussion with Campus Presidents (Increases above 3%, especially in Iowa where the ITG tuition disbursement schedule and award reduction modifications are to be implemented for 2010, would cause a disruption in student packaging expectations that would lead students to reduce their class loads, or as a worst case scenario, drop from our programs to attend a cheaper program whereat they could reduce out-of-pocket tuition expenses.)* (KHE 354626)

<u>Documents Related to Institutional Loans</u>

16. CEC Institutional Loan Breakdown (CEC000018394)
17. CEC 2009 Q1 Earnings Conference Call (Excerpt)
18. Corinthian August 2010 10-K (Excerpt)
19. Corinthian 2009 Q4 Earnings Conference Call (Excerpt)
20. Corinthian 2011 Q2 Earnings Conference Call (Excerpt)

21. Corinthian Institutional Loan Breakdown
22. DeVry Institutional Loan Breakdown (DEVRY 037499)
23. EDMC Institutional Loan Breakdown (EDMC-916-000106405)
24. EDMC EFL Reserve Review, June 30 2010 (EDMC-916-000084080) (Excerpt)
25. Federal Loan Lifetime Default Rates
26. ITT Internal Presentation to Board of Directors, *Program for Education and Knowledge Access (PEAKS) Flow Diagram Summary of Transaction Details*, January 2010 (ITT-00146556) (Excerpt)
27. Kaplan Internal Memorandum, June 2009, *Kaplan Higher Education Corporation Reserve Estimate for Kaplan Choice Loans (Given the low FICO profile of the students, Universal Loan default trends, and the poor economy, Kaplan is recommending a repayment default reserve of 80%.)* (KHE 0037010)
28. Kaplan Internal Email, July 2010, re: *Setting the Reserve Rate for Defaulting Student Loans (Based on the May balances (June is not yet available) an additional reserve of $750K…would need to be recorded to increase the reserve to 85%.)* (KHE 207125)
29. Kaplan Internal Email, April 2009, re: *Institutional Loan Reserves (…we should assume an 80% default rate for loans in repayment with the potential to make adjustments for recoveries through collection efforts. For loans in interim status, we should rely on the drop rate for KU/KHEC to give us an estimate of expected defaults…we estimate drops to occur at a rate of 5% per month over 18 months (approximately 60%).)* (KHE 207170)
30. Kaplan Institutional Loan Breakdown (KHE 0036988)
31. Westwood Institutional Loan Breakdown (WP000035170)
32. Westwood Loan Contract

<u>Documents Related to Default</u>

33. Apollo Internal Email, May 2010, re: *Default Information (Below is our estimated Lifetime Default Rates based on the logic that 47.5% of all defaults occur in the first 3 years of repayment . . . Lifetime CDR for 2006 WIU = 77.7%.)* (AGI 0049553)
34. Apollo Internal Email, September 2008, re: *Cohort default rates (We expect the CDR to remain high for WIU for FY2007 because of the Axia population who obtained loans under the WIU school code . . .)* (AGI 0048359)

35. Apollo Internal Email, September 2007, re: *Axia and WIU 2005 Cohort Default Rate Notification (Axia, on the other hand, represents the main cause of our dilemma and we don't control that operation…Can you please confirm that someone responsible in Axia is taking the necessary steps to help WIU improve its score.)* (AGI0048483)

36. Apollo Internal Email, July 2009, re: *HELP – PLEASE HURRY (WIU's default rate was 11.4% . . . With Axia removed, WIU's default rate for FY2005 would have been 3.4%.)* (AGI 0049229)

37. Corinthian Internal Memorandum, *Financial Aid and Default Prevention Organization* (CCi-00057049) (Excerpt)

38. Corinthian Internal Presentation, *Default Prevention Operations* (CCi-00056216) (Excerpt)

39. ITT Internal Email, July 2008, re: *Student Denied Loan by Alternative Lender (If this is actually what the student's father was told by Chase, we have a SERIOUS issue here…His dad was denied for the private loan and called Chase to ask why then called one of my FAAs today to let her know the reason he wasn't approved for the private loan was because of 'ITT's default rate with loans.')* (ITT-00124872)

40. Kaplan Internal Email, November 2009, re: *KU CDR Original Loan Amount and Default Rate (Must modify the value proposition so that Dropped Students do not cause such extensive harm to themselves and KU.)* (KHE 197327)

41. Kaplan Internal Email, May 2010, re: *Loan Reimbursement for Reversed Student (The student failed themselves…!)* (KHE 290825)

42. Kaplan Internal Email, October 2009, re: *CDR Analysis for 2007 (my prior thought is that we may have a high count of 'low dollar' defaulters…and if so what we can legally do to eliminate the low dollar defaulters before they make it into the stats…)* (KHE 140077)

43. Kaplan Internal Email, February 2010, re: *Default Reduction (If they drop out in first 3-30 days range as a final reverse them as a start, and thus reverse all of their FA. This would cut our bad debt and reduce our default exposure. This is radical but so are the consequences of missing 90/10, default, and outcomes.)* (KHE 154379)

44. Kaplan, May 2010, *Kaplan CDR Strategy Presentation* (KHE 262309) (Excerpt)

45. Kaplan Internal Email, March 2009, re: *Placing hold for default aversion? (I am not certain that KHE Academics or Academic Technology would buy into blocking a student's ability to print themselves an unofficial transcript b/c of a loan default…)* (KHE 374492)

46. Kaplan, *Cohort Default Rates Projections* (KHE 0049888)
47. Strayer Internal Presentation, *2007 Final Cohort Default Rate Analysis*, October 2009 (SC-HELP-015108) (Excerpt)

Documents Related to Default Management

48. Apollo, Default Management Plan, September 2010 (AGI 0032841) (Excerpt)
49. Education Fund Delinquent Borrower Counseling Guide (CEC000012738)
50. A skip tracing guide to locating students (CEC000012813) (Excerpt)
51. Student Decision Tree (CEC000012987)
52. Corinthian Internal Email, April 2010, re: *CDR Daily Activity 4-28-10 (Team Central…you did it! We cured 243 students on Wednesday, with 176 from the 2009 Cohort!)* (CCi-00068416)
53. First Amendment to Corinthian's Cohort Default Management Services Agreement, June 2010 *(Additionally, CCI will pay [Redacted] a performance bonus of [Redacted] each time [Redacted] brings a CCI borrower with a delinquent Account into a current and up-to-date status for all loans that would impact the Fiscal Year 2010 3-year Cohort Default Rate if a default were to occur.)* (CCi-00067423)
54. Corinthian Internal Email, July 2010, re: *Daily Update on Cohort Default Management West Division Cure Activity (We NEED a strong Saturday to end this week on a high note !!!)* (CCi-00067492)
55. Corinthian, *Delinquent Borrower Checklist (Because these students are over 270 days delinquent does not mean they cannot be cured – these borrowers' claims may still be in the process of being paid and they CAN STILL BE SAVED!)* (CCi-00067548) (Excerpt)
56. ECPI Default Management Presentation *(So, what do we have to do to keep someone out of default? On average, we only have to get students to pay or forbear their loans for 6 months! With the proper effort, it really isn't that hard to keep your default rate low.)* (E0007942)
57. ITT, Contract for Default Management Services with General Revenue Corporation, June 2010 (ITT-00002284) (Excerpt)
58. ITT Internal Email, January 2010, re: *Cohort Default Rate Management Techniques (Additionally, educational deferments are a strategy (albeit poor) to avoid entering*

repayment of student loans so there is a risk of more students approaching lifetime Stafford limits as they move from school to school to maintain their deferment.) (ITT-00146861)

59. Kaplan Internal Email, November 2008, re: *Review of Default Management Concerns ([We] are in the process of two initiatives to help your campus. One is using an outside skip vendor to locate the "unlocated." The second is utilizing the private investigators for the late stage borrowers.)* (KHE 111080)

60. Kaplan Internal Email, June 2010, re: *Enticing Student with Career Services In Order to Get Them to Sign a Forbearance and Unemployment Deferment Form (I have been trying to get this student to come and sign a forbearance for the past couple of weeks and couldn't get her to come in. She wanted Career Services to give her some leads first…and Traci called her right away and brought her in…I was able to get her to sign forbearance and an unemployment deferment. Woohoo! One more student off the delinquency Report…Now that's what u call TEAM WORK!)* (KHE 369139)

61. Kaplan Internal Email, August 2009, re: *ATB student defaults and death, jail, military ([W] check the "records of vital statistics on all borrowers including ATB, we also check the military site for those who may have [been] called up for service and possibly qualify for military deferment. In addition we check the jail/prison as well…Regarding the ATB testing, the population can certainly be a challenge and…not worth the distraction…1 out of 150 ATB students died (usually from street violence).)* (KHE 192004)

62. Kaplan, Cohort Default Management Agreement with Corporate Risk International, April 2008, *Terms of Engagement for Retention of Investigative Services (Kaplan hereby engages CRI to locate certain current or former students of Kaplan…to execute the appropriate forbearance form set forth in Attachment 1.)* (KHE 0036513) (Excerpt)

63. Kaplan Internal Email, December 2009, re: *Cohort Default Rate Management (Under the two year plan, we could use deferments or forbearances to get out of dangers. Can we do the same for the 3 year CDR?)* (KHE 112966)

64. Kaplan Internal Email, February 2010, re: *3 Year Cohort Default Rate Strategy* (*the new 3 year Cohort Default rate is changing our strategy. We can no longer secure forbearances or deferments to cure the defaults. The student will actually have to make payments, thus they need some form of income.)* (KHE 186533)

65. Kaplan Internal Email, July 2009, re: *Delinquent Accounts for Top 6 (The PIs [Private Investigators] are still working the top 16.)* (KHE 191661)

66. Kaplan Internal Email, November 2009, re: *Use of Private Investigators (I did not include the PI usage since depending on the audience it could be looked upon negatively.)* (KHE 197325)

67. Kaplan, *Summary Default Management Initiatives* (KHE 197326)

68. Kaplan, July 2009, *Default Management Status Update and Strategy (Default Management Expenditures YTD)* (KHE 270925) (Excerpt)

69. Kaplan Internal Email, December 2009, re: *("Cleaning up" past due loans before winter break (Those students need to be cleaned up this week…If something happens to any of those students and they don't return from break, you'll never get your money.)* (KHE 339979)

70. Kaplan Internal Email, June 2010, re: *KU Executive Summary Report for 6/21/2010 (we hired GRC…to work those delinquent borrowers…KU's performance for CT 2010 is least impressive. Only GRC is actively working the CY 2010 borrowers and their activity for that cohort year is less robust than for the others.)* (KHE 129372)

71. Westwood College Board of Directors Presentation, August 2009, re: *Cohort Default Rates (Pursuing deferments and forbearances was a very efficient and effective default strategy when the measurement period was only 2 years as typically only one Deferment or Forbearance request was required to remove the student from the measurement period.)* (WP000000439) (Excerpt)

Complaints

72. ITT Complaint *(Graduate disputes the amount and interest rate calculated on several of his private loans and claims that ITT and Sallie Mae unethically conspired to steer him to loans with unconscionably high interest rates)* (ITT-00005632)

73. ITT Complaint *(I've heard of 10k for a 2 year degree but 40k?! When the financial office is asked for a price on much tuition is they have no idea…I recently contacted my campus and even they are confused at how much they took out in loans!)* (ITT-00009376)

74. ITT Complaint *(This money could have been properly used to pay bills and pay down debt, but I used it in the hopes of improving my knowledge so that I could improve my worth in*

society, for a higher paying job. Instead now I have a loan to pay off and absolutely nothing to show for it.) (ITT-00009785)

75. Kaplan Complaint *(The uncle questions the schools acceptance of (student) with his Cerebral Palsy and ADD. He is left with $8400 in loans for a degree he could not possibly obtain with his mental handicap.)* (KHE 0038287)

76. Kaplan Complaint *(could come back to school only if I agreed to let the school soak me for another $7000 more in unexplainable and unjustifiable expenses on top of the more than $40,000 that they have already overcharged me for.)* (KHE 0039218)

77. Kaplan Complaint *(The program I attend is not what I thought it was and I am not learning anything…Quite frankly, I'm very frustrated. I understand the economy is really bad, but not only can't I get a paid internship or an entry-level job, but I don't even get reject letters anymore.)* (KHE 0039597)

78. Lincoln Complaint *(I went to school to better my life, and when my loans become due, I will actually be in worse financial shape than I was before I attended school. I wish I would have never attended school at all, and had I known the reputation of the campus here, I would have never signed up.)* (Linc0000001)

Documents Related to Cost

EXHIBIT 1

From: Jeff Sonnenberg
Sent: Thursday, October 02, 2008 1:52 PM
To: Claudia Rodriguez; Lynn Shirk
Cc: Robert Collins
Subject: RE: GP
Attachments: image001.jpg

[redacted]

Jeff Sonnenberg, Vice President of Financial Services
University of Phoenix
4025 S. Riverpoint Parkway | Phoenix, AZ 85040
[redacted]

From: Claudia Rodriguez
Sent: Thursday, October 02, 2008 10:50 AM
To: Lynn Shirk
Cc: Jeff Sonnenberg; Robert Collins
Subject: RE: GP

[redacted]

Claudia Rodriguez, Senior Director, Student Financial Aid
Apollo Group Inc | Apollo Student Financial Aid
4025 S. Riverpoint Parkway, Mail Stop AA-L101 | Phoenix, AZ 85040
[redacted]

From: Lynn Shirk
Sent: Thursday, October 02, 2008 10:34 AM
To: Claudia Rodriguez
Subject: FW: GP

Didn't we have a tuition increase on July 1st? Very interesting feedback. ECMC is great.

Lynn Shirk, Default Aversion Manager
Apollo Group
Student Financial Aid Implementation and Training | 4025 South Riverpoint Parkway | Mail Stop AA-L101 | Phoenix, AZ 85040
[redacted]

From: Worthington, Jay [redacted]
Sent: Thursday, October 02, 2008 8:26 AM
To: Lynn Shirk
Subject: GP

Morning Lynn,

A couple of our grace period counselors had mentioned this, so I thought I would run it by you. They are starting to hear an increase in the reason the student is not returning to school is because they are advising that the price increase/high tuition is preventing them from returning. We have been using the reason code financial to report these. I would think financial would be for students experiencing personal financial difficulties. They are sort of related but you might consider adding a new reason code.

Thanks.

Jay Worthington
Director, Default Prevention
[redacted]
www.ecmc.org

EXHIBIT 2

SECTION V

COMMON OBJECTIONS AND RESPONSES

The vast majority of all inquiries to the college begin with the prospect asking questions about a specific career. The phone script is designed to address those questions. However, representatives can expect to receive some inquiries that begin with much tougher questions to answer. Listed below are some of the tough questions with a variety of recommended responses. Prospects that make the requests that are mentioned below are usually wary and require a great deal of rapport building in order to schedule the appointment. If you take special care with these prospects, they will respond to your direction. There is no single right way to respond to these objections or concerns. The following examples will give you a good sense of how to respond:

1. **OBJECTION**: ***"JUST SEND ME A BROCHURE."***

"John, I will be happy to send you a brochure. Could I have your mailing address? (Take the mailing address and then make the following response): John, to be perfectly honest, more times than not, a brochure is going to raise more questions than provide the answers you need to make an intelligent decision about your future. Could you tell me why you are requesting a brochure?" (Proceed with phone script).

2. **OBJECTION**: ***"I ONLY WANT BROCHURES SENT TO ME."*** [ALTERNATE RESPONSE]

"I'll be glad to send you a brochure. But, you know Sandy, whenever I send brochures to people, they find that the information we sent out did not really answer all their questions and so they decide to go ahead and come into the school. I know you must have a lot of really important questions. Don't you think you owe it to yourself to get all the answers? I'm currently setting appointments for today and tomorrow, which would be better? Morning or afternoon? 1:30 PM or 3:30 PM? Great! I look forward to seeing you."

3. **OBJECTION: *"JUST SEND ME SOMETHING IN THE MAIL."*** [ALTERNATE RESPONSE]

"I can see how you feel about wanting the information mailed before setting an appointment. Many of my other students felt the same way, but what they found was the literature I sent was very general in nature and really did not answer all the questions they had. So this is the reason I normally suggest that we set a time so you can come by and visit the campus and get a good feel for the school as a whole. Mary, don't you think it will be worth a little bit of your time to get all the information you're looking for? I have some time available late this afternoon. How about coming over at 4:30 PM?"

4. **OBJECTION: "*SEND INFO – I'D RATHER HAVE INFORMATION SENT TO MY HOME THAN SET AN APPOINTMENT."*** [ALTERNATE RESPONSE]

"Debbie, I understand how you feel. I talk to people everyday about our programs and some have felt the same as you. What they have found is that by visiting our campus, they get to see first-hand the equipment our students are trained on, plus have the opportunity to get specific answers to important questions. By the time you leave our campus, you will know exactly what steps you need to take in order to work as a Medical Assistant. Now, I'm setting appointments specifically for our medical programs..."

5. **OBJECTION: *"I'M CHECKING OUT ALL THE SCHOOLS AND JUST WANT SOME GENERAL INFORMATION."***

"That's great; I can certainly understand that you want all the information to make the right choice. Most people I talk to find that they need to visit schools in order to make the best decision for themselves. I'd like to suggest that you come down and visit our campus so that you can gather all the information you'll need to make a good decision. How does that sound?"

6. OBJECTION: ***"HOW MUCH DOES IT COST?"***

"John, the cost of the program will vary depending on several factors. Is your question really how much is it going to cost you in out-of-pocket dollars? (Response). In order for me to answer the question, first we would have to determine the right program for you. Second, we would have to determine what time-frame you expect to complete the program (only true if credit hour charging is used); and finally, the Student Finance office would determine the types of financial assistance you may be eligible for. Could you tell me why you are asking about the cost?" (Proceed with phone script).

7. OBJECTION***: "CAN YOU TELL ME THE COST OF YOUR COURSE?"*** [ALTERNATE RESPONSE]

"If you're like most people I talk to, you're probably more concerned with how you can pay for school vs. how much it costs. There are a variety of financial assistance programs that make it very affordable to attend college. Would you be interested in finding out more about them?"

8. OBJECTION: ***"DO YOUR CREDITS TRANSFER?"***

"John, we are not a preparatory college. Our programs are designed to be terminal in nature. What I mean by that is we will provide you with the education, training, and skills necessary to get you in the job market as soon as possible with the skills necessary to perform the job. You will earn a diploma or degree in your field of study. However, in the event you may want to transfer your credits to another institution, you will need to ask the receiving institution that question. You should do this before you enroll with us. In all candors, in most cases your credits will probably not be transferable to any other college or university. For example, if you entered our school as a freshman, you will still be a freshman if you enter another college or university at some time in the future even though you earned units here at our school. I can tell you that our policy is that we accept credit from all accredited colleges provided if it falls within your area of study and you have maintained a grade of C or better. John, are you looking for a prep college or a college that will give you the education and training necessary for immediate employment?"

9. **OBJECTION: *"ARE YOUR CREDITS TRANSFERABLE?"*** [ALTERNATE RESPONSE]

"I can understand why you are concerned about the transferability of credits. Some of our students initially ask about credit transfer. In all candors, in most cases your credits will probably not be transferable to any other college or university. For example, if you entered our school as a freshman, you will still be a freshman if you enter another college or university at some time in the future even though you earned units here at our school. Of course, if for some reason you want to transfer your credits to another college, before you enroll with us you should ask the receiving institution if they'll accept our credits. There are two important points to remember: First of all, our programs have been designed to take the students straight into the job market at the end of their program. Second, we place a great deal of emphasis on what the employer will require rather than on what would be needed to transfer to another college. Can I ask you why you are asking about credit transfer?"

10. **OBJECTION: *"I JUST WANT TO THINK ABOUT IT."***

"John, I understand what you are saying. I am like that myself. This is an extremely important decision you are about to make and if you are like me, you want enough information to make an intelligent decision. Right now, you do not have enough information to do that and frankly, I cannot give you enough information by phone to help you. A career consultation is designed to give you all the information you will need to make that decision. Doesn't it make sense to get as much information as possible so you can return home with the facts you will need to make a good decision?" (You should include the last question to overcome the prospect's fear of coming in. This question is designed to take pressure off the prospect by telling him that he can return home to make the decision).

EXHIBIT 3

Babel, Tom

From: [redacted]
Sent: Wednesday, September 08, 2010 6:56 AM
To: [redacted]
Subject: FW: pricing

From: Pauldine, David
Sent: Tuesday, September 07, 2010 5:41 PM
To: Sitarski, Laura Kendall
Subject: FW: pricing

5 of SEVERAL.

David J. Pauldine
President, DeVry University

DeVry University
3005 Highland Parkway - 4th Floor
Downers Grove, IL 60515-5799

p: [redacted]
e:

www.devry.edu<http://www.devry.edu>

From: Pauldine, David
Sent: Tuesday, September 16, 2008 8:24 AM
To: Pauldine, David
Subject: FW: pricing

From: Pauldine, David
Sent: Monday, September 15, 2008 5:56 PM
To: Pauldine, David
Subject: pricing

1. Reasons to be careful about a strategy to more aggressively raise prices:

a. [redacted]

b. Congressional scrutiny

c. [redacted]

d. [redacted]

e. [redacted]

2. Redacted by HELP Committee [redacted]

a.

b.

c.

d.

e.

3.

David J. Pauldine
President, DeVry University
DeVry Inc.
One Tower Lane
Oakbrook Terrace, IL 60181

Redacted by HELP Committee [redacted]

EXHIBIT 4

From: Them, Richard
Sent: [redacted]
To: Redacted by HELP Committee
Cc: [redacted]
Subject: RE: Atl Loan Amendment

Redacted by HELP Committee

From: Redacted by HELP Committee
Sent: Sunday, June 08, 2008 3:52 PM
To: Redacted by HELP Committee
Cc: [redacted]
Subject: RE: Atl Loan Amendment

Richard,

Redacted by HELP Committee
Redacted by HELP Committee I would like to see if we could get Redacted by HELP Committee on the phone with you on this.

This is critically important as we think through managing this price increase.

I am reluctant to be telling the new students about the price increase now, because it will leak out to the continuing students from FA or the ADA’s before the summer term begins.

John

From: Biebighauser, Victor
Sent: Friday, June 06, 2008 7:58 PM
To: Redacted by HELP Committee
Cc: [redacted]
Subject: RE: Atl Loan Amendment

We discussed this issue a bit today in our A/R meeting, and our advice is that we be very cautious about asking students to reapply for alternative loans in mid-stream. Our experience has been that this will trigger a new credit pull, and in some cases has resulted in the students' existing loans being cancelled and further scheduled disbursements being eliminated. In fact, we would suggest that this be avoided.

The question of whether we can increase the amount of an already approved alternative loan is the issue. If we can do that without triggering a reapplication, that would be the desirable result. If not, we would be very reluctant to reopen existing approved loans. We have found that these students' credit scores can change rapidly, usually for the worse.

We need to be very careful here.

Vic

From: Them, Richard
Sent: Friday, June 06, 2008 6:44 PM
To: South, John
Cc: Biebighauser, Victor; [redacted]
Subject: RE: Atl Loan Amendment

The answer seems to vary a bit on a per loan basis.

I assume the student already has an alternative loan and the tuition increase is effective for the Fall

In some cases this is not a big deal like with Chase since their credit criteria has not changed year to year.

The Sallie Mae discount loan (CEAL), the EDMC amount was already capped, so the new loan period

may have to fit under the new serial discount or serial loan program for in-school students who have prior alternative loan

with Sallie Mae.

I assume the schools will know about the tuition increase soon so as the students are applying or repackaging

for alternative loans for the summer and fall start, they would include the increased tuition in their request.

Let me do some digging and see how many may need to reapply for the same loan period

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From: South, John
Sent: Friday, June 06, 2008 3:23 PM
To: Them, Richard
Cc: Biebighauser, Victor; [redacted]
Subject: Atl Loan Amendment

Richard,

Have you inquired as yet from Chase or Sallie Mae on how we can handle the alternative loans on repackaging without reapplying since we have to put in this price increase?

John

EXHIBIT 5

From: Jenkins, John
Sent: Wednesday, May 09, 2007 9:06 PM
To: Them, Richard
Subject: New Tuition Increase

Hi Richard,

I just need some clarification on how to proceed with our summer and fall students who have already been planned under the old tuition rate. As you are aware this year, we have done much better and have already planned [redacted] of our summer and fall students. In addition to that, [redacted] are in process (status 1/2/8/9). We are already getting a significant amount of parents objecting to a new plan with the new rates -- especially since they have just signed off on a plan recently. I am really concerned that we will lose many of these students since many of the parents are telling SFS that they feel that they have been deceived. I realize that our enrollment agreement says we have the right to raise tuition, but the financial aid rates were not loaded until recently and plans were presented as final plans. I understand that the rates are now updated for the next three years so this is a one time problem. I believe it would be in the best interest of the college to at least honor the original plans of the students who are in the 4&5 statuses.

I am also facing a moral problem in SFS department. They have been very excited to have moved so many students and now they feel that their work has actually been a negative. I would appreciate any help that you can provide me regarding this matter. Thanks a lot.

John

John Balester Jenkins
President
Campus Name [redacted]
Redacted by HELP Committee
Redacted by HELP Committee
Redacted by HELP Committee

EXHIBIT 6

From: Restivo, Charles
Sent: Monday, May 21, 2007 4:20 PM
To: Mazzoni, John
Subject: FW: October Tuition

Importance: High

John,

It would be good to communicate something on this soon. [redacted] and [redacted] have built in October increases. I thought it was clear from the start that increases should be expected in October. That is apparently not the case (see emails below).

Charles

From: Palermo, Jim
Sent: Monday, May 21, 2007 10:27 AM
To: Restivo, Charles
Subject: RE: October Tuition

Charles,

Not that I know of. The original discussion and the FAQ document that is on the intranet implied the next increase would be after the October start. I have asked John to confirm what our intention is. I had not heard of any change. Obviously there are budget implications.

Jim

From: Restivo, Charles
Sent: Monday, May 21, 2007 11:23 AM
To: Palermo, Jim
Subject: October Tuition

Jim,

Has there been any discussion with the DoAs on the tuition increase in October? So far only AiM has raised the issue.

Charles

From: Marzano, Joseph
Sent: Monday, May 21, 2007 9:53 AM
To: Restivo, Charles
Cc: Doyle, Lisa; Palermo, Jim
Subject: RE: Chef Meeting in Houston June 4 - 5

Actually, [redacted] John Mazzoni presented the pricing analysis for eliminating lock-in and implementing an annual (rather than semi annual) tuition increase effective in November 2006. John specifically stated, and the minutes of the call reflect it, that subsequent to the November 2006 increase there would be "another increase occurring in November 2007 for all continuing and new students." I remember hearing him say that to all of us on that call, Charles.

I understand the WACHR may have been calculated at CS based on that increase occurring in November, which explains why our calculated WACHR seemed high (as I expressed on April 17 to [redacted]). There has also been no formal communication directly to implement a rate increase at any specific rate effective either October or November. I have asked other school presidents if they were aware of a tuition increase being planned for October rather than November, and they indicated they were not aware.

We have over 500 GAs written for the October start, with about 270 +/- written by January 16 so they are subject to lock-in at the pre-January 17 rate. The rest have applied at the current "non-lock-in" rate, and while we have the right to raise the rate at any time we will need to go back those 230 +/- applicants and tell them the rate is 5% higher.

It appears this policy decision and determination of the actual rate increase by CS was made without clear communication to the campus, which if true greatly concerns me. We have SFS FAOs planning people at different rates for fall, and we do not have enrollment agreements printed reflecting a fall increase since we were not notified. While I do not agree with an October increase for the above stated reasons, at least if we'd been informed our admissions team would have used that to push up July and August starts.

What do we gain compared to what we may lose, by doing this? More importantly, is this the right thing to do? I appreciate you being open to hearing me, Charles. I think this deserves a communication to all Ai in the event they are not clear on the intention by CS, and (like us) have not been preparing appropriately.

Joe Marzano
President
[redacted]
www.artinstitutes.edu/minneapolis <BLOCKED::http://www.artinstitutes.edu/minneapolis>

"If it falls your lot in life to touch the lives of others, be sure you touch them in such a way that you leave them better than you found them." - Dr. Benjamin Elijah Mays

---

From: Restivo, Charles
Sent: Thursday, May 17, 2007 5:13 PM
To: Marzano, Joseph
Subject: RE: Chef Meeting in Houston June 4 - 5

Joe,

[redacted]

Charles

From: Marzano, Joseph
Sent: Thursday, May 17, 2007 4:46 PM
To: Restivo, Charles
Cc: Doyle, Lisa; Swenson, Jeffrey
Subject: RE: Chef Meeting in Houston June 4 - 5

I learned today that [redacted] shows our tuition rate increasing in October from $414 to $435. Is this a decision that has been made? If so I had not heard of this.

Last year the schools were told by John Mazzoni that our annual increases would be in November (effective after the fall start). We currently have a large number of fall applicants who understand their rate will be $414; a decision to subsequently increase their rate might be viewed very negatively. Mary is concerned they will see it as “bait and switch”. If we increase in November, for which we do not yet have many applicants, we can use that to help us promote the October start (a lower tuition rate for that quarter before their rate increases for subsequent quarters).

I’d appreciate knowing what if any decisions have been made, and if we can confirm an increase for November rather than October. Thank you.

Joe Marzano
President
Campus Name
Redacted by HELP Committee
Redacted by HELP Committee
www.artinstitutes.edu/minneapolis <BLOCKED::http://www.artinstitutes.edu/minneapolis>

“If it falls your lot in life to touch the lives of others, be sure you touch them in such a way that you leave them better than you found them.” - Dr. Benjamin Elijah Mays

____

From: Restivo, Charles
Sent: Thursday, May 17, 2007 3:57 PM
To: Marzano, Joseph
Subject: RE: Chef Meeting in Houston June 4 - 5

Joe,

Redacted by HELP Committee

Charles

____

From: Marzano, Joseph

Sent: Thursday, May 17, 2007 1:56 PM
To: Redacted by HELP Committee
Cc: Restivo, Charles; Doyle, Lisa; Swenson, Jeffrey
Subject: RE: Chef Meeting in Houston June 4 - 5

Redacted by HELP Committee

Joe Marzano
President
Campus Name
15 South 9th Street
Minneapolis, MN 55402
Redacted by HELP Committee
www.artinstitutes.edu/minneapolis <BLOCKED::http://www.artinstitutes.edu/minneapolis>

“If it falls your lot in life to touch the lives of others, be sure you touch them in such a way that you leave them better than you found them.” - Dr. Benjamin Elijah Mays

____

From: Redacted by HELP Committee
Sent: Thursday, May 17, 2007 1:32 PM
To: Marzano, Joseph
Subject: FW: Chef Meeting in Houston June 4 - 5

Importance: High

[redacted]

[redacted]

Dean of Academic Affairs

[redacted]

Sent: Thursday, May 17, 2007 1:14 PM
[redacted]
Subject: Chef Meeting in Houston June 4 - 5
Importance: High

Chef/Directors: [redacted]

Please mark your calendar, on June 4th & 5th there will be a Chef/Directors meeting in Houston, Texas. [redacted]

I'll send more details later today or tomorrow. I would appreciate anyone with a potential schedule conflict letting me know ASAP (we need to plan for rooms).

Thanks

Redacted by HELP Committee

Campus Name

Redacted by HELP Committee

Redacted by HELP Committee

Redacted by HELP Committee

Redacted by HELP Committee

EXHIBIT 7

From: Them, Richard
Sent: Saturday, May 24, 2008 3:53 PM
To: Finuf, Danny
Subject: Re: Tuition Increase

Hello

My point is that we do not need it in the agreement but that could be your practice

----
Sent from my BlackBerry Wireless Handheld

----- Original Message -----
From: Finuf, Danny
To: Them, Richard
Sent: Sat May 24 08:19:50 2008
Subject: RE: Tuition Increase

I prefer not to. The problem is when we change the tuition on existing students if we do not provide them with this time it creates a back lash on the school and our potential for student drops is larger. They need to absorb the information and get over the initial emotional impact. This is why we have not had a major issue with students dropping with our increases (thus far).

From: Them, Richard
Sent: Friday, May 23, 2008 5:38 PM
To: Finuf, Danny
Subject: RE: Tuition Increase

Can we make sure the 90 day notice is not included in any new enrollment agreement printings?

From: Finuf, Danny
Sent: Friday, May 23, 2008 5:15 PM
To: _BMC PRES
Cc: Redacted by HELP Committee
Subject: Tuition Increase

Presidents,

As mentioned on the CoP call last week the annual increase information will be coming to you on Tuesday. Given the short notice please be prepared to do the following:

Have your thoughts prepared for the major accomplishments this past year (accreditation achievements, new equipment, new facility, expansion of facility, new programs, strong employment rates, etc) as well as your major plans for next year so that you can easily put them into the letter that I send to you.

Mailing preparation - Since these notification must be to the students house by June 3 (in keeping with the 90 notice prior to implementation date of Sept 2) it will be important that you are prepared to have these mailed by next Friday.

Thanks and have a terrific holiday weekend.

Danny

EXHIBIT 8

From: Biebighauser, Victor
Sent: Tuesday, June 24, 2008 1:51 PM
To: Them, Richard
Subject: Redacted by HELP Commi

Contacts: Richard Them

Richard:

I want to run something by you. As you know, we are going to be implementing a 12% tuition increase that will be effective fall quarter. Although we all know intellectually why we are doing this, the fact remains that the sticker shock of a tuition increase of this magnitude, coupled with the financing issues we will face with the resulting gaps, could easily cause a blip in our enrollment and new start plans for fall.

Redacted by HELP Committee

Thanks.

Vic

EXHIBIT 9

From: Gugelmeyer, Roger [roger@herzing.edu]
Sent: Monday, November 30, 2009 5:44 PM
To: Aspiazu, Mark
Subject: RE: Tuition

Attachments: image001.jpg

image001.jpg

Redacted by HELP Committee and I are currently looking at tuition rates for all campuses and will give you some additional guidance on this in the near future.

Roger

Roger J. Gugelmeyer

Vice President of Operations

Campus Name

Redacted by HELP Committee

Redacted by HELP Committee

Redacted by HELP Committee

Campus Name is accredited by the Higher Learning Commission and is a member of the North Central Association. The Higher Learning Commission can be contacted by phone at (800) 621-7440 or on the Commission's website at: www.ncahigherlearningcommission.org.

P Please consider the environment before printing this e-mail.

From: Mark Aspiazu [mailto:maspiazu@nor.herzing.edu]
Sent: Monday, November 30, 2009 4:42 PM
To: Gugelmeyer, Roger
Subject: FW: Tuition

Thoughts on this Roger?

Mark Aspiazu M.B.A.

Campus President

Campus Name

2400 Veterans Memorial Blvd., Ste 410

Kenner, La., 70062

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<http://www.ncahigherlearningcommission.org/> or 800.621.7440

From: Mark Aspiazu
Sent: Tuesday, November 24, 2009 12:30 PM
To: Gugelmeyer, Roger
Subject: FW: Tuition

Roger,

Please see Ava's comments and concerns below.

Thanks,

Mark Aspiazu M.B.A.

Campus President

Campus Name

2400 Veterans Memorial Blvd., Ste 410

Kenner, La., 70062

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From: Ava Gomez
Sent: Tuesday, November 24, 2009 12:24 PM
To: Mark Aspiazu
Subject: RE: Tuition

Mark,

By increasing our cost to create a gap, to assist in 90/10, our students will have higher cash payments or they will have to apply for alternative loans.

In my experience, and especially lately, the majority of our students cannot afford higher payments. We have people coming in weekly asking to reduce their contributions or take out the maximum loans to increase their credit balances.

We have been very unsuccessful in using the alternative loans. Either the student doesn't want to take out an additional loan or the loan is denied. Ever since Katrina, the occupants of this area are suffering a financial crisis. The credit scores are extremely low and so are potential co-borrowers.

I'm concerned that we will have increased drops and fewer starts. Just this past month, we've had over 25 drops so far and many are for financial problems. If that is the trend, we may be setting ourselves up for failure.

Ava Gomez

Director of Financial Services

Campus Name

Redacted by HELP Committee

Redacted by HELP Committee

From: Mark Aspiazu
Sent: Tuesday, November 24, 2009 12:18 PM
To: Ava Gomez
Subject: Tuition

Ava,

As you know our tuition in May will go up to:

$425 for ST; $390 for IT and $375 for all other.

Roger would like us to reconsider going up to $390 for everything minus ST.

Our 90/10 issue is driving this as we are well over the 90% mark. As Roger put it "ATL and ORL are keeping us in business."

Thoughts?

Mark Aspiazu M.B.A.

Campus President

Campus Name

Redacted by HELP Committee

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<http://www.ncahigherlearningcommission.org/> or 800.621.7440

EXHIBIT 10

To: Madelung, Don[madelung@msn.herzing.edu];
Cc: Redacted by HELP Committee
Subject: Tuition Increase Recommendations
Sent: Fri 11/6/2009 8:38:04 PM
From: Schneider, Matthew
Message Flag: 0x00000001
Importance: High

Hello Don,

Following is a list of recommendations and considerations to be added into the existing list Bev has already put together. Redacted by really has hit the majority of points from our discussion the other day. Please let Redacted by HELP Com know if you have any questions.

· We would prefer to see no increase as there is already a struggle for many students. We do understand that this will probably not happen so would recommend no greater than a 2% increase overall in tuition.

· We do recommend a freeze on nursing tuition because of the potential for these students taking all nursing classes in a given semester in the future. This is not 100% clear at this point however. The fear is that putting 12-16 credits of nursing courses in a semester is already extremely difficult for students to finance. With the lack of alternate loans available we are worried students will not be able to afford even entering our program and go elsewhere.

· Many of our students are already coming to us with large amounts of loans from prior institutions. Any increase will make it much more difficult for students to be able to graduate in their programs. This is only adding to the students debt without them gaining additional marketable skills/degrees.

· 90/10, 90/10, 90/10………90/10.

· 3 year default ratio………..3 year default ratio…………poor economy……….3 year default ratio

Matthew Schneider

Director of Admissions

Campus Name

Redacted by HELP Committee

Redacted by HELP Committee

Redacted by HELP Committee

Redacted by HELP Committee

www.herzing.edu/madison

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EXHIBIT 11

To: [redacted][/O=FIRST ORGANIZATION/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=AGUALDI];
Subject: RE: Annual Tuition Increase
Sent: Sat 2/13/2010 3:56:19 PM
From: Heatherann Antonacci
Message Flag: 0x00000001

Tuition increases are annual and the enrollment agreement that all students sign states that. Our Financial Aid office is always willing to work with each student to see if there are financing options available that meet your need.

The cost of a private college/university is always higher than a state school due to the fact that private schools receive no state funding and the cost of doing business, as the tuition letter states, increases every year.

I hope you will speak with someone in the FA department before you make the decision to withdraw from the nursing program however I do understand that everyone's financial situaion is unique and some things are just unaffordable.

From: [redacted]
Sent: Sat 2/13/2010 9:47 AM
To: Heatherann Antonacci
Subject: RE: Annual Tuition Increase

so this now means i will will have to spend an EXTRA $1350 to go to this already expensive RN program. i dont know if i am going to be able to continue. and i wish this "Anunal" increase was brought to my attention before i signed all the papers to be admitted. i have been out of a job for over a year now. and i just lost my unemployment benefits

-----Original Message-----
From: Heatherann Antonacci
Sent: Fri 2/12/2010 4:14 PM
To: All Students
Cc: All Orlando Instructors; All Orlando Employees
Subject: Annual Tuition Increase

Please read attached memo regarding upcoming tuition increase.

Heather Antonacci, MBA - Campus President

[redacted]

1595 S. Semoran Blvd.

Winter Park, FL 32792

[redacted]

Redacted by HELP Committee

Redacted by HELP Committee

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The Higher Learning Commission can be contacted at www.ncahlc.org or 800.621.7440.

EXHIBIT 12

From: [redacted]
Sent: Thursday, September 10, 2009 3:36 PM (GMT)
To: [redacted]
Cc: [redacted]
Subject: [redacted] Price Increase
Attach: [redacted] Pricing.xlsx

[redacted] -

I received a request from the [redacted] to increase the tuition from $26,167 to $28,450, a 8% increase.

- [redacted]
- With the new pricing, we can lose 2 students and still make the same profit.

Attached is the full analysis, based on these items, I think we should approve the price increase. Please email your approval.

Thanks,
[redacted]

KAPLAN HIGHER EDUCATION

[redacted]
Director of Finance, School of Nursing
[redacted]
www.kaplan.edu

Building Futures

EXHIBIT 13

To: [redacted]
[redacted]
Cc: [redacted]
From: [redacted]
Sent on behalf of:
Sent: Fri 1/29/2010 5:09:55 PM
Importance: Low
Sensitivity: None
Subject: RE: Revenue Review
Categories: en-US

It is morally right to utilize a service and not paying for it?

[redacted]

Executive Director

[redacted]

[redacted]

[redacted]

Building Futures

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This transmittal is a confidential communication or may otherwise be privileged. If it is not clear that you are the intended recipient, you are hereby notified that you have received this transmittal in error; any review, dissemination, distribution or copying of this transmittal is strictly prohibited. If you suspect that you have received this communication in error, please notify the sender and immediately delete this message and all its attachments

From: [redacted]
Sent: Friday, January 29, 2010 10:10 AM
To: [redacted]
Cc: [redacted]
Subject: RE: Revenue Review

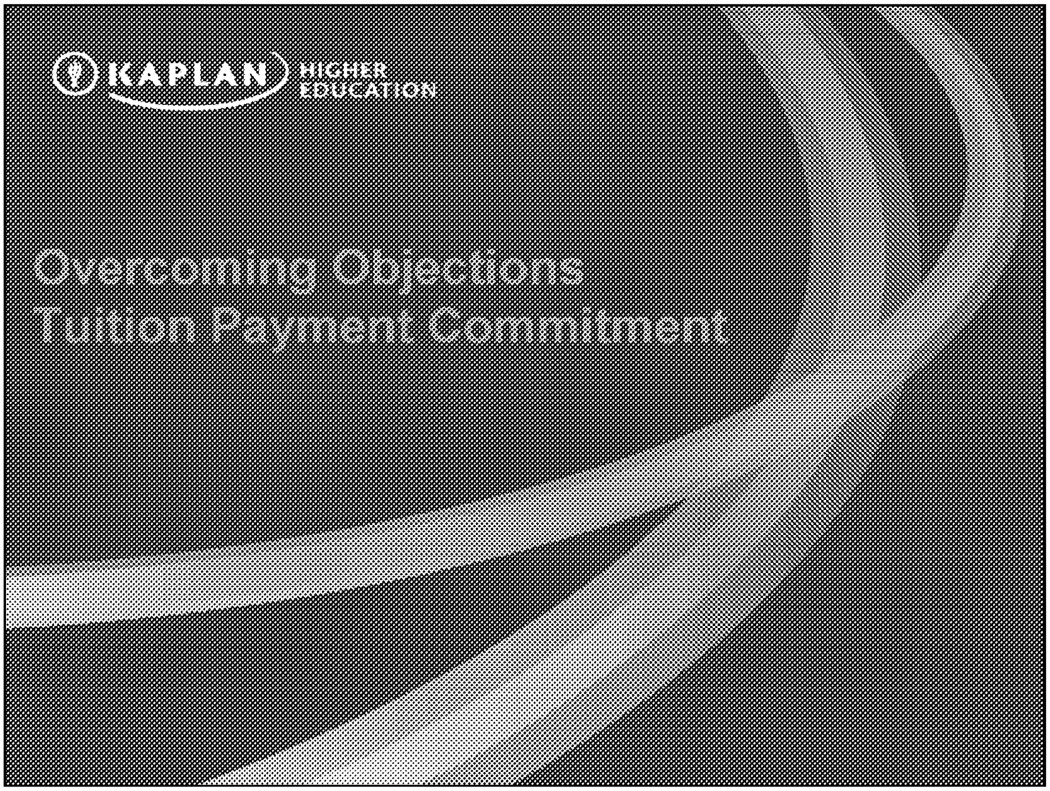
That's all good; but if we put "student first"; these students will owe balance to school now if we are going to drop them; both of these students have stop attending school and we should have reverse them earlier so there charges will be wiped out but now they will owe huge balance to school and morally this is not right and we have failed student because now they not going to pay school and their account going to be sent to collection and ruin their credit as well.

Thanks in advance,

[redacted]

Director of Finance

EXHIBIT 14


KAPLAN HIGHER EDUCATION
Overcoming Objections
Tuition Payment Commitment

Overcoming Tuition Payment Objections

- ***What is an objection?***
  - An objection is a call for help.
  - An objection is a request for more information.

The customer is really saying:

"I need more information to make this decision."

"I haven't been given a reason to understand what's in it for me."

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Preparing for Objections

- To overcome an objection you must:
  - Have the answers on hand
  - Show the customer that you have his/her best interest in mind
  - Be receptive and understanding toward the customer
  - Listen to the customer's needs and know exactly what is the objection

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Preparing for Objections-Continued

- To overcome an objection you must:
  - Rephrase the objection before answering it
  - Make sure the customer knows other students have experienced the same concerns
  - Recognize that the objection is a request for additional information

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Preparing for Objections-Continued

- To overcome an objection you must:
  - Make a list of most common objections and solutions
  - Understand the customer's needs and desires
  - Sell the benefits of your school
  - Set up a strategy to handle the objections and practice

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Feel-Felt-Found
Method to Overcome Objections and Building the Benefits

- I understand how you feel
- Others have felt the same way
- They found the solution in our school

KAPLAN HIGHER EDUCATION

Example #1-Role Play

- Sally has a mortgage, car note, day care, utilities, and insurance to pay every month.
- She is barely making these payments and with the current lay offs occurring at her job, she is not sure how long she can continue to make them.
- When Sally decides that making $100 per month tuition payments is not a good idea, given her current situation, use the feel, felt, found method to overcome her concerns.

KAPLAN HIGHER EDUCATION

Putting it to Use

- Sally, I understand how you feel about not wanting to make $100 per month tuition payments.

- Many of our students felt the same way when they enrolled into the program.

- What they found, Sally, is this investment in their future was well worth any sacrifices they had to make such as finding ways to reduce utility costs or determine ways to obtain additional resources .

- Do you agree, that the benefits of getting an education to achieve a stable rewarding career outweigh the costs?

- Here at Kaplan College, we will gladly work with you to make it easier. How much do you think you could afford?

KAPLAN HIGHER EDUCATION

Example #2-Role Play

- Mary is single but helps to support her elderly parents.
- She is concerned about a $75 per month tuition payment because unexpected expenses occur because of her parents health condition.
- When Mary decides that she can't make the $75 per month tuition payment, use the feel, felt, found method to overcome her objections.

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Putting It To Use

- Mary, I understand how your feel about making a $75 per month tuition payment to contribute to your education.
- Several students in similar situations as you felt the same way when they first committed to coming to school.
- After re-evaluating their budget and sacrificing a few things such as lowering food costs or asking for additional assistance from local community organizations, they found they were capable of making an even bigger contribution to their education. They realized that this was just not another monthly bill but instead an investment in their future.

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Example #3-Role Play

- Bill is currently receiving unemployment.
- Bill is not sure he has additional funds to cover the $50 per month tuition payments.
- When Bill decides that he can't make the $50 per month tuition payment, use the feel, felt, found method to overcome his objections.

KAPLAN HIGHER EDUCATION

Putting It To Use

- Bill, I understand how you feel about not being able to afford the required monthly payment.

- Other students initially felt that very same way.

- However, they found that they only had to sacrifice things like watching cable TV, going out to movies, eating fast foods, and buying CDs or DVDs for a few months to be able to achieve the career they always wanted.

- Bill, what can you sacrifice for a few months to have job security, improved income, and the benefits you've always wanted?

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EXHIBIT 15

From: [redacted] (RVP [redacted]) <[redacted]@kaplan.edu>
Sent: Tuesday, December 1, 2009 7:29 PM (GMT)
To: [redacted];
Subject: FW: Tuition Discussion with Campus Presidents

From: [redacted] (RVP [redacted])
Sent: Tuesday, December 01, 2009 1:28 PM
To: [redacted]
Cc: [redacted]
Subject: Tuition Discussion with Campus Presidents

Just completed a session with [redacted], [redacted] and [redacted]:

- [redacted]
- The only major concerns were the 5% increase and the applicability of a price increase to nursing in [redacted]......all 3 thought that a 3% increase to all programs, except nursing in [redacted], would not cause any significant problem. Increases above 3 %, especially in Iowa where the ITG tuition disbursement schedule and award reduction modifications are to be implemented for 2010, would cause a disruption in student packaging expectations that would lead students to reduce their class loads, or as a worst case scenario, drop from our programs to attend a cheaper program whereat they could reduce out-of pocket tuition expenses. [redacted]
- [redacted]

Documents Related to Institutional Loans

EXHIBIT 16

Career Education Corporation

Bleu Payment Plan

Data as of August 31, 2010

Quarter	# Loans [1]	Orig. Fees	Total Principal [2]	Avg. Int. Rate [3]	Int. Rate Low [3]	Int. Rate High [3]	Delinquency Rate--Based on # of Loans 90-day [4]	120-day [4]	180-day [4]	Default Rate--Based on Dollars [5]
Q1-2008	Redacted by HELP Committee [redacted]			0.0	0.0	0.0	Redacted by HELP Committee [redacted]			
Q2-2008				0.0	0.0	0.0				
Q3-2008				0.0	0.0	0.0				
Q4-2008				0.0	0.0	0.0				
Q1-2009				0.0	0.0	0.0				
Q2-2009				0.0	0.0	0.0				
Q3-2009				8.7	0.0	13.0				
Q4-2009				8.8	0.0	13.0				
Q1-2010				7.9	0.0	13.0				
Q2-2010				6.8	0.0	13.0				
Q3-2010				6.8	0.0	8.0				
Total										

Total Student Borrowers, Q309-Q310 [7]

Total Students	# In-School	# Drops	# Grads
Redacted by HELP Committee [redacted]			

Average Loan Amount [6]
Redacted by HELP Committee [redacted]

(1) This column represents the number of loans originated in the lending program by quarter. One student may have multiple loans originated in different quarters as well as in different lending programs. In that instance, each loan is represented in the quarter and program in which it was originated.

(2) The Total Principle is the total loan amount carried by student borrowers at the time they leave school, whether due to withdrawal or graduation ("Exit AR"). For student borrowers with multiple loans, the Exit AR is calculated by dividing the total amount borrowed by the number of loans (e.g., student has two loans and an Exit AR balance of $5,000, each loan will show an Exit AR of $2,500).

(3) Interest is charged on the out-of-school balance only.

(4) The Delinquency Rate is provided on a loan count basis (i.e., a percentage of the total number of loans originated in a quarter) and includes loans of both in-school and out-of-school student borrowers. The 90-, 120- and 180-day aging of loans by current students and graduates is calculated based on the loan program's payment schedule. Because the loan program's payment schedule is canceled for students who withdraw, the aging of their loans is calculated based on days out of school.
(5) Default Rate is calculated by dividing the write-off dollar amount related to a particular loan by the Exit AR related to that loan. Where an Exit AR for one student is made up of two or more loans, the Exit AR is averaged across each loan for each student borrower.
(6) Average Loan Amount is calculated by taking the Exit AR divided by the total number of loans for those borrowers.
(7) CEC began offering the BLEU payment plan program in the third quarter of 2009 and are discontinuing the plan effective Q4 2010.

EXHIBIT 17

CEC Q1 2009 Earnings Conference Call (Excerpt)

GARY BISBEE: That is helpful thanks. If I could just sneak one other question in. The culinary business. It sounds like you're doing a great with new starts with the lengthened program. But given the -- as you move more of those kids in and the revenue in any quarter is a lot lower on that program, it seems to me that revenue probably could decrease from this quarter as we move forward. At least for another quarter or two. Are there cost cuts left there, such that the business can remain break-even or be profitable, or are we likely to have maybe another quarter or two of losses in that business before you cycle out the shorter term higher revenue per quarter students in that program. Thank you.

MICHAEL GRAHAM: Sure. From a business standpoint and a leadership standpoint, the business today, very, very good job of taking out the variable costs. And they adjusted the variable costs and staffing models to the population that we saw. At the same time as you know, culinary is a very expensive fixed cost model. The cost of the kitchens and extensive real estate that the Company invested in the past, makes the operating leverage highly dependent on the population. You also have the 21 month program which is going to dampen the RPS as we extend out the program teach out to 15 months and extend more to the 21 months. We don't give guidance on a quarterly basis and margin guidance on a quarterly basis for any of the business units. But I think the important thing for culinary is stabilized base, good model in terms of population, in terms of cost structure going forward. Build a population with a 13% -- the start you saw in the first quarter, 13% and a lease-plus 25% start in the second quarter. Regain the population, and over time, hopefully, the bad debt expense we have in there at 48% hopefully will turn to be conservative once we get some experience on that and will grow back the business and bring it back to some really strong profitability levels.

EXHIBIT 18

Corinthian August 2010 10-K (Excerpt)

ALTERNATIVE LOANS FOR OUR STUDENTS

Historically, we had developed several loan programs with origination and servicing providers such as Sallie Mae for students with low credit scores who otherwise would not qualify for loans. These loan programs required that we pay a discount fee to the origination and servicing providers of the loans as a reserve against future defaults on these loans. We have historically referred to these types of loans as “discount loans,” since we incurred a portion of the default risk related to these student loans by taking a discount on the disbursement. By accepting a reduced payment for these discounted loans from the servicing providers, we were not at risk for the amounts agreed to by them and the service providers but were not entitled to any proceeds collected by the service providers in excess of this amount. Therefore we had recorded this discount as a reduction to revenue.

In fiscal 2008 we were informed by Sallie Mae and two other origination and servicing providers that they would no longer make private loans available for students who present higher credit risks (i.e. subprime borrowers). In the face of this change in policy, we created a new lending program in the fourth quarter of fiscal 2008 with a different origination and servicing provider, Genesis Lending Services, Inc. (“Genesis”), who specializes in subprime credit. This new lending program has characteristics similar to our previous “discount loan” programs. As with our previous discount loan program, under this new Genesis program we pay a discount to the origination and servicing provider for any loans purchased by Genesis and record the discount as a reduction to revenue. However, unlike our previous discount loan programs, under our new discount program we have both the right and an obligation to acquire the related loan, except in certain limited circumstances where Genesis does not comply with the terms of our agreement. Since we initiated the new discount program, we have acquired all of the loans that have been originated. Therefore, we are currently exposed to any credit defaults by our students but retain all amounts collected from our students under the current program. Additionally, the new discount loan program has also replaced our legacy loan program, called STAR. We estimate loans funded under the Genesis program, net of estimated refunds, were approximately $120 million for both of the years ended June 30, 2010 and 2009. These amounts are an estimate, as some loans contain amounts that will be recognized during future periods. Accordingly, unrecognized loans amounts are subject to the Company’s refund policy.

Included within the Consolidated Statement of Operations, under the caption “Other (income) expense,” for the years-ended June 30, 2010 and 2009 is net other income of $3.9 million and ($0.6) million, associated with the Genesis notes program, respectively. The net other income primarily reflects the interest income and loan origination fees, partially offset by costs related to servicing loans. We defer and recognize both the loan origination income and direct loan origination costs as an adjustment to the yield over the life of the related loan. All other lending-related costs, including costs related to servicing fees are charged to expense as incurred.

Student notes receivable represent loans that have maturity dates that generally range between 12 months to 60 months from the loan origination date but can have terms as long as 15 years depending on amounts borrowed. The interest rate currently charged on all new loans is a fixed rate of 6.8% with an origination fee of 1 percent. Included in the consolidated balance sheet at June 30, 2010 and 2009 is $68.2 million and $41.5 million in notes receivable, respectively. As of June 30, 2010 the estimated unrecognized Genesis note balance is $13.0 million (net of discount). This amount is subject to the Company’s refund policy.

EXHIBIT 19

Corinthian Q4 2009 Earnings Conference Call (Excerpt)

Kenneth Ord

Next I will review the topics of bad debt, internal lending and cohort default rates. Our bad debt in the fourth quarter was 7.1% which was below guidance of 7.58% and a substantial decrease from the 9.1% reported in the fourth quarter of last year. The improvement is primarily the result of improved efficiencies in financial aid packaging for students and more efficient internal lending processes. In addition, the continued phase out of our legacy loan inventory also helped to reduce bad debt in the fourth quarter.

In terms of bad debt guidance we expect continued improvements in bad debt in fiscal 2010 and remain comfortable with bad debt in a range of 6.5-7% for the year. We expect bad debt in the first quarter to range from 6.7-7.1% of revenue.

I will now turn to a discussion of our internal lending program which we now refer to as our Genesis Discount Lending Program. As a reminder, we launched this program in March 2008 to replace the [GAAP] financing previously provided by Sallie Mae and other third party lenders. Under this program we lent students approximately $120 million during fiscal 2009 and expect to lend approximately $130 million in fiscal 2010. As discussed on previous calls, the expected defaults associated with our Genesis Discount loans are reported as a discount to revenue.

At the beginning of fiscal 2009 we estimated our loan discount would be approximately 50% based upon the projected mix of our student's credit scores. We now have nearly 18 months of data associated with these loans and our analysis indicates that we are experiencing a mix shift towards students with lower credit quality. Given the length and severity of the recession this is not unexpected and it is not unique for our students.

According to Fair Isaac Corporation, FICO scores are declining for most consumers across the U.S. The average credit quality of our students has declined as well. Based on our internal analysis, in the fourth quarter we adjusted the Genesis loan discount to approximately 55% for the full fiscal year. In fiscal 2010 we expect the projected mix of credit scores to deteriorate further. Thus, we forecast the Genesis Loan Discount will increase from 55% to a range of 56-58%. We have included the increased discount associated with that loan program in our fiscal 2010 guidance which I will review in a few minutes.

EXHIBIT 20

Corinthian 2011 Q2 Earnings Conference Call (Excerpt)

SUZANNE (SUZI) STEIN, ANALYST, MORGAN STANLEY: Hi. Can you provide an update on your internal lending program, how big is it and what are you expecting for the year? And also if you can discuss the terms of the loans that you're making to students.

KEN ORD: Sure. At this point, the intake on an annualized basis prior to the price increase is about $120 million of demand a year for the Genesis loans. The terms are very similar to the Stafford loans, the interest rate is 6.7%, the amortization period is the same. The terms are favorable. And again, prior to the price increase there's about $120 million of demand a year. The actual impact on the financial statements is we amortize that discount over the course of study. At this point of the quarter in, if you look at the balance sheet, there's just less than $85 million of student loans receivable on the balance sheet. The increase in pricing will, frankly, going forward on an annualized basis probably about double that need, meaning that the annualized need would be about $240 million.

EXHIBIT 21

Corinthian Colleges, Inc.
Exhibit 1
Response to HELP Committee Request # 26
(9/16/10 Production)

Summary as of 6/30/2010

Excluding cancelled loans

Fiscal Quarters	**08Q4**	**09Q1**	**09Q2**	**09Q3**	**09Q4**	**10Q1**	**10Q2**	**10Q3**	**10Q4**
Portfolio Stats	Redacted by HELP Committee [redacted]								
Number of Loans Purchased or Owned by CCI									
Number of Loans Originated									
Total Principal (Original Loan Amount)									
Origination Fee									
Average Loan Amount per Student Borrower									
Interest Rate Stats									
Lowest Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Average Interest Rate (weighted)	14.41%	14.45%	14.74%	14.98%	15.12%	14.76%	14.87%	14.26%	6.89%
Highest Interest Rate	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%
Delinquency/Default Rates (based on Total Principal)	Redacted by HELP Committee [redacted]								
91+ Delinquency Rate									
121+ Delinquency Rate									
181+ Delinquency Rate									
Loan Default Rate (annualized)									
Student Stats									
Number of Drops									
Number of Graduates									

EXHIBIT 22

Program	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010
DeVry University & Chamberlain College of Nursing								
# of Loans Originated	[redacted] Redacted by HELP Committee							
Origination Fees								
Total Principal								
Average Loan Amount Per Student								
Average Interest Rate	12%	12%	12%	12%	12%	12%	12%	12%
Lowest Interest Rate	12%	12%	12%	12%	12%	12%	12%	12%
Highest Interest Rate	12%	12%	12%	12%	12%	12%	12%	12%
90 Day Delinquency Rate	[redacted] Redacted by HELP Committee							
120 Day Delinquency Rate								
180 Day Delinquency Rate								
Loan Default Rate								
# of Students Withdrawn or Not Attending								
# of Students Who Graduated								
# of Loans Purchased By DeVry								
Carrington								
# of Loans Originated								
Origination Fees								
Total Principal								
Average Loan Amount Per Student								
Average Interest Rate								
Lowest Interest Rate								
Highest Interest Rate								
90 Day Delinquency Rate								
120 Day Delinquency Rate								
180 Day Delinquency Rate								
Loan Default Rate								
# of Students Withdrawn or Not Attending								
# of Students Who Graduated								
# of Loans Purchased By DeVry								

EXHIBIT 23

Education Finance 1
Summary by quarter
Dollars in 000s
June 30, 2010

	Fiscal 2009				FISCAL 2010			
	Q2	Q3	Q4	[redacted]	Q1	Q2	Q3	Q4
	12/31/2008	3/31/2009	6/30/2009	[redacted]	9/30/2009	12/31/2009	3/31/2010	6/30/2010
Cumulative Loans originated by PNC Bank	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Loans originated during quarter	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Origination fees	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total principal on EDMC balance sheet (purchases)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Average loan balance	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Average interest rate	9.0%	9.0%	9.0%	[redacted]	9.5%	9.8%	9.9%	10.1%
Lowest interest rate	8.4%	8.4%	8.4%	[redacted]	8.4%	8.3%	8.2%	8.2%
Highest interest rate	10.0%	10.0%	10.0%	[redacted]	11.4%	11.3%	11.2%	11.2%
Number of loans in repayment	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Loan balance in repayment	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
90 days delinquent	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
120 days delinquent	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
180 days delinquent	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
90 day delinquency rate	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
120 day deliquency rate	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
180 day delinquency rate	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Default rate	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
# of students withdrawn cumulative	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
# of students withdrawn during period	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
# of students graduated cumulative	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
# of students graduated durimg period	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
# of loans purchased during period	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

N/M: Not meaningful

EXHIBIT 24

EDMC
Education Management Corporation

Summary Table (dollars in 000s)

See Appendix for legend to Notes.

	FISCAL 2009					FISCAL 2010				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
	1)	2)	3)	4)	5)	6)	7)		16)	
Aid awarded	Redacted by HELP Committee [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	Redacted by HELP Committee [redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Gross aid reserved against 13)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Contra revenue	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Bad debt expense 11)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total reserve	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Bad debt % for period	Redacted by HELP Committee [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	Redacted by HELP Committee [redacted]	[redacted]	[redacted]	[redacted]	Redacted by HELP Comm [redacted]
Contra revenue % for period	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total reserve rate for period	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	41.6%
ITD reserve rate	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
Purchases for period 14)	Redacted by HELP Committee [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	Redacted by HELP Committee [redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Future commitments 8)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Lender disbursements 9)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Cash Outflows 10)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Average FICO	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Co-borrower %	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Number of loans o/s	Redacted by HELP Committee [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	Redacted by HELP Committee [redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Number of loans in repayment	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
ITD aid awarded incl future terms 12)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Average loan balance	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Unduplicated applications	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net approval rate 15)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Company Net Revenues (NR)	Redacted by HELP Committee [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	Redacted by HELP Committee [redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total aid awarded as a % of NR	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total reserve as % of NR	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

EXHIBIT 25

Default Rates

Cohort Default Rate

Calculated based on BORROWERS and the two-year window after entering repayment. Cohort is based on fiscal year.

Institutional Category	Cohort Yr 2004 Cohort Default Rate (CDR)%		Cohort Yr 2005 Cohort Default Rate (CDR)%		Cohort Yr 2006 Cohort Default Rate (CDR)%		Cohort Yr 2007 Cohort Default Rate (CDR)%		Cohort Yr 2008 Cohort Default Rate (CDR)%
Public									
Less than 2 Yrs	5.7%		5.2%		6.4%		7.5%		6.7%
2-3 Yrs	8.1%		7.9%		8.4%		9.9%		10.1%
4 yrs +	3.5%		3.0%		3.4%		4.3%		4.4%
Private Non-Profit									
Less than 2 Yrs	9.0%		9.0%		10.0%		12.6%		14.1%
2-3 Yrs	7.4%		6.7%		6.1%		8.1%		8.2%
4 yrs +	2.8%		2.3%		2.4%		3.6%		3.8%
Proprietary									
Less than 2 Yrs	8.9%		8.9%		10.9%		12.0%		12.4%
2-3 Yrs	9.9%		9.3%		11.1%		12.5%		12.6%
4 yrs +	7.3%		7.2%		8.4%		9.8%		10.9%
Foreign Schools(1)	1.5%		1.0%		1.2%		2.2%		2.2%
Overall	**5.1%**		**4.6%**		**5.2%**		**6.7%**		**7.0%**

(1) FFELP only

Budget Lifetime Default Rate

Calculated based on DOLLARS for a projected cohort life of 20 yrs. Cohort is based on origination date.
As reflected in the latest estimates as of 7/1/10 (Combined Stafford Subsidized and Unsubsidized, DL and FFEL)

Institutional Category	Cohort Yr 2004 Budget Lifetime Default Rate %		Cohort Yr 2005 Budget Lifetime Default Rate %		Cohort Yr 2006 Budget Lifetime Default Rate %		Cohort Yr 2007 Budget Lifetime Default Rate %		Cohort Yr 2008 Budget Lifetime Default Rate %
2 Yr Non-Profit and Public	27.5%		29.3%		31.2%		31.6%		31.1%
2 Yr and 4 Yr Proprietary	42.5%		42.3%		43.5%		47.0%		46.3%
4 Yr Freshmen & Sophomores	20.5%		21.9%		22.3%		22.0%		21.8%
4 Yr Juniors & Seniors	8.5%		9.8%		11.6%		12.3%		12.2%
Graduate Students	3.7%		4.5%		5.9%		6.3%		6.4%
Overall	**12.2%**		**13.2%**		**14.6%**		**15.3%**		**15.8%**

Cumulative Lifetime Default Rate

Calculated based on LOANS. Includes defaults occurring from the time loans entered repayment through 9/30/10.

Institutional Category	Cohort Yr 2004 Cumulative Lifetime Default Rate %		Cohort Yr 2005 Cumulative Lifetime Default Rate %		Cohort Yr 2006 Cumulative Lifetime Default Rate %		Cohort Yr 2007 Cumulative Lifetime Default Rate %		Cohort Yr 2008 Cumulative Lifetime Default Rate %
2 Yr Private Non-Profit	22.6%		19.4%		17.8%		18.8%		15.6%
2 Yr Public	21.1%		19.4%		17.2%		18.0%		15.6%
4 Yr Private Non-Profit	6.1%		4.8%		4.4%		5.8%		5.6%
4 Yr Public	6.9%		5.9%		5.6%		6.7%		6.3%
Proprietary	25.8%		23.0%		20.9%		21.1%		18.6%
Foreign Schools (1)	3.6%		1.9%		2.3%		2.9%		3.0%
Consolidation	8.3%		6.3%		6.0%		8.2%		6.4%
Overall	**10.7%**		**9.1%**		**8.5%**		**10.4%**		**9.8%**

(1) FFELP only

PLEASE NOTE: THESE RATES CANNOT BE COMPARED SINCE THEY ARE BASED ON DIFFERENT ATTRIBUTES -- BORROWERS, DOLLARS, LOANS AND INSTITUTIONAL CATEGORIES.

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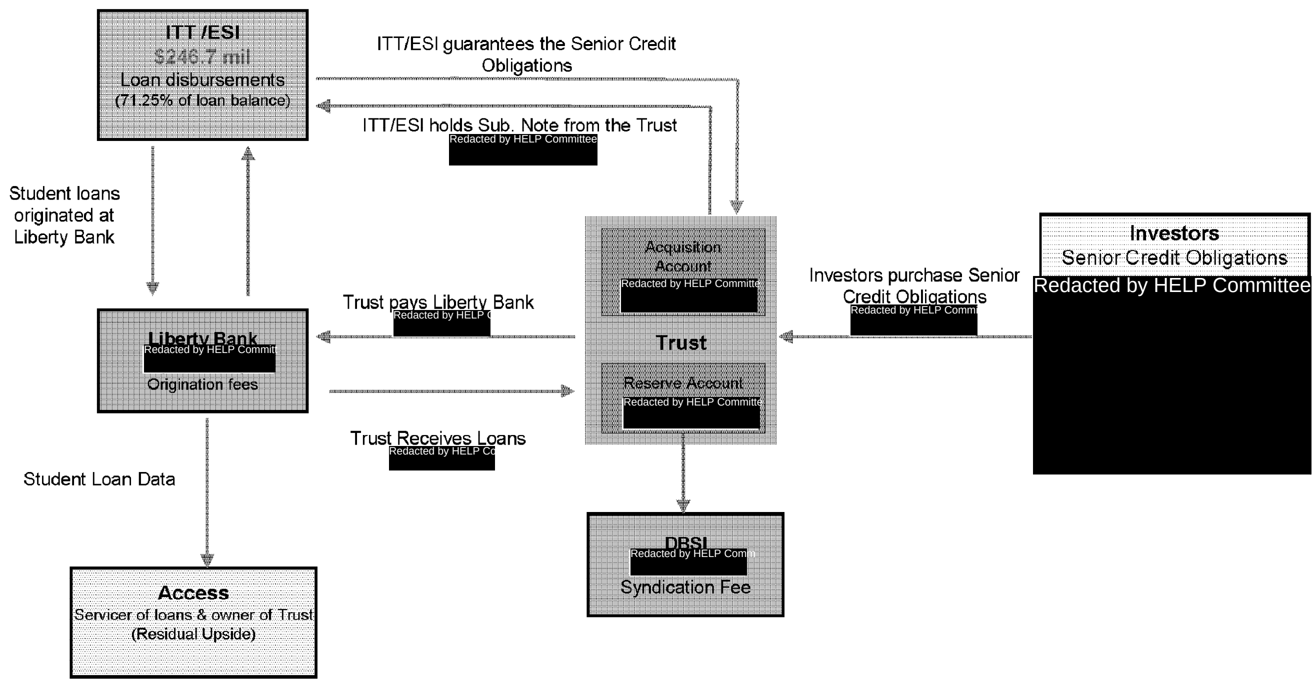
EXHIBIT 26

Program for Education and Knowledge Access (PEAKS)

Summary of Transaction Details

ITT/ESI Board of Directors Meeting - January 18, 2010

PEAKS Transaction Flow Diagram



ITT/ESI Confidential for Internal Discussions Only - January 18, 2010

PEAKS Loan Performance Scenarios

		($ mil)					
			Recovered			Recovered	
	Cumulative	Guaranty	Guaranty	Net	Subordinated	Subordinated	Trust
Scenario	Defaults	Payments	Payments	Payments	Note	Note	Residual
1	30.0%	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
2	35.0%	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
3	40.0%	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
4	**50.0%**	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
5	60.0%	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]

Assumptions	
Default timing (years)	
1	40.0%
2	25.0%
3	20.0%
4	10.0%
5	5.0%
Prepayment rate	3.0%
Deferral rate (12 mo)	20.0%

EXHIBIT 27

June 4, 2009

DRAFT

To: Kevin Corser

From: Carole Valentine

Subject: Kaplan Higher Education Corporation Reserve Estimate for Kaplan Choice Loans

Executive Summary

Student Finance recommends the use of a two-tiered reserve for the Kaplan Choice Loan Program: 60% for in-school loans (interim status), and 80% for loans in repayment. Over 95% of the Kaplan Choice Loans are in interim status as of the date of this memorandum. Our reserve estimates for the Kaplan Choice Loan Program stem from our student drop rate experience, the student profile and repayment experience for the Universal Loan Program, and the poor state of the economy in the U.S.

Despite these estimates, there are some mitigating factors that may provide a better outcome than our projections. Kaplan is taking steps to promote financial responsibility among these students, and these actions may cause a better outcome than our projections. Unlike students in the Universal Program, Kaplan is having students make cash payments under separate payment plans, and we are considering a financial literacy course requirement for students in the Kaplan Choice Loan Program. We may also put in a cosigner requirement for these students in the future, depending on the student profile and the performance of the loan portfolio. Kaplan will make every effort to educate students on their financial responsibilities in the hope that our repayment experience will improve.

Universal Loan Program/Kaplan Choice Loan Program

The majority of Kaplan's students must finance their education with multiple sources of financial aid. Many students utilize federal loans, and a small percentage use private loans to cover educational expenses not covered by federal aid. Approximately 90% of our student's financing needs are covered with federal loans, and the remaining 10% is normally covered by private loans provided by the banking sector.

For the past 3 years, Kaplan Higher Education utilized Citibank's Universal Loan Program to meet the needs of its credit-challenged students. In November, 2008, Kaplan's access to the Universal Loan Program ceased when Citibank began to experience high default rates on the Universal Loan portfolio. With the credit crisis, Kaplan had anticipated disruptions in the private student loan market, and the company was piloting an institutional loan program (with Genesis Financial Services) when Universal Loan access was lost. KHEC on-ground campuses and Kaplan University began using the program in November, 2008, as the Universal Loan Program ceased operations.

The Kaplan Choice Loan Program allows students to borrow up to $15,000, depending on their program of study and financial need, and they can take up to 10 years to repay. The program carries a fixed rate of 15%, and the loans are deferred while students are in-school. Students must apply for private loans with outside lenders before pursuing the Kaplan Choice Loan, so the program is positioned as a last resort for the students. For 2009, Kaplan Higher Education is estimating the Kaplan Choice Loan Program to reach approximately $29 million (KHEC-$15.5; KU-$13.2). The Kaplan Choice Loan portfolio (disbursed loans) is approximately $5 million as of June 1, 2009.

Kaplan Choice Loan Reserve

Interim Reserve

Our students drop at a rate of 5% per month, and this rate equates to an annual drop rate of 60%. More than 80% of drop students fail to pay back their educational loan debt; therefore, we are recommending an in-school default reserve of 60%. Over 95% of our Kaplan Choice Loans are in interim status as of June 1, 2009.

Repayment Reserve

Redacted by HELP Committee

Redacted by HELP Committee The lending industry reports a high correlation between the original FICO and actual losses in their private loan portfolios (Sallie Mae Private Credit ABS Investor Presentation in September, 2008). In general, consumer loans in similar FICO tiers are exhibiting default rates of approximately 80%. Consequently, we view the original FICO as a key benchmark for our repayment reserve estimate.

As of 3/31/09, the 2006 cohort default experience for Kaplan Higher Education's on-ground campuses and Kaplan University was 69.5%. KHEC on-ground campuses are exhibiting a default rate of 81.5%, and KU students are defaulting at a 62.6% rate. Redacted by HE

Redacted by HELP Committee

Redacted by HELP Committee In general, student loan defaults tend to peak in the first five years of repayment, and decline after this timeframe. Another benchmark to consider is Kaplan's seasoned loan portfolio of K-Loans, which is defaulting at a rate of 68%.

The poor economic conditions add another dimension to portfolio performance. Students are having a harder time finding jobs, and they may find themselves in the position of taking lower paying positions than anticipated. Given the low FICO profile of the students, Universal Loan default trends, and the poor economy, Kaplan is recommending a repayment default reserve of 80%.

EXHIBIT 28

From: Lionel Lenz
Sent: Thursday, July 1, 2010 8:51 PM (GMT)
To: Kevin Corser <[redacted]>
Cc: [redacted]; Carole Valentine <[redacted]>; Matt Seelye <[redacted]>
Subject: Re: Citibank Universal Loan Performance Reports: Default Update

---

I would like to stay where we are.

Lionel Lenz
Chief Financial Officer
Kaplan Higher Education
311 S. Wacker Drive
Chicago Illinois 60606
[redacted]

On Jul 1, 2010, at 3:44 PM, "Kevin Corser" <[redacted]> wrote:

Hi everyone, I recommend we go with 85% since the KHEC number is at 84.4% and climbing slightly.

Lionel, please let us know what you want us to do.

From: [redacted]
Sent: Thursday, July 01, 2010 4:42 PM
To: Kevin Corser; Carole Valentine; Matt Seelye; Lionel Lenz
Subject: RE: Citibank Universal Loan Performance Reports: Default Update

Based on the May balances (June is not yet available) an additional reserve of $750K ($700K KHEC;$50K/KU) would need to be recorded to increase the reserve to 85%.

<image001.png>

[redacted]

Assistant Controller

[redacted]

www.kaplan.com

Building Futures

From: Kevin Corser
Sent: Thursday, July 01, 2010 11:27 AM
To: Carole Valentine; Matt Seelye; Lionel Lenz
Cc: [redacted]
Subject: RE: Citibank Universal Loan Performance Reports: Default Update

Hi Carole, I know it's very early in the experience but can you plot the Kaplan Choice loan default rate on the same curve?

[redacted] can you let us know if we increased KHEC's KC loan reserve from 80% to 85% what the catch up P&L impact would be.

From: Carole Valentine
Sent: Thursday, July 01, 2010 7:42 AM
To: Matt Seelye; Lionel Lenz
Cc: Kevin Corser; [redacted]
Subject: Citibank Universal Loan Performance Reports: Default Update

Matt and Lionel,

I have attached Citibank Universal Loan Performance Reports (March, 2010 and November, 2009) for your review and comparison. KHEC's Universal Loans (2007 cohort) are defaulting at 84.4% (81.4% in 11/2009), and KU's 2007 cohort is defaulting at 64.4% (60.8% in 11/2009). Overall, Universal Loan defaults for 2007 are defaulting at 76.5%. [redacted]

[redacted]

[redacted] Given the acceleration of Universal defaults and the composition of the KCL portfolio, we should consider raising our default estimate. [redacted]

KU and KHEC Defaults

The charts below summarize the gross cumulative default data on the attached reports for KU and KHEC.

KHEC/KU Defaults

Repay Yr.	KHEC	KHEC	KU	KU
	CumGCL% 11/2009	CumGCL% 3/2010	CumGCL% 11/2009	CumGCL% 3/2010
2006	84.3%	Waiting for Citibank to provide	65.6%	Waiting for Citibank to provide
2007	81.4%	84.4%	60.8%	64.4%
2008	64.7%	73.8%	47.8%	55.6%
2009	N/A	44.0%	N/A	36.7%

KHEC and KU Defaults Combined

Repay Year	CumGCL% 11/2009	CumGCL% 3/2010
2006	72.5%	Waiting for Citibank to provide
2007	73.2%	76.5%
2008	58.9%	67.6%
2009	N/A	40.8%

Additional Information on Citibank Performance Reports

[redacted]

Redacted by HELP Committee

Carole A. Valentine

Vice President, Student Finance

Kaplan Higher Education

6301 Kaplan University Avenue

Fort Lauderdale, FL 33309

Redacted by HELP Committee

www.kaplan.edu

EXHIBIT 29

From: [redacted]
Sent: Wednesday, January 20, 2010 6:53 AM
To: Kevin Corser
Subject: FW: KC Loan Default Assumption/Citibank Universal Loan Data
Attachments: @

Kevin,

The auditor's have asked for the analysis supporting the Kaplan Choice Loan reserve of 80%. This is all I have uncovered in my files – do you have any additional support or was this all we used for the 80% reserve?

<< image001.jpg@01CA99B6.5C992B40 >>

[redacted]
Assistant Controller
[redacted]
www.kaplan.edu

Building Futures

From: Carole Valentine
Sent: Wednesday, April 22, 2009 4:06 PM
To: Kevin Corser; Matt Seelye
Cc: [redacted]
Subject: RE: KC Loan Default Assumption/Citibank Universal Loan Data

[redacted]

The second page outlines the differences in 2006 and 2007 (page 2), and I think it will answer some of your questions below. In 2006 and 2007, the FICO's are virtually identical but the students are defaulting at a higher rate. At this point, I don't have any insights into why KU defaults at a lower rate; however, I am checking into the demographics of KU versus KHEC.

On the subject of default prevention for the Kaplan Choice Loan, I agree that we need to develop a plan to minimize defaults. We need to offer financial literacy for our students, strengthen our exit/entrance materials, and come up with various approaches to reduce defaults. In light of recent information in the press about students taking out more private loans, these initiatives would be in our interest from several perspectives. To keep this email short, I will leave this topic to a subsequent discussion.

Please let me know if you have any additional questions.

Thanks,

Carole A. Valentine
Vice President, Student Finance
Kaplan Higher Education
6301 Kaplan University Avenue
Fort Lauderdale, FL 33309
[redacted]

www.kaplan.edu

From: Kevin Corser
Sent: Wednesday, April 22, 2009 10:16 AM
To: Carole Valentine; Matt Seelye
Cc: [redacted]
Subject: RE: KC Loan Default Assumption/Citibank Universal Loan Data

Thanks Carole, from a layman's point of view, it appears that the primary difference in 2006 and 2007 is just the passage of time while the default rate matures. Do you agree or do you see something else? The FICO's are not much different from '06 to '07. I recommend too that we have one rate for KU and one for KHEC. It appears that despite the FICO scores being virtually identical, KU students are defaulting at a lower rate. Do you see a specific reason for why KU defaults are lower than KHEC?

Do you have data of when each loan was issued and the date of default so we can track the default timing and rate on a curve. This information would help us see if the defaults have flattened out or if the rate continues to build.

Given the volume of our loans, looks like we need to put in place steps to try and minimize the default rate. If KHE issues $20mm to $30mm in KC loans annually, each 10 percentage points of default rate is $2mm to $3mm. What are your thoughts?

From: Carole Valentine
Sent: Tuesday, April 21, 2009 4:30 PM
To: Matt Seelye
Cc: Kevin Corser; [redacted]
Subject: RE: KC Loan Default Assumption/Citibank Universal Loan Data

Matt,
[redacted] and I met today, and we reviewed the Citibank default data below. Unfortunately, the figures have significantly increased across the board. The default rate for KU/KHEC is 69.5% for the 2006 repayment vintage. The 2007 and 2008 vintages are following the same trend as the 2006 vintage, but the defaults are trending higher in the early months of repayment. I have 2006 and 2007 default data and weighted average FICO's broken out below.

Citibank Universal Loan Defaults

	Repay Year	$Orig.	WA_FICO	7/2008 Default Rate	4/2009 Default Rate
KU	2006	2.5 M	557	53.8%	62.6%
	2007	10.1 M	559	36.3%	53.3%
KHEC					

	2006	1.4M	557	74.5%	81.2%
	2007	15.2 M	552	54.0%	72.4%
Total					
	2006	3.9 M	557	61.5%	69.5%
	2007	25.3M	555	46.9%	64.8%

Kaplan Choice Loans
Through 3/31, we have disbursed $2.2 million in Kaplan Choice Loans (all volume is from KHEC schools). Of these loans the majority fit into the following FICO bands: 1) 500-574-$805,000; and 2) 499 and below: $762,000 (approximately 17.5% (or $394,328) do not have a FICO score).

We may consider a two-tiered approach for reserves. Given the FICO profile of the Kaplan Choice Loans through 3/31, we should assume an 80% default rate for loans in repayment with the potential to make adjustments for recoveries through collection efforts. For loans in interim status, we should rely on the drop rate for KU/KHEC to give us an estimate of expected defaults. In talking with [redacted], we estimate drops to occur at a rate of 5% per month over 18 months (approximately 60%). [redacted]

[redacted] and I discussed several variables that should be included in the model, and we have requested additional data on the Kaplan Choice portfolio (from the servicer) so we can get started.

Please let me know if you have any questions.

Thanks,

Carole A. Valentine
Vice President, Student Finance
Kaplan Higher Education
6301 Kaplan University Avenue
Fort Lauderdale, FL 33309
[redacted]

www.kaplan.edu

From: Matt Seelye
Sent: Monday, April 20, 2009 11:04 PM
To: Carole Valentine
Cc: Kevin Corser; [redacted]
Subject: KC Loan Default Assumption

Hi Carole,

For accounting purposes, we will need to provide a reserve on the KC loans equal to expected default. [redacted]

Redacted by HELP Committee

Many thanks,

Matt

<<

Kaplan CitiAssist Default Performance_Mar09.pdf (76.0KB)
image001.jpg (4.0KB)

(80.0KB)

\>>

EXHIBIT 30

Origination Quarter	Number of Loans Originated, #	Origination Fees, $	Total Principal of All Loans Funded, $	Current Principal of Current Loans, $	Average Loan Amount per Student Borrower, $	Average Interest Rate, %*	Lowest Interest Rate, %*	Highest Interest Rate, %*	90-120 Days Delinquency Rate, %	120-180 Days Delinquency Rate, %	+180 Days Delinquency Rate, %	Default Rate, %	Student Borrowers No Longer Attending Class or Withdrawn	Number of Student Borrowers who Graduated	Number of Loans Owned by the Company
2008-4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	15.0%	15.0%	15.0%	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2009-1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	15.0%	15.0%	15.0%	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2009-2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	15.0%	15.0%	15.0%	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2009-3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	15.0%	15.0%	15.0%	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2009-4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	15.0%	15.0%	15.0%	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2010-1	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	15.0%	15.0%	15.0%	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2010-2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	15.0%	15.0%	15.0%	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

*Please note that the current interest rate on all loans is at 6.8%.

EXHIBIT 31

CAMPUS ID	ATL	ATM	CHD	CHL	CHOA	CHR	DLD	DLF	HNS	DNN	DNS	LAA	LAI	LALB	LAW	VAA	VAB	DNX	
CLASS ID	ATL	ATM	CHD	CHL	CHOA	CHR	DLD	DLF	HNS	DIT	SCA	LBP	LAI	LALB	LWL	VAA	VAB	DNX	Total

6/30/2010

Out of School AR
Current
>30
>61
>91
>121
>151
>181
>210
Total Out of School AR
Allowance-out of school
OOS Balance Reserved

[redacted]

		Total	
Allowance-out of school	[redacted]	962,841	[redacted]
Plus: APEX Loan Balance Allow		11,752,267	
Plus: OOS APEX Allowance		5,137,934	
Plus WWL Portion		-	
Adjusted Allowance		17,853,041	

Allowance per GL
APEX accural
Adjusted Allowance Per G/L
Difference

Bad Debt Expense-Month
Bad Debt Expense-YTD
Revenue-Month
Revenue-YTD
Month Expense
YTD Expense
% YTD Long (Short)

YTD Over(under) accrual

[redacted]

ATL ATM CHD CHL CHOA CHR DLD DLF HNS DNN DNS LAA LAI LALB LAW VAA VAB DNX

Total SSF Loans
Overstatement
Total In School Expected

Normalize InSchool
Sched Interest

Collected to date

Earned #####

Method A
Earned less collected
Allowance
#REF!
Method B
Out of School Total

Percentage Earned

Out of School Earned

Allowance

#REF!

#REF!

Additional Bad Debt Expense

APEX Balance In School
APEX Disb For May Term Estimate
APEX Apr Unearned
Percentage Earned
APEX Allowance

APEX Balance
Current
>30
>61
>91
>121
>151
>181
>210

[redacted]

		Total
APEX Balance Out of School	[redacted]	8,534,500
APEX Balance Per General Ledger		34,968,627
APEX Cash Students		1,123,384
APEX Grace and In School		25,310,743

EXHIBIT 32

RETAIL INSTALLMENT CONTRACT

Buyer's Name, SS#, & Address:
[redacted]

DOB: [redacted] **Telephone #:** [redacted]

Second buyer's name, SS#, & Address:
[redacted]

DOB: [redacted] **Telephone #:** [redacted]

Date: [redacted]

Except in the statutorily required "Notice to Buyer" (where "you refers to "buyer"), in this agreement and disclosure, "I", "me" and "my" refer to the buyer(s) named above and "you" and "your" refer to the School.

1. Goods and/or Services Sold. You have agreed to sell me the following goods and/or services on credit: [redacted]

The agreed price for the goods and/or services is [redacted] and I made a down payment of [redacted]

The Amount Financed shown below consists of the unpaid balance of the agreed price. I may be allowed, in your sole discretion, to add subsequent purchases from you to this agreement resulting in a single schedule of payments (a "consolidation"). If you agree to subsequent purchases, you will add the unpaid balance of the Amount Financed to the amount financed with respect to the subsequent purchases. I agree that all terms and conditions of this agreement, including rates and the method of calculating charges, shall apply equally to the consolidation. If I purchase additional goods and/or services on credit, you will provide to me before the first consolidated payment is due a disclosure that provides the amount of the consolidated unpaid balance and information regarding payments. The total amount financed will not exceed the total goods received at any time or services delivered through my last date of attendance.

2. Promise to Pay. I promise to pay you a Total of Payments equal to [redacted]

This is the Total Sale Price (which includes the agreed price, interest charges, and any other amounts financed by you) less my down payment. I will pay you in installments as listed below in my Payment Schedule. My final payment will be for any unpaid balance and accrued interest not yet paid. I will send payments to any address you specify.

(additional items contained on next page)

Seller:
ALTA COLLEGE / dba Westwood College (the "School")

Address: [redacted]

ITEMIZATION OF THE AMOUNT FINANCED

1. CASH PRICE
   (a) Cash Price of Goods
   (b) Taxes
   Total Cash Price
2. AMOUNTS PAID TO PUBLIC OFFICIALS
3. PROPERTY INSURANCE
4. Total (1+2+3)
5. DOWN PAYMENT
   (a) Property traded in
   (b) Cash down payment
   TOTAL DOWN PAYMENT
6. PREPAID FINANCE CHARGE
7. AMOUNT FINANCED (4 minus 5 and 6)

[redacted]

Federal Truth-In-Lending Act Disclosures

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	Amount Financed	Total of Payments	Total Sale Price
The cost of my credit as a yearly rate	The dollar amount the credit will cost me.	The amount of credit provided to me or on my behalf.	The amount I will have paid after I have made all payments as scheduled.	The total cost of my purchase including my down payment of [redacted]
18%	[redacted]	[redacted]	[redacted]	

My Payment Schedule Will Be:

	Number	Amount Total	Each Pymt	Beginning
In School:	[redacted]			
*Out of School:				
Total:		[redacted]		

*out of school payments may be higher if subsequent loans are created. If no subsequent loans are created, the loan term length may be adjusted and the minimum monthly payment will be $105.00.

Late Charge: If a payment is late by more than 10 days, I will be charged $15.
Prepayment: If I pay off early, I will not have to pay a penalty.
I understand the rest of this agreement contains additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment penalties and refunds.

e, if used above, means the number provided is an estimate

Guarantor's Signature.

The person signing here is the guarantor. You may require the guarantor to pay at any time after this agreement becomes due, whether or not you have then made any effort to collect from the buyers. The guarantor will continue to be responsible even if you release any security interest in property described above, consent to changes in this agreement, or release any other person from responsibility. The guarantor must also pay any attorneys' fees and other costs of enforcing this guaranty. By signing below the guarantor agrees to these terms.

Guarantor's Signature

Documents Related to Default

EXHIBIT 33

From: [redacted]
Sent: Tuesday, May 11, 2010 8:55 PM
To: Brian Swartz
Cc: [redacted]
Subject: RE: Default Information...

Brian - Per your request we have summarized below the default dollars by closed cohort year. We do not have the dollars for the current year (FY09) available to us at this time, we will request this from our Guarantors and Servicers such that we can provide to you and the team going forward. My thoughts for the decrease in the percentage of dollars defaulted over time would be that this is due to a higher number of students dropping out sooner thus having less amount borrowed at the time they enter repayment and eventually default. Also note that the amounts exclude any consolidated loans, as those dollars are not reported to us, however the count of students with consolidated loans is included in our official CDR rates.

1.) Below is the default dollars vs. dollars in repayment for the 2006, 2007 and 2008 Cohort Year.

UOP Defaulted Dollar Amounts*

Cohort Year

Defaulted $$

Repayment $$

% of $$

2006

15,685,178

114,437,994

13.71%

2007

16,710,892

157,378,694

10.62%

2008**

33,955,913

346,588,713

9.80%

WIU Defaulted Dollar Amounts*

Cohort Year

Defaulted $$

Repayment $$

% of $$

2006

7,472,873

24,993,419

29.90%

2007

5,592,338

32,915,794

16.99%

2008**

2,023,316

16,980,928

11.92%

*Consolidation Loans show as $0, so dollars understated

**Draft Information

2.) Below is our estimated Lifetime Default Rates based on the logic that 47.5% of all defaults occur in the first 3 years of repayment. This logic came from Texas Guarantee agency who calculates Lifetime default rates using the logic that, 45-50% of defaults happen within the first 3 years. We received student level data from TG and USAF that supported this theory, so we used 47.5% as a middle ground estimate. (We do not have a three year CDR rate for FY08, thus it has not been included below).

University of Phoenix

Cohort Year

2-Year CDR

3-Year CDR

Lifetime Rate

2005

7.3%

11.4%

24.0%

2006

7.2%

10.3%

21.7%

2007

9.3%

15.9%

33.5%

Western International University

Cohort Year

2-Year CDR

3-Year CDR

Lifetime Rate

2005

11.4%

28.7%

60.4%

2006

27.4%

36.9%

77.7%

2007

18.5%

26.5%

55.8%

Please let me know if you have any questions or need additional information.

[redacted]

From: Brian Swartz
Sent: Monday, May 10, 2010 7:21 PM
To: Tammy Hill
Cc: [redacted]
Subject: Default Information...

[redacted] [redacted] have inquired about 2 items I was hoping you could help answer:

1.   Do we have a sense as to the $ amt of defaults under the 2 yr CDR calc (as well as a % relative to total aid that went into repayment)…I know the CDR is calculated based on number of students but an understanding of $ would be helpful, if available?

2.   Do we have a sense as to UoPX's lifetime default rates, double 2 yr CDR's, more??? Anything directional??

Thanks

Brian L. Swartz, Senior VP & Chief Financial Officer

Apollo Group

4025 S. Riverpoint Parkway | MS-CF-KX04 | Phoenix, AZ 85040

Redacted by HELP Committee

P Please consider the environment before printing this email.

EXHIBIT 34

From:	Lynn Shirk <Lynn.Shirk@apollogrp.edu>
Sent:	Wednesday, September 10, 2008 1:59 PM
To:	Chas Edelstein <Chas.Edelstein@apollogrp.edu>
Cc:	Redacted by HELP Committee
Subject:	FW: cohort Default Rates

Good morning, Chas. [redacted] asked me to provide some input on your default rate questions. Please let me know if you need any additional info.

Question 1. Historical CDRs:

UPX:

2005: 7.3% (6478 defaults/87685 entered repayment)

2004: 7.5% (4860 defaults/64475 entered repayment)

2003: 6.5% (2882 defaults/43830 entered repayment)

2002: 6.4% (1905 defaults/29532 entered repayment)

2001: 5.8% (1446 defaults/24616 entered repayment)

2000: 5.2% (977 defaults/18509 entered repayment)

1999: 4.6% (694 defaults/15070 entered repayment)

1998: 4.1% (543 defaults/12993 entered repayment)

WIU:

2005: 11.4% (299/2621)

2004: 5.6% (23/406)

2003: 2.4% (9/371)

2002: 4.1% (20/484)

2001: 4% (10/245)

2000: 6.4% (14/218)

1999: 9.6% (10/104)

1998: 5.9% (9/152)

Question 2. The 2009 10k report will include the cohort default rate from Fiscal Year 2007. We expect the CDR to remain high for WIU for FY2007 because of the Axia population who obtained loans under the WIU school code. These initial Axia students had a high withdrawal rate. Students who do not complete their program of study exhibit a significantly higher default rate than do graduates. In April 2006, we transitioned the Axia students away from the WIU school code and began certifying their loans under UPX. This is also the reason for the increase in the UPX rate. The UPX population is significantly larger and can more readily 'absorb' the resulting defaults from this population, however, the impact is still visible in the CDR (cohort default rate). Additionally, institution wide retention efforts have increased over the last few years. To further heighten the importance of retention, it has even been added as a component of enrollment and finance performance matrices.

We do believe that our efforts in the past 3 months have had a positive impact on the FY2007 default rates for both schools. In January, we gathered info and projected stats based on the number of students who were delinquent enough to default on their loans by the end of the cohort year and therefore count in the default rate. The picture was grim: UPX's default rate would be as high as 16-17% and WIU in mid 20%'s. Granted, many of these students worked with their lenders to resolve their own delinquencies, but we made significant efforts to reach out to them via phone and mail and email to encourage and facilitate their contact with their lenders to seek a resolution.

Lynn Shirk, Default Aversion Manager

Apollo Group
Student Financial Aid Implementation and Training | 4025 South Riverpoint Parkway | Mail Stop AA-L101 | Phoenix, AZ 85040
[redacted]

______

From: Chas Edelstein
Sent: Tue 9/9/2008 8:11 PM
To: [redacted]
Cc: [redacted]
Subject: Cohort Default Rates

[redacted]

I saw the note you sent out regarding the upcoming release of the CDRs. I would love to understand a few additional pieces of information.

1. What have been the trends in reported CDRs at UPX and WIU over the previous several years?

2. I note from your email that you expect the CDRs to remain at a high level for 2009 10k reporting purposes, but then decline materially for 2010 10K reporting purposes. Is this expected future decline in the CDRs the result of the initiatives you outlined in your email? If so, do we have any early evidence of how effective the initiatives have been to date which would support the expectations of material CDR reductions?

Since I am traveling, I would appreciate it if you could summarize your thoughts in Blackberry friendly form (no attachments please).

Many thanks
Chas

EXHIBIT 35

From: Mike Seiden <mike.seiden@apollogrp.edu>
Sent: Wednesday, September 19, 2007 5:14 PM
To: Roger Walton <roger.walton@apollogrp.edu>; [redacted]
Cc: Lynn Shirk <Lynn.Shirk@apollogrp.edu>; Robert Collins <robert.collins@apollogrp.edu>
Subject: RE: Axia and WIU 2005 Cohort Default Rate Notification

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Roger & [redacted]

Since we don't (and never did) have control over the Axia portion of our default rate, I assume that Bob Collins and staff are tracking this closely and are working with the appropriate sources at Axia to take appropriate action.

Mike

From: Roger Walton
Sent: Wednesday, September 19, 2007 2:07 PM
To: [redacted]; Mike Seiden
Cc: Lynn Shirk; Robert Collins
Subject: FW: Axia and WIU 2005 Cohort Default Rate Notification

Ella and Mike, do you know if this same message has been passed on to the guardians of Axia in WIU. We can and are taking steps to minimize the WIU (classic) default elements, though our students don't, to my knowledge, have access to FAW.

Axia, on the other hand, represents the main cause of our dilemma and we don't control that operation. We don't have access to the students records, nor do we have the necessary staff to manage and control what was out-sourced to UPX to do on WIU's behalf.

Can you please confirm that someone responsible in Axia is taking the necessary steps to help WIU improve its score.

Many thanks. Roger

Roger Walton, Finance Director
[redacted]

From: Lynn Shirk
Sent: Wednesday, September 19, 2007 11:16 AM
To: Brian Mueller; Mike Seiden; Roger Walton; [redacted]
Cc: Robert Collins
Subject: 2005 Cohort Default Rate Notification for [redacted]

Good afternoon,

The official cohort default rates have been published by the Department of Education for the FY 2005. The current rate for Western International University is **11.4%**. This represents an increase from the previous year of 5.6%.

The national average decreased from 5.1% FY 2004 to 4.6% FY 2005. The average cohort default rate for proprietary schools has decreased from 8.6% FY 2004 to 8.2% FY 2005.

We are enhancing our default aversion initiatives and collaborating with our trading partners, specifically guaranty agencies, to implement additional processes. Guaranty agencies are the state or nonprofit organizations that have agreements with the U.S. Secretary of Education to guarantee student loans. When a student defaults on a loan, it is the guaranty agency which purchases the loan from the lender. Western International University works closely with our guaranty agencies to leverage their default aversion programs. Some of these programs are early withdrawal counseling, grace period notification, loan summary notification letters sent to in school students, and student loan wellness programs to assist students as they leave school.

Redacted by HELP Committee

If you have any questions, please do not hesitate to contact me.

Thank you.

Lynn Shirk, Default Aversion Manager, SFA Implementation & Training
Apollo Group Inc | Apollo Student Financial Aid 4615 E Elwood Street | Phoenix, AZ 85040
Redacted by HELP Committee | Redacted by HELP Committee | Redacted by HELP Committee

EXHIBIT 36

From: Lynn Shirk <Lynn.Shirk@apollogrp.edu>
Sent: Thursday, July 16, 2009 6:11 PM
To: Robert Collins <robert.collins@apollogrp.edu>; Jay Klagge <jay.klagge@apollogrp.edu>; [redacted]
Cc: [redacted]
Subject: RE: HELP - PLEASE HURRY

Bob,
I have the reverse information available for WIU's benefit: I can speak to the Axia population and its impact on WIU's default rate.
FY 2005:
WIU's default rate was 11.4%. [redacted] **With Axia removed, WIU's default rate for FY 2005 would have been 3.4%** (18 defaults / 521 in repayment)
FY 2006:
WIU's default rate was 27.4%. [redacted] **With Axia removed, WIU's default rate for FY 2006 would have been 11.7%** [redacted].

See below for Bachelor CDR info for last couple of years.
Lynn

From: Robert Collins
Sent: Thursday, July 16, 2009 2:24 PM
To: Jay Klagge; [redacted]
Cc: Lynn Shirk; [redacted]
Subject: RE: HELP - PLEASE HURRY
Importance: High

Lynn,

Do you have this information readily available. Thanx RTC

From: Jay Klagge
Sent: Thursday, July 16, 2009 2:22 PM
To: Destany Burch; Jennifer Haslip; Ginger Pauley
Cc: Robert Collins
Subject: HELP - PLEASE HURRY

We are within 30 minutes of having the updated Cost to Taxpayers' table for the Annual Academic Report which Dr. [redacted] wants to see by tomorrow morning.

The only missing pieces of data we need which we have been asking Bob for and apparently he is out of the office are the following:

1. Financial Aid Default rate for UOPX bachelors students [redacted]
2. Financial Aid Default rate for UOPX associate (Axia) students. See above.

Please let me know who can get me this information in Bob's absence.

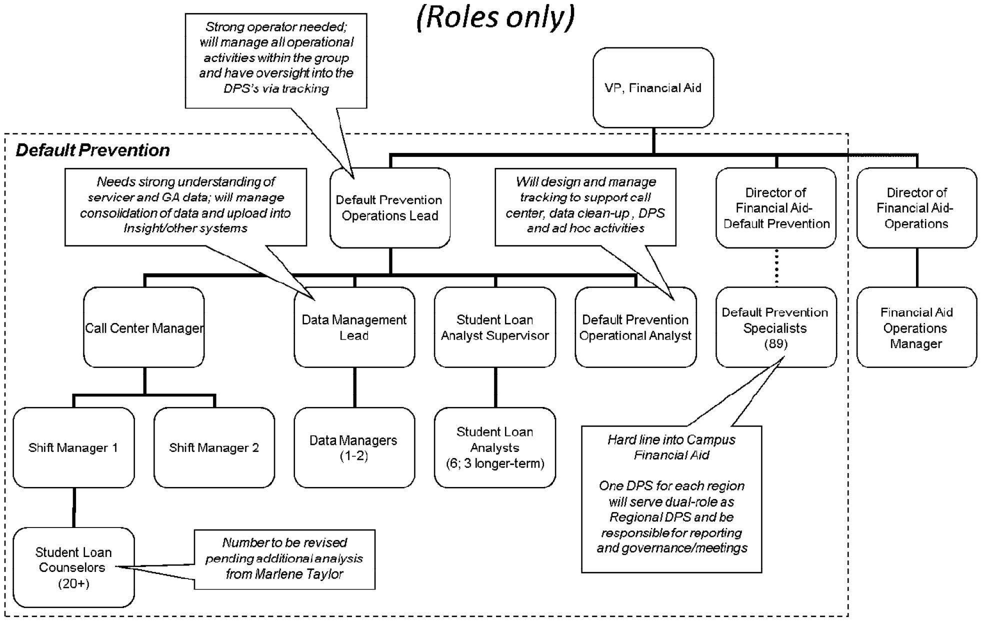
Thanks in advance for your prompt reply.

Your Friend and Colleague

Jay Klagge, **Ph.D.**, Associate Vice President
Campus Name | Academic Research Group | 4605 E. Elwood St. | Phoenix, AZ 85040
Redacted by HELP Committee

EXHIBIT 37

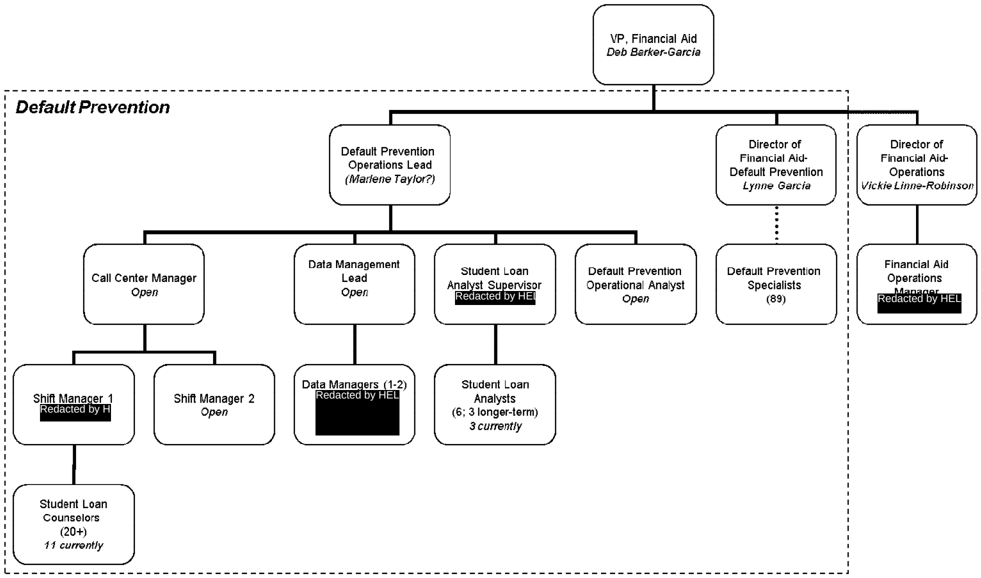
Financial Aid and Default Prevention Organization
(Roles only)



Yellow boxes denote new roles;
Additional 5 experienced and 10+ entry-level heads

Financial Aid and Default Prevention Organization

(Mapped to current headcount)



Backup calculations

Call center staffing model

	Base	High case	
Annual cures needed	20,000	25,000	Cure forecast model for CCi OPEIDs (15K) + additional 5-10K for 2010
Cures/call	1%	1%	GRC average
Annual calls needed	2,000,000	2,500,000	
Business days per year	242	242	Less two weeks vacation
Calls per day	8,264	10,331	
Calls per rep per day	429	429	GRC estimate- 15K per day divided by 35 FTE
No. reps needed	19	24	

Data integrity staffing model

No. records- 2009 and 2010 Cohort	140,000
Business days per year	242
Records per day	579
Records per day per loan analyst	100
No. loan analysts needed for 2010	6
No. loan analysts needed for 2011	3

DPS staffing model

Sessions per week per DPS	2
Weeks per year	48
Sessions per year per DPS	97
Annual sessions per student	2
Students per session	20
Students per DPS	968
No. students	70,000
Base case	72

EXHIBIT 38

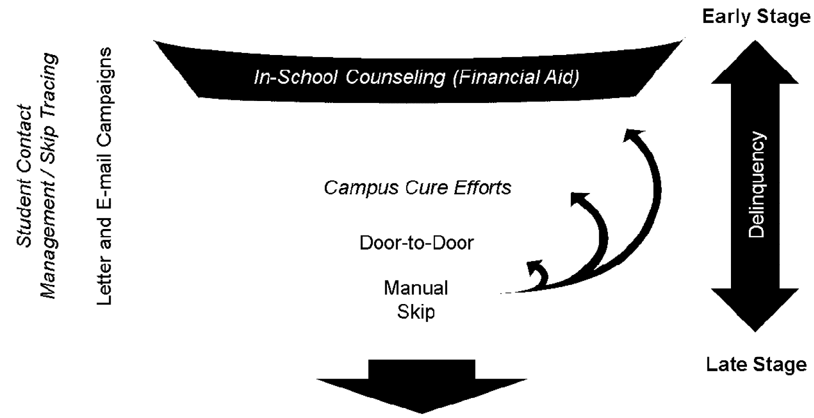
Default Prevention Operations

- **FY2010 Key Accomplishments**
  - Developed internal capabilities from scratch to manage almost [redacted] accounts in the 2009 and 2010 Cohorts
  - Built Campus Support Call Center and counseling expertise
  - Brought on GRC (35 FTE), EdFund (20+ FTE) and Second Alliance (5 FTE) to provide external counseling services
  - Established "door-to-door" approach with new vendors- ROI (20+ FTE) and TEAM Enterprises (10+ FTE)
  - Put in place metrics and analytics to track progress

- **FY2011 Priorities**

REDACTED

Long-Term Vision-
"The Cure Funnel"



Develop Best-In-Class
Default Prevention Operations

[redacted]

- CCi is reaching out to separated students at **unprecedented levels across multiple verticals** (CDR, SCMS, Genesis, Collections, Career Services)
  - Call volume (up to 150 calls+ per month) driven primarily by CDR, with SCMS, Genesis & Collections to a lesser extent
  - Overlap, independence and high volume are the best short-term mechanisms to optimize results within each vertical
  - However, this duplication and lack of coordination is costly, can lead to a negative student experience and creates headline risk

- Given the criticality of each vertical to **regulatory outcomes** and **financial performance**, we must **begin achieving adequate results** over the **next ~6+ months before contemplating greater integration**

- Redacted by HELP Committee [redacted]

[redacted]

[redacted]

	Description	In-School	Early Grace	Repayment	Early Del.	Late Del.	Default/ Charge-Off
CSLS	• In-school education • Counseling/ training	• <1X/ month	• Currently N/A	• N/A	• Limited	• Variable by campus: 50X+/ month? • Letters, postcards, etc.?	• Variable by campus: 3X+/ month?
Call Centers	• Outbound dialing • Letter campaigns	• N/A	• <1X/month • Letters	• <1X/month • Letters	• 60X+/ month	• 60X+/ month	• Limited
Door-to-Door	• Home visits	• N/A	• N/A	• N/A	• N/A	• Up to 5X/month	• Limited
Total		**Low** • <1X/month	**Low** • <1X/month	**Low** • <1X/month	**High** • 60X+/ month	**Very High** • 110X+/ month	**Low** • 10X+/ month

[redacted]

[redacted]

	Description	In-School	Early Grace	Repayment	Early Del.	[redacted]	Default/ Charge-Off
SCMS	• Out-reach calls to verify contact info	• N/A	• 30X/month	• 30X/month	• 30X/month	• 30X/month	• 30X/month
Genesis	• Private Loan Collections	• Mnthly stmt	• Mnthly stmt	• Mnthly stmt	• 10X/month • Mnthly stmt	• 3-6X/ month • Letter • Mnthly stmt	• 2X/month • Letter • Mnthly stmt
Collections	• Cash Plans	• ?	• 10X/month?	• 10X/month?	• 10X/month?	• 10X/month?	• Limited?
Perkins	• Outbound calling- small portfolio?	• ?	• 10X/month?	• 10X/month?	• 10X/month?	• 10X/month?	• Limited?
Career Services	• Career counseling • Placement	• 2-4X/month starting 2 mths before grad	• 2-4X per month for 3 months	• 1X to employer, 2 months after placement	• N/A	• N/A	• N/A
Retention	• Campus activities	• Variable	• Variable	• Variable	• Variable	• Variable	• Variable
CDR		**Low** • <1X/month	**Low** • <1X/month	**Low** • <1X/month	**High** • 60X+/ month	**Very High** • 110X+/ month	**Low** • 10X+/ month
TOTAL		**Low** • <10X/month	**Med** • 50X+/month	**Med** • 45X+/month	**Very High** • 110X+/ month	[redacted]	**Med** • >10X+/ month

[redacted]

EXHIBIT 39

From: [redacted]
To: Frank de Monbrun at HQ
CC: [redacted]
Sent: 7/1/2008 2:14:37 PM
Subject: RE: Chase feedback from student's parent

I have already talked with Chase regarding this issue. I have received a copy of the scripting that the Chase customer service reps are to use when discussing approvals or denials with borrowers. We will continue to investigate to ensure that these issues do not occur.

Have a great day!
[redacted]

From: Frank de Monbrun at HQ
Sent: Tuesday, July 01, 2008 2:11 PM
To: [redacted]
Subject: FW: Chase feedback from student's parent

If this is actually what the student's father was told by Chase, we have a SERIOUS issue here . . .

Frank L. de Monbrun
Southwest District Manager
[redacted]

From: [redacted]
Sent: Monday, June 30, 2008 7:59 PM
To: Frank de Monbrun at HQ
Subject: FW: Chase feedback from student's parent

FYI

From: Lori Church at 053
Sent: Monday, June 30, 2008 4:15 PM
To: [redacted]
Subject: Chase feedback from student's parent

Hello,

We received this fax from our student Redacted - Business Confidential this afternoon. He needed to be repackaged for June and we have been working with Chase. His dad did not want to take out the PLUS but was willing to co-sign for the Chase Select. [redacted]

His dad was denied for the private loan and called Chase to ask why then called one of my FAAs today to let her know the reason he wasn't approved for the private loan was because of "ITT's default rate with loans". Although we have no way to verify if that information was communicated to Redacted - Business Confidential by a Chase representative, I wanted to pass along the information.

Please let me know if you have any questions or need additional information, thank you.

Lori Church
Director of Finance
[redacted]

EXHIBIT 40

From: Paul Klier <[redacted]>
Sent: Saturday, November 28, 2009 3:13 PM (GMT)
To: Lionel Lenz <[redacted]>
Cc: [redacted]
Subject: RE: KU CDR Original Loan Amount and Default Rate

Lionel,
This does provide us with insight. The key elements are:

1. 97% of KU defaulters "drop" rather than graduate
2. GED students have a 28% default rate
3. 55% of KU defaulters have a EFC of zero
4. Term 1 Drop students default at 27%
5. Term 1 Drops students default at 33% for IT, 31% for HS, and 28% for JC
6. A student's geographical location (zip code) does correlate with defaults (Area 1 students default at 13% while Area 4 students default at 20%)

Summary

Dropped students are not successful.

- They did not accomplish their academic goals
- They are in debt to KU
- They almost always have debt resulting from financial aid
- The value proposition does not exist for a Dropped Student. The value they gave (indebtedness to KU and financial aid lenders) is greater that the value received (an incomplete education). So they default

In the short run, KU must either:

- Prevent students with a high probability of dropping from attending, or
- Must modify the value proposition so that Dropped Students do not cause such extensive harm to themselves and KU

In the end, KU must admit students with a high probability of completing their academic goals and paying their bills so that their value proposition remains intact and they pay their obligations.

Recommendation

[redacted]

- Short term:
    - KU should consider modifying how it charges new students tuition for their first term with Kaplan. Consider the following:
        - Having KU raise first term tuition to the point that it requires students to incur out of pocket costs to pay for tuition. (KU can accomplish this through increased first term fees and assessments.)

- Establish student payment plans that require all students to pay in full by the end of the semester for which they are enrolling
- Block (force into a drop status) any student falling behind in their first semester payment plan with Kaplan
- Prepare FA packages for funding in accordance with the goals established by the Financial Aid Project team
- Submit FA packages for funding only upon both: (1) The student completing their first semester; and, (2) The student satisfying their financial obligations to KU
- KU could market this as a "Try Kaplan on Us". All students can attend their first semester to try out Kaplan with the ability to "break the contract" during the first semester and owe no tuition expense. If they complete the semester then they have earned the 10 credit hours and owe the tuition. (The tuition being "out of pocket" costs incurred and "financial aid" indebtedness incurred). The value proposition remains intact. If a student drops during the first semester then KU "forgives" the student's tuition, the student owes KU nothing, and the KU does not submit the FA package for funding. Again, the value proposition remains intact.

▪ Impact

- **Positive**
  - Zero EFC Students would self identify by not being able to make the out of pocket costs and would exclude themselves from the student population by not enrolling. (They make up 55% of KU's CDR defaulting students.)
  - Students who fail to make all payments to KU in accordance with the First semester payment schedule would again self-identify. KU would (drop these students) and not submit the FA packages to the DoE. This would further eliminate students who have self-identified as having a high probability of defaulting on student loans.
  - This approach would eliminate stipends for first term students because there would be no excess federal funding to use as living expenses
  - Eliminate the possibility of KU running afoul of CDR requirements
  - Eliminate the possibility of KU running afoul of the 90 / 10 requirements
  - KU's bad debt expense would shrink exponentially
- **Negative**
  - KU's student population would shrink considerably because so many of our students have 0 EFC
  - KU's revenue would shrink considerable
  - This would result in a one-time, one semester deferral of cash flows from the DoE to KU
  - KU would have a "double hit" to 2010 Operating Income (OI). The first "hit" is the continuing write-off of 2009 revenue that is recognized as bad debt. The second "hit" to OI is the elimination of revenue through this New Student first term program outlined above.
  - This would increase the complexity of KU's revenue accounting

- Long Term:

Redacted by HELP Committee

▪ Augment the "try Kaplan on Us" program with a student risk score based program. This will allow Kaplan to admit 0 EFC students with sufficiently high-risk scores

▪ Impact

- **Positive**
  - Student population will recover to a degree because KU will admit zero EFC Students with significantly favorable risk scores.

    - Students who fail to make all payments to KU in accordance with the First semester payment schedule would continue to self-identify. KU would (drop these students) and not submit the FA packages to the DoE.
    - This approach would continue the eliminate stipends for first term students because there would be no excess federal funding to use as living expenses
    - Continue to eliminate the possibility of KU running afoul of CDR requirements
    - Continue to eliminate the possibility of KU running afoul of the 90 / 10 requirements
    - KU's bad debt expense would remain much lower relative to prior years
- **Negative**
    - Although KU's student population would grow relative to the "try Kaplan on Us" program identified as a probable short term solution, it will still shrink considerably relative to 2009 levels because so many of our students have 0 EFC
    - Although KU's revenue would grow relative to the "try Kaplan on Us" program, it will shrink considerably relative to 2009 levels because so many of our students have 0EFC
    - KU would continue to have a "double hit" to 2010 Operating Income (OI). The first "hit" is the continuing write-off of 2009 revenue that is recognized as bad debt. The second "hit" to OI is the elimination of revenue through this New Student first term program outlined above.

Redacted by HELP Committee

NOTES

Item 1 – Drop Students:
We do not know if dropping causes defaulting or if dropping merely correlates with defaulting. (I suspect that dropping correlates with rather than causes defaults.)

This provides two potential courses of action with Term 1 students. They are:

- Prevent "highly probable" Term 1 droppers from attending
- Prevent "highly probable" Term 1 droppers from incurring a federal loan or debts payable to KU if they do attend

Item 2 – GED Students:
This insight brings to the forefront a policy questions.

- Does KU stop admitting GED students (28% default rate and 9% of KU student repayment volume.) This would improve KU's CDR by about 1%. However, this, in itself, is not enough to resolve KU's CDR issue.

This approach would decrease KU's revenue and student population

Item 3 – 0 EFC Students:
Since 55% of KU defaulters have 0 EFC, KU has two options. They are:

- Increase Term 1 fees and charges so that 0 EFC student self identify by not paying the increased fees and, therefore, do not attend. This will eliminate them from both the numerator and denominator when computing the CDR. (This option would only work if KU could prevent students from obtaining student loans to pay these increased fees.)
- Charge no tuition for Term 1 students. This solution would only work if students were not able to acquire federal loans to cover "living expenses" while attending KU. The Term 1 students would still drop. However, these dropping students would be included in the CDR numerator and denominator.

These two approaches have significant issues, including:

- Decreasing student population

- Decreasing revenue

Items 4 and 5 - Term 1 Drop Students:

Because Term 1 drop student default at 27% (with even higher rates for IT, HS, and CJ Term 1 students) we are again facing the Term 1 student Drop issue discussed in Item 3 (above). The potential solution is once again:

- Charge no tuition for Term 1 students. This solution would only work if students were not able to acquire federal loans to cover "living expenses" while attending KU. The Term 1 students would still drop. However, the DoE would not include these students from the CDR numerator and denominator.

This approach, once again, has significant issues, including:

- Decreasing student population
- Decreasing revenue

Items 6 – (Zip Codes):

Zip codes are really a surrogate for a student's propensity to pay their obligations

- The long-term solution outlined above using credit bureau data will augment, if not replace, the current 4 area approach.

From: Lionel Lenz
Sent: Wednesday, November 25, 2009 11:52 AM
To: [redacted]; Matt Seelye
Cc: [redacted]
Subject: RE: KU CDR Orginal Loan Amount and Default Rate

[redacted]

I am not sure where this leads us in modifying our admissions and targeting strategy. What are your recommendations, and why? Should we stop certain degrees or programs?

What else can you tell us that would allow for a better screening of leads?

I am not sure how to interpret the data.......most of the CDr relate to first term defaults, but most of the CDRs also have default balances between 2,500 and 4,000? Does this mean first term defaulters rack up student loans of 4,000?

Do we have any additional, demographic or behavioral clues that would allow for better screening. Do we have certain zip codes we want to block? How about Fico or bankruptcy scores? How about test scores? GED or high school GPA? By type of class taken in the first term. (Shoe size) (I am kidding on the shoe size but the point is we need more insights)

We need better analysis and interpretation.

KAPLAN HIGHER EDUCATION

Lionel Lenz
Chief Financial Officer

[redacted]

From: [redacted]
Sent: Tuesday, November 24, 2009 3:15 PM
To: [redacted]; Matt Seelye
Cc: Lionel Lenz; [redacted]
Subject: KU CDR Orginal Loan Amount and Default Rate

[redacted]

From: [redacted]
Sent: Tuesday, November 24, 2009 2:49 PM
To: [redacted]; Matt Seelye
Cc: [redacted] Lionel Lenz
Subject: Re: KU CDR

[redacted]

From: [redacted]
Date: Tue, 24 Nov 2009 14:34:07 -0500
To: Matt Seelye [redacted]
Cc: [redacted] Lionel Lenz <[redacted]
Subject: KU CDR

[redacted]

[redacted]

EXHIBIT 41

From: [redacted]
Sent: Friday, January 29, 2010 1:06 PM
To: [redacted]
Subject: RE: Revenue Review
Attachments: image001.jpg; image002.gif

[redacted]

[redacted]
Director of Finance
[redacted]

From: [redacted]
Sent: Friday, January 29, 2010 10:59 AM
To: [redacted]
Subject: RE: Revenue Review

[redacted]

[redacted]
Executive Director
[redacted]

[redacted]

[redacted]

Building Futures

Please consider the environment before printing e-mails or attachments. Thanks!

This transmittal is a confidential communication or may otherwise be privileged. If it is not clear that you are the intended recipient, you are hereby notified that you have received this transmittal in error; any review, dissemination, distribution or *copying of this transmittal is strictly prohibited. If you suspect that you have received this communication in error, please notify the sender and immediately delete this message and all its attachments*

From: [redacted]
Sent: Friday, January 29, 2010 10:55 AM
To: [redacted]
Subject: RE: Revenue Review

Team,

According to the Admissions policy, page 6, 7a., it states "If the student has not submitted all required entrance requirements within 30 calendar days of the Official Start Date, the student must be placed in Reverse status." Our information in CampusVue shows that the student started on 12/09/09 and exceeded the time allotted to provide her POG to the school. This student was not only past 10 consecutive days absent in the system, she should have been a reverse start since 01/09/10. Therefore, the student should not be a drop, but instead a reverse start in the system.

KAPLAN HIGHER EDUCATION

[redacted]
Director of Education

[redacted]

[redacted]

www.khec.com

Building Futures

From: [redacted]
Sent: Friday, January 29, 2010 10:16 AM
To: [redacted]
Cc:
Subject: RE: Revenue Review
Importance: High

She met all the admissions requirements and was locked in during the start meeting. Every student that signs the enrollment agreement understands what the ramifications are if they choice to drop out of school. The student failed themselves…!

From: [redacted]
Sent: Friday, January 29, 2010 10:10 AM
To: [redacted]
Cc:
Subject: RE: Revenue Review

That's all good; but if we put "student first"; these students will owe balance to school now if we are going to drop them; both of these students have stop attending school and we should have reverse them earlier so there charges will be wiped out but now they will owe huge balance to school and morally this is not right and we have failed student because now they not going to pay school and their account going to be sent to collection and ruin their credit as well.

Thanks in advance,

Redacted by HELP Committee

Director of Finance
Campus Name
Redacted by HELP Committee

From: Redacted by HELP Committee
Sent: Friday, January 29, 2010 10:02 AM
To: Redacted by HELP Committee
Cc:
Subject: RE: Revenue Review
Importance: High

Redacted by HELP Committee

Redacted by HELP Committee

From: Redacted by HELP Committee
Sent: Thursday, January 28, 2010 7:17 PM
To: Redacted by HELP Committee
Cc:
Subject: FW: Revenue Review
Importance: High

Redacted by HELP Committee

Redacted by HELP Committee

Redacted by HELP Committee

Registrar
Campus Name
Redacted by HELP Committee

From: Redacted by HELP Committee
Sent: Thursday, January 28, 2010 12:47 PM
To: Redacted by HELP Committee
Cc: [redacted]
Subject: FW: Revenue Review
Importance: High

Redacted by HELP Committee

[redacted]

Redacted by HELP Committee

Registrar
Campus Name
Redacted by HELP Committee

From: Redacted by HELP Committee
Sent: Thursday, January 28, 2010 12:18 PM
To: Redacted by HELP Committee
Cc: [redacted]
Subject: FW: Revenue Review
Importance: High

Hello Redacted by [redacted],

Redacted by HELP Committee

Redacted by HELP

Redacted by HELP Committee
Director of Finance
Campus Name
Redacted by HELP Committee

From: Redacted by HELP Committee
Sent: Thursday, January 28, 2010 12:08 PM
To: Redacted by HELP Committee
Subject: Revenue Review
Importance: High

[redacted]

KAPLAN HIGHER EDUCATION

[redacted]

Staff Accountant

[redacted]

Building Futures

EXHIBIT 42

From: Lionel Lenz <[redacted]
Sent: Monday, October 12, 2009 4:22 PM (GMT)
To: Jeff Conlon <[redacted]>; Beth Hollenberg [redacted]
Gregory Marino <[redacted]
Subject: RE: CDR Analysis for 2007

[redacted]

On the mean vs median, my prior thought thought is that we may have a high count of 'low dollar' defaulters…and if so what can we legally do to eliminate the low dollar defaulters before they make it into the stats……

[redacted]

Lionel Lenz
Chief Financial Officer
[redacted]

From: Jeff Conlon
Sent: Monday, October 12, 2009 10:15 AM
To: Lionel Lenz; Beth Hollenberg; Gregory Marino
Subject: RE: CDR Analysis for 2007

[redacted]

From: Lionel Lenz
Sent: Sunday, October 11, 2009 5:48 PM
To: Beth Hollenberg; Gregory Marino; Jeff Conlon
Subject: FW: CDR Analysis for 2007

[redacted]

Lionel Lenz
Chief Financial Officer
[redacted]

EXHIBIT 43

From: Penny Hartwell <phartwell@khec.com>
Sent: Monday, February 1, 2010 8:49 PM (GMT)
To: [redacted]
Cc: [redacted]
Subject: RE: Default Reduction

The start policy is an internal policy of how we count our starts. We have drawn a line in the sand to be able to cleanly call a start and move on. In the case Dominick is stating, the campus can make the decision to NOT bill them to be in the best interest of the student however, the student remains a start in our system. We have had this situation occur for the past few years and campuses have made the decision as to whether they would bill the student or not.

Penny Hartwell
Vice President, Admissions

[redacted]

From: [redacted]
Sent: Monday, February 01, 2010 2:42 PM
To: [redacted]
Cc: [redacted]
Subject: RE: Default Reduction

If they drop out in first 3-30 days (range as a final), reverse them as a start, and thus reverse all of their FA. This would cut our bad debt and reduce our default exposure. This is radical but so are the consequences of missing 90/10, default, and outcomes.

[redacted]

Kaplan Higher Education Corporation
Vice President of Operations-[redacted] Group
[redacted]

Competition-Significance-Command-Self Assurance-Arranger

==========================
Have a compliance question?
Need compliance assistance?
Email compliancehelp@kaplan.edu
Or call 770.776.5049
==========================

From: Jacalyn Lynn
Sent: Monday, February 01, 2010 12:38 PM
To: [redacted]
Cc: [redacted]
Subject: RE: Default Reduction

[redacted]

Jacalyn E. Lynn
Senior VP, Operations
[redacted]

[redacted]
www.kaplan.edu

Building Futures

From: [redacted]
Sent: Monday, February 01, 2010 1:32 PM
To: Beth Hollenberg; [redacted]
Subject: Default Reduction

I recently pulled data to show the number of students who have dropped within the first 7 days of attendance. They were counted as a start according to our current attendance policy. However, they incurred significant charges per our catalog tuition earning methodology. In January 2010 alone the [redacted] Group had 18 students that fell in this category. As you would imagine, these students are then defaulting on loans at a significant rate. I know a lot of work went in to the current start policy, but I recommend we do analysis to determine the impact on attrition and default if we lengthen the start meeting timeframe and number of days required to attend to become a start. Thoughts?

[redacted]
[redacted] Group Vice President
[redacted]

[redacted]
www.kaplan.edu

Building Futures

EXHIBIT 44

Kaplan CDR Strategy

Redacted by HELP Committee

May 27, 2010

1

2008-3yr CDR Strategy Proposal

We currently have approximately 9318 delinquent accounts for CY 2008 3yr CDR.

<150-days delinquent	151-210 delinquent	211-270 delinquent	271-over
227	1725	2531	4835

We will do the following:
- Deploy PI door to door service
- Mass-mailing
- Dedicate H/O SLC team to providing assistance on all 2008 3yr OPEID's
- Skip-trace all delinquent accounts
- Implement virtual dialer into call campaign strategy
- Email blast
- Implement H/O DM-bonus cure program

2009-2yr CDR Strategy Proposal

We currently have approximately 8114 delinquent accounts for CY 2009 2yr CDR.

<150-days delinquent	151-210 delinquent	211-270 delinquent	271-over
0	772	2228	5114

We will do the following:

- Focus on the top 13 OPEID's (>150 total delinquent accounts) + Brooklyn= 14 top OPEID's
- Continue to dedicate H/O Field Team on these OPEID's for production
- Monthly mass-mailing and overnight campaign
- Lexus Nexus Skip-tracing
- Coordinate GRC efforts
- Email blast
- SLC-Bonus cure incentive (same as last year $75-over 270, $50-180-269, $30-90-179, $15-less than 89)

2009-3yr CDR Strategy Proposal

We currently have approximately 6544 delinquent accounts for CY 2009 3yr CDR.

<150-days delinquent	151-210 delinquent	211-270 delinquent	271-over
3226	2872	446	0

We will do the following:

- Deploy PI door to door service
- Focus on the top 9 OPEID's (>150 total delinquent accounts)
- Continue to dedicate H/O Field Team on these OPEID's for production
- Monthly mass-mailing and overnight campaign
- Lexus Nexus Skip-tracing
- Coordinate GRC efforts
- Email blast
- SLC-Bonus cure incentive (same as last year $75-over 270, $50-180-269, $30-90-179, $15-less than 89)

2010-CDR Strategy Proposal

We currently have approximately 7896 delinquent accounts for CY 2010.

<150-days delinquent	151-210 delinquent	211-270 delinquent	271-over
4526	3227	143	N/A

We will do the following:
•Focus on the 9 OPEID's with delinquent accounts (>150 total delinquent accounts) representing 5933 delinquent borrowers or 75%
•Continue H/O monthly Mass-mailing after skip-tracing has been performed
•Send email blast to all accounts with email address
•Implement a virtual dialer on entire delinquent population to ensure at lease 2-3 calls made to each delinquent borrowers weekly
•Coordinate DM-efforts with GRC
•Email blast

5

EXHIBIT 45

From: [redacted]
Sent: Thursday, March 19, 2009 9:20 PM (GMT)
To: [redacted]
Cc:
Subject: RE: Placing hold for default aversion?

Hi [redacted]

If this is a new policy rolling out of home office in [redacted] we can help make this happen. I am looking for some clarification on your expectations. Who at the campus will be responsible or will the home office be placing these students on hold? [redacted] At most campuses, the business office has the ability to place a student hold…are you thinking that those same folks would just add this subset of students to that existing hold?

Best Regards,

[redacted] ☺

[redacted] Executive Director, AD Technology & Training | [redacted]

Please consider the environment before printing e-mails or attachments.

From: [redacted]
Sent: Thursday, March 19, 2009 1:58 PM
To: [redacted]
Cc:
Subject: FW: Placing hold for default aversion?

Hi [redacted],

Currently many of our schools cohort default rates are increasing and could put potential risk on some schools ability to deliver Title IV funds; so in an effort to minimize some of this risk the need to place a hold on the official transcript is needed if the student is delinquent or in default their Federal Student Loan. Based on your email outlined below we place a hold on a students' account for many reasons at our schools and in the case of default management it carries the same valid reasons as the ones you outlined below.

I'm aware that to incorporate such a process in campus view would be very tenuous however the outcome would be of great value to the student as well as the institution. [redacted]

Your consideration of this request is greatly appreciated and please let me know if you need any additional information.

Best Regards,

KAPLAN HIGHER EDUCATION

[redacted]
Director of Default Mgt. & Strategy
Kaplan Higher Education Corporation
[redacted]

www.khec.com

From: [redacted]
Sent: Thursday, March 19, 2009 3:11 PM
To: [redacted]
Cc: [redacted]
Subject: RE: Placing hold for default aversion?

[redacted] I am not certain that KHE Academics or Academic Technology would buy into the blocking a student's ability to print themselves an unofficial transcript b/c of a loan default...

[redacted]

[redacted]
KHE Quality Assurance, Academic Affairs
Senior Academic Technology Trainer
[redacted]

From: [redacted]
Sent: Thursday, March 19, 2009 2:33 PM
To: [redacted]
Cc: [redacted]
Subject: RE: Placing hold for default aversion?

Earlier this week, our Director of Finance came to me and said that home office is putting a new plan into effect in an attempt to help lower our default rate. My understanding was that I would be given access to the NSLDS and be required to initiate transcript holds for students who are delinquent. I suggested that [redacted], our Registrar and one other staff member also be cross trained in my absence. [redacted]

Thanks, Redacted by H

Redacted by HELP Committee

Records Management Director

Redacted by HELP Committee

From: Redacted by HELP Committee
Sent: Thursday, March 19, 2009 2:11 PM
To: Redacted by HELP Committee
Subject: RE: Placing hold for default aversion?

What's delinquency on Student Loans have to do with you. We don't put people on hold for that. Past due balance in SA, yes. Default loans, no.

Redacted by HELP Committee

KHE Quality Assurance, Academic Affairs

Redacted by HELP Committee

From: Redacted by HELP Committee
Sent: Thursday, March 19, 2009 1:56 PM
To: Redacted by HELP Committee
Cc:
Subject: Placing hold for default aversion?

Redacted by HELP Committee

Records Management Director

Redacted by HELP Committee

EXHIBIT 46

CDR

CY 2009 2 Year CDR Projections by OPEID

	WORST CASE & TARGET RATES			CURES ANALYSIS		
OPEID	Worst Case	Target Rate	Reduction Needed	Needed	Run Rate	Difference
KHE	**19.0%**	**15.0%**	**4.0%**	**158**	**544**	**386**
KU	19.5%	14.6%	4.9%	83	281	197
KHEC	18.6%	15.0%	3.6%	75	263	188
Campus Name	24.1%	20.0%	4.1%	2	8	6
Campus Name	24.7%	13.7%	11.0%	5	6	1
Campus Name	23.5%	16.0%	7.5%	5	4	(1)
Campus Name	21.7%	13.9%	7.8%	5	9	4

CY 2008 3 Year CDR Projections by OPEID (Outsourced to GRC)

	WORST CASE & TARGET RATES			CURES ANALYSIS		
OPEID	Worst Case	Target Rate	Reduction Needed	Needed	Run Rate	Difference
KHE	**37.3%**	**29.2%**	**8.1%**	**228**	**173**	**(55)**
KU	38.0%	29.9%	8.1%	97	88	(9)
KHEC	36.9%	28.7%	8.2%	131	85	(46)
Campus Name	45.4%	29.9%	15.5%	4	1	(3)
Campus Name	44.5%	29.9%	14.6%	15	6	(9)
Campus Name [redacted]	45.2%	29.9%	15.3%	14	4	(10)
Campus Name	39.6%	29.9%	9.7%	23	14	(9)

CY 2009 3 Year CDR Projections by OPEID

	WORST CASE & TARGET RATES			CURES ANALYSIS		
OPEID	Worst Case	Target Rate	Reduction Needed	Needed	Run Rate	Difference
KHE	**31.0%**	**22.8%**	**8.2%**	**463**	**539**	**76**
KU	30.7%	22.2%	8.5%	202	277	75
KHEC	31.2%	23.2%	8.0%	261	262	1
Campus Name	32.8%	25.0%	7.8%	4	8	4
Campus Name	35.6%	22.5%	13.1%	9	6	(3)
Campus Name	35.4%	24.9%	10.5%	11	4	(7)
Campus Name	34.3%	27.8%	6.5%	37	35	(2)

Key Disclosures and Reporting Dates

	2008 2 Year CDR	2008 3 Year CDR	2009 2 Year CDR	2009 3 Year CDR
Draft Rates Release Date	Feb. 2010	N/A	Feb. 2011	Feb. 2012
Final Rates Release Date	Sep. 2010	After 9/30/2010**	Sep. 2011	Sep. 2012

** No dates have been released for the 2008 3 year CDR. This is an unofficial rate and we expect it to be released after 9/30/2010, but do not have an exact date.

EXHIBIT 47

From:
Sent: Thursday, October 22, 2009 11:11 PM
To:
Subject: CDR deck
Attachments: 2007OfficialCDRAnalysis_v3.ppt

As promised...

I'll talk to you in the morning.

CONFIDENTIAL

2007 FINAL COHORT DEFAULT RATE ANALYSIS

October 2009

CONFIDENTIAL

EXECUTIVE SUMMARY

Similar to the broader education industry, Strayer's 2007 CDR increased this year

- **Industry experts predicted the increase based on systemic issues/changes and the economy**
- Redacted by HELP Committee

We analyzed our student borrower population to identify pockets of students who drive up the Strayer average

- **This could inform where and how we focus our default management efforts**

Key findings (from 2005-2007 analysis)

- **Low income students (indicated by Pell Grant) are 57% of our undergraduate student borrowers and significantly more likely to default**
- **Younger students (<35 yrs) drive up our average rate, especially those below 24**
- **Students in undergraduate programs, especially associate degree programs, are significantly more likely to default than masters level students**
- **Less "committed" students are the most likely to default, esp.**
  - **Those who transfer in limited credits, earn 9 or fewer credits, have a low GPA, and leave without finishing a degree**
- **It's actually the students with a low level of total refund (probably those who only stay for a few courses) who are most likely to default on their loans**
- **Not surprisingly, having an outstanding balance with Strayer is a good indicator of future federal aid default**

Analysis of year 3 defaulters and the 2008 cohort (based on guarantor provided data) shows that those defaulters exhibit similar characteristics to the cohorts we previously examined

Documents Related to Default Management

EXHIBIT 48

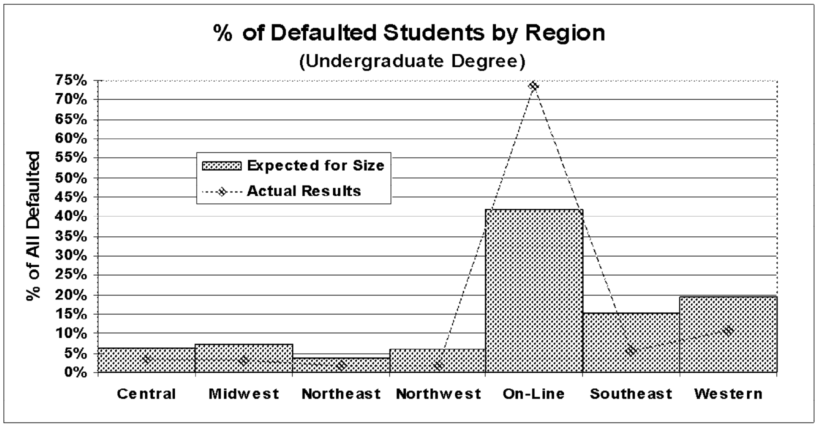
Apollo Group Inc.

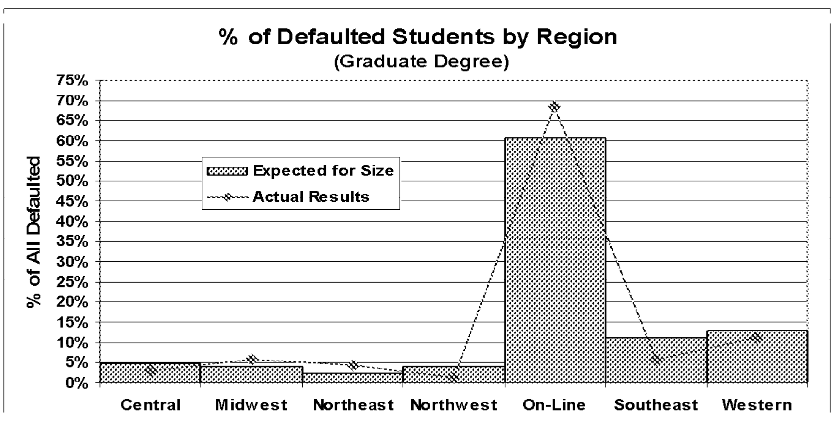
Default Management Plan

Last Revised: September, 2010
By: Misty Myre

Yearly Defaulter Profile

Redacted by HELP Committee

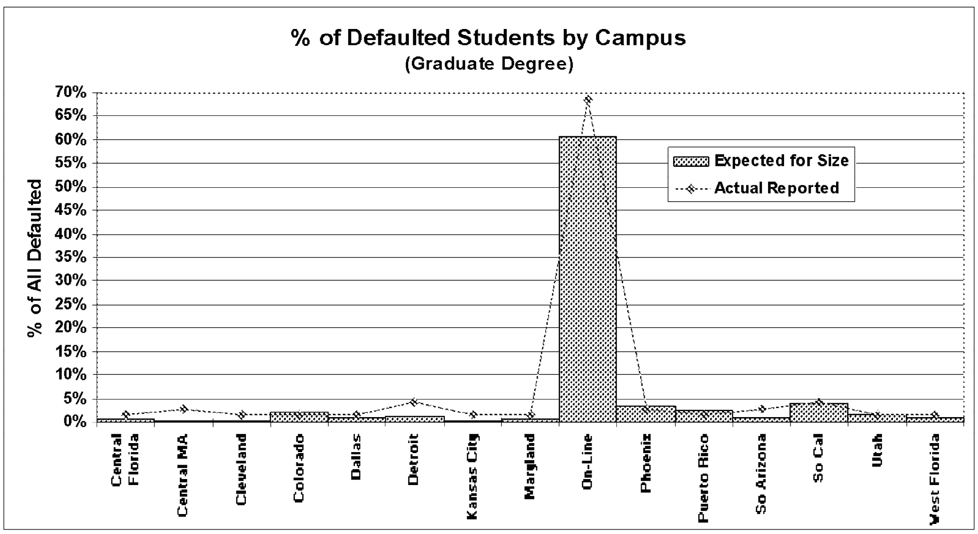




Redacted by HELP Committee

Redacted by HELP Committee

[redacted]



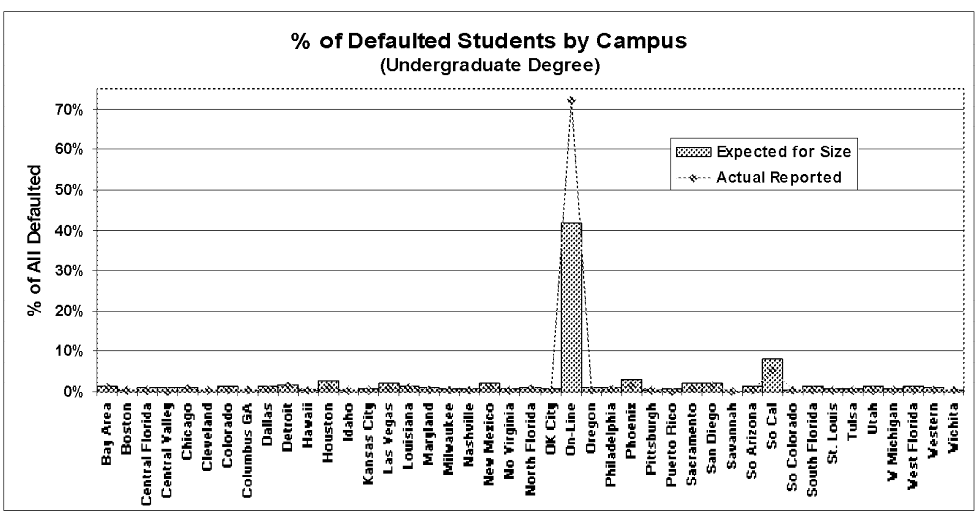


EXHIBIT 49

Delinquent Borrower Counseling

6 steps to preventing defaults

EDFUND
STUDENTS FIRST

1 Contact Borrower

Tips

* Before calling, verify that the account is delinquent as of today by checking the servicer's Web site or calling the servicer. You don't want to bother someone who has recently made a payment or applied for a deferment or forbearance.

* Always identify yourself to the person who answers, and then ask to speak to the borrower. This sets a tone of openness.

* If your call is answered by someone other than the borrower, it's important that you do **not** disclose any private information to that person, such as the borrower's Social Security number, loan amount, or even the fact that the borrower has loans.

* Remember, the delinquent borrower is your former student. The debt is **not** owed to the school, which allows you to take a different approach than that of a collector.

Begin Step 1

Was telephone call answered?

NO →

Leave message
Hi, this is *name* from the financial aid office at *school name*. We're contacting former students to inform them of a new service we're offering. Please contact me at *telephone number* or stop by the financial aid office. Thank you and have a good day!

YES

Establish identity of the person that answers
Hello, this is *name* from *school name*. Is this *borrower name*?

Is borrower available to talk?

NO →

Establish additional contact information
Do you know the best time that I might be able to reach him/her? Is there a particular time of day to call or is there a better way to contact him/her?

YES

Introduce self
I'm calling from the financial aid office at *school name*. We're contacting former students to inform them of a new service the school is offering. May I have a minute of your time?

YES

2

Introduce Call 2

Begin Step 2

Open the call

We're providing free student loan assistance, including answering any questions you may have and helping you with any issues that may arise. If you have student loans, what can I help you with or what questions can I answer?

Does borrower indicate need for assistance?

NO →

Explain situation and offer assistance

Your lender has contacted our office to let us know that you are currently *number of months* overdue on your loan payments. Since we're providing a new counseling service at no cost, I can offer assistance to you. I'm familiar with several different options that can help you get caught up on your payments and reduce or postpone your monthly payment.

Is borrower cooperative?

YES → 3

NO →

Explain consequences of default

Being late on your payment can have serious results—the worst of which is default. If you default on your loan, the federal government can garnish your wages and your tax return. The defaulted loan will be reported to the credit bureaus and your credit will be ruined for many years. I don't want that to happen to you, so please let me help you and get you back on track!

Is borrower willing to work with you?

YES → 3

NO →

Provide contact information

I'm sorry that you aren't interested in assistance right now. Let me give you my contact information in case you change your mind. *Provide telephone number, e-mail and office hours. You also may wish to send a letter to the borrower listing their options.*

YES → 3

Tips

* An excellent way to introdu your call to the borrower is sell it as a "free service." E that the school is offering t service to its student borro to assist them with any questions about loans duri repayment.

* The borrower may not immediately open up to yo You may need to prompt th by letting them know that y aware they may be having trouble making payments. you can explain that you ha informa-tion about differen options on temporarily red or post-poning the paymen

* It's important **not** to use th consequences of default as threat, but as an explanatio why you wish to help. Assu borrower that you do **not** w these things to happen to t and there are options avail *"I realize there are other priorities in your life. Did yo know that by not paying yo student loan, you will have harder time getting a home auto loan? Establishing goo credit with your student loo can help you in the future."*

* See *Managing Difficult Borrowers* on back page.

3 Can Borrower Make Payment?

Begin Step 3

Explain outstanding loan amount
Let's take a look at your loan account and figure out the situation. It looks like you're *number of months* delinquent—this means that your loan is past due. The easiest way to resolve the issue is for you to pay the past-due amount. You'd need to pay *amount* to get caught up on your payments. Are you able to make a payment in that amount at this time?

Can borrower make payment?

YES → **Contact lender with borrower!**
Also, you may wish to discuss changing repayment plans as a proactive measure. If so, **go to Step 6.**

RESOLVED! → 6

NO → 4

Tips

* Use information from lender or guarantor's reports or Web site to determine the borrower's past-due amount. Explain where the amount came from (number of months past due, interest accrued, etc.).
* If the borrower can't make a payment, discuss what's pre-venting them from making a payment—this should lead into a discussion of deferments and/or forbearance.
* If the borrower agrees to make a payment, introduce the repay-ment plan options before you contact the lender. Explain that by selecting another repayment plan, they could reduce their payment, making it easier to manage future payments.

Before looking up the borrower's delinquent amount, verify their Social Security number and ask for the spelling of their last name. Or follow your school's own privacy procedures.

4 Qualify for a Deferment?

Begin Step 4

Introduce concept of postponement
Student loans come with options that allow borrowers to postpone or reduce their monthly payments. If you qualify for one of these options, we can request one from your lender. This will bring your loan current. Why don't we see which one you qualify for?

QUESTIONS TO ASK
Are you currently in school?
Are you attending at least half-time?

Qualify for in-school deferment?

YES → **Complete in-school deferment form (SCH)SCH**
Excellent! You qualify for an in-school deferment. This allows you to postpone your loan payments until you graduate or drop below half-time status. I'll help you complete the paperwork so we can defer your loan payments.

You may also wish to discuss changing repayment plans.

RESOLVED! → 6

NO → **Next question...**

Qualify for a Deferment? 4

Continue Step 4

QUESTIONS TO ASK
Are you currently working less than 30 hours per week? Are you registered with an employment agency, or are you receiving unemployment benefits?

Qualify for unemployment deferment?

YES → **Complete unemployment deferment (UNEM)**
There is a deferment that exists for this situation! As long as you are working less than 30 hours per week and are either registered with an employment agency or are receiving unemployment benefits you qualify. I'll help you complete the paperwork so we can defer your loan payments.

You may also wish to discuss changing repayment plans.

RESOLVED! → 6

NO → Next question...

QUESTIONS TO ASK
Are you receiving or eligible to receive government assistance (TANF, General Assistance, Medicaid, food stamps, or Supplemental Security Income)?

Qualify for hardship deferment?

YES → **Complete hardship deferment (HRD)**
Because you are receiving assistance from the government, you are eligible for a deferment that will postpone your loans. I'll help you complete the paperwork.

You may also wish to discuss changing repayment plans.

RESOLVED! → 6

NO → Next question...

QUESTIONS TO ASK
Are you currently on active duty?

Qualify for military deferment?

YES → **Complete military deferment form (MO)**
Being on active duty (including National Guard duty) during war, national emergency as declared by the president, or military operation qualifies you for deferment. Loans taken on or after July 1, 2001 can be deferred for a maximum of three years. (Past payments on these qualifying loans can't be refunded.) I'll help you complete the paperwork so we can defer your loans.

You may also wish to discuss changing repayment plans.

RESOLVED! → 6

NO → 5

Tips

* Remember, a deferment is always preferable to a forbear-ance, which allows interest to accrue. You'll have to ask the borrower a few additional questions to find out if they qualify for a deferment. It will be very beneficial to them!
* The three most common deferments are for:
  - attending school (SCH)
  - unemployment (UNEM)
  - economic hardship (HRD)

  Use the prompting questions to the left of the diamonds to determine whether or not the borrower qualifies for each. And remember you may be able to ask for a retroactive deferment to cover the delinquent period.
* Ask for the spelling of the borrower's last name and their Social Security number, so you can begin to fill out the deferment form. This allows you to further verify they are the borrower.
* You may choose to mail the borrower the form, or you might ask that they visit the financial aid office. Usually mailing the form to them is easier. Be sure you highlight the area they are to complete, and enclose a stamped or postage-paid return envelope addressed to you with the form. Once you have received the form from the borrower, double check the accuracy, complete your section, make a copy for yourself and one for the borrower, then either fax or mail the form to the lender/servicer.
* After determining that the borrower qualifies for a deferment, you may wish to discuss changing repayment plans to help them better manage payments after the deferment ends.

5 Agree to Forbearance?

Tips

* When everything else fails, a forbearance (FB) is a useful option to cure a delinquency. The reason for a forbearance can be as simple as "experiencing financial difficulty." Remember you may be able to ask for a retroactive forbearance to cover the delinquent period.
* Ask for the spelling of the borrower's last name and their Social Security number, so you can begin to fill out the forbearance form. This allows you to further verify they are the borrower.
* You may choose to mail the borrower the form or you might ask that they visit the financial aid office. If you mail the form, be sure you highlight the area they are to complete and enclose a stamped- or postage-paid return envelope with your address. Once you've received the form from the borrower, double check the accuracy, complete your section, make a copy for yourself and one for the borrower, then either fax or mail the form to the lender/ servicer.
* After speaking to the borrower about forbearance, you may wish to discuss changing repayment plans to help them better manage payments once forbearance ends.

Begin Step 5

Explain forbearance

Although you don't qualify for a deferment, due to your financial situation, we can request forbearance of your student loan(s). Like a deferment, forbearance allows you to postpone your payments, however, the interest will continue to accrue on the loan(s). You can choose to pay the interest, but if you don't, it will be added to the principal of your loan. This forbearance will bring your loan current and out of delinqency. This sounds like your best option—let's have you apply for one—you'll be glad you did.

Does borrower agree to sign forbearance?

YES →

Complete forbearance (FB)

I'll help you complete the form and make sure your lender receives it. Remember that submitting this form does not guarantee your request will be approved. It's up to your lender/servicer's discretion. You'll receive official notification of the approval/ denial within 30 days.

RESOLVED!

6 You may also wish to discuss changing repayment plans.

NO ↓

Questions to ask

- What are your plans to prevent the loan from defaulting?
- How would you like to proceed?
- Since this is a free service that will help you financially and save your credit I recommend you let me assist you in completing the form... you won't regret it.

If borrower still won't consider forbearance...

NO →

Provide contact information

I'm sorry that you aren't interested in the forbearance right now. This option will bring your loan current and help you avoid bad credit ratings and other serious results. Let me give you my contact information in case you change your mind. *Provide telephone number, e-mail address and office hours.* Thank you for your time.

Switch Repayment Plans? 6

Begin Step 6

Explain Repayment Plans/Consolidation

By changing repayment plans, you'll be able to lower your monthly payment, making it easier to afford. Let me briefly explain each repayment plan and how they can alter your monthly payment amount. *Review the plans listed below. You may wish to use EdWise® (or another online calculator) and enter the borrower's actual loan amount.* By contacting your lender, we can switch you to one of these plans—are you interested in changing plans to lower your future payment?

Does borrower want to change plans?

NO → In case you change your mind in the future, let me give you my contact information. *Provide telephone number and e-mail address.* Thank you for your time.

YES → **Put the student in contact with the lender/servicer to change plans.**

* Standard Repayment Plan allows you to pay the same amount each month—at least $50 or the interest that has accrued—with up to 10 years to repay.
* Graduated Repayment Plan ensures your payments start out low and increase over time, with up to 10 years to repay. You'll pay more in interest over the term.
* Income-Sensitive Repayment Plan bases your payment on a percentage of your gross income and the amount you borrowed, but the payments must be at least the same as the interest due. (So you can't have a $0 payment, even if you're unemployed.) Your repayment term will vary depending on amount of the loan and your income.
* Extended Repayment Plan requires over $30,000 in outstanding loans and no outstanding loans as of October 7, 1998 (new borrowers). Payments can be fixed or graduated, with up to 25 years to repay.

Tips

* It's strongly recommended that you use EdWise (*www.edwise.org*) or another online repayment calculator to determine estimated monthly payments based on each of the plans. You may wish to use 8.25 percent as the interest rate in your calculations for the "worst-case scenario."
* If the borrower has missed payments because they have multiple loans/lenders or a very high balance/payment, it may be worthwhile to discuss loan consolidation. Be sure to put the borrower in contact with the lender. Here are a few benefits to mention about loan consolidation:
  - *One monthly payment*
  - *Reduction of monthly payments*
  - *Different repayment plans*
  - *No application fees*
  - *No pre-payment penalties*
  - *Can lock in a lower interest rate*

Privacy Issues & Managing Difficult Borrowers

PRIVACY INFORMATION

There are numerous privacy laws that must be followed when dealing with a person's private information, such as student loans. Below is a list of things to be aware of as you contact and counsel borrowers. For more information, refer to the Fair Debt Collection Practices Act and the Privacy Act of 1974.

* Don't disclose the borrower's personal information to anyone other than the borrower (or the references listed on the MPN).
* Personal information includes Social Security number, the fact that the borrower has loans and the balance of the loans, etc.
* Don't communicate by postcard if there is any mention of student loans on the card.
* Contact the borrower between the hours of 8:00 a.m. and 9:00 p.m. (Keeping in mind the time change if calling across time zones). Use caution when contacting the borrower at their work place by asking if it's a good time to speak with them.
* No matter how your interaction with the borrower proceeds, do not use abusive or harassing behaviors such as shouting, threats, etc.

MANAGING DIFFICULT BORROWERS

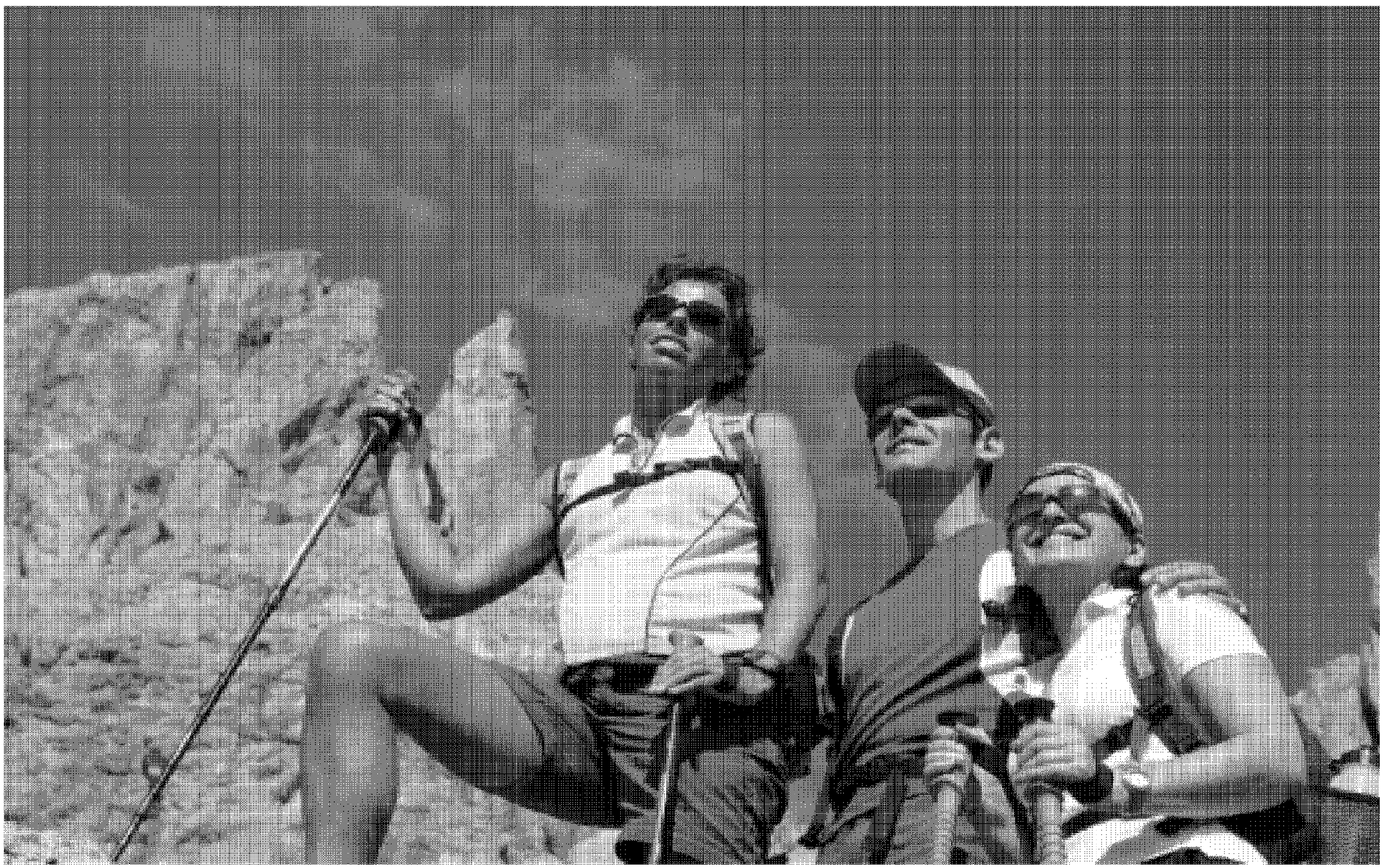
If a borrower becomes upset, don't take any remarks personally. Use the following tools to help solve the borrower's problems, rather than escalate the situation:

* **Use the borrower's name:** You may be able to build a personal connection if you use the borrower's name often. In general, people are less likely to be rude if they are being personally recognized.
* **Smile:** The borrower can hear your smile and positive attitude—even over the phone.
* **Counter anger:** Speaking in a low, unruffled voice will cause the borrower to quiet down and listen more carefully, and typically results in them calming down. It also demonstrates to the borrower that you are not going to get involved in a counter-productive shouting match.
* **Give the borrower time to talk:** Many times, the borrower wants you to hear their situation. If they feel you're listening and they think you understand their situation, they'll be more likely to trust your advice. While the borrower is talking, make sure to indicate you are listening.
* **Restate:** After the borrower is through talking, restate what they have told you. "If I understand you correctly, you're saying..." This is important because even though you were listening, you may not have heard the borrower correctly!
* **Remind them of the consequences of default:** The borrower should have many opportunities to avoid default, and default consequences are serious. Remind them that the situation won't disappear and that it'll be easier to deal with sooner, rather than later.
* **Remain professional:** The borrower may verbally attack your institution, your department or even you! When dealing with irate callers, focus on the borrower's issue rather than the borrower's attack.
* **Offer assistance:** Tell borrowers that you "would like to help them," if they let you and that you are available to answer any of their questions.
* **Rarely agree:** A difficult situation could become worse if you say you "agree." Instead, say that you "understand."
* **Assert control:** Although the borrower may rant about their situation, assert control by steering the conversation back to how you can help them.

1.5k 8.06 L-84

EXHIBIT 50

A skip tracing guide to locating Students.



The fundamentals of Skip Tracing.

- You need to make sure that you call all temporary disconnected numbers to see if the phone has been reconnected.
- Check Campus View for any numbers that have not been uploaded to Loan tracker and make attempts on all the additional contact numbers.
- If you still have not contacted the borrower you need to call all the references that the student listed on either the exit form or the promissory note that they filled out.
- After you have exhausted all the contact numbers off of Campus view you should then check the Lender sites to see if there is any additional information to contact the student at.

Calling Relatives

- Next you want to click on the tab on the right hand side requesting Relatives, Associates, and Neighbors.
- In this group you want to concentrate on contacting relatives in an attempt to either leave a message for the student or obtain new location information.
- When talking to a relative or reference you want to try to make them your best friend.
- If you can get them on your side you are more likely to get the new information to contact the student at.

Calling Associates

- After you have called all of the possible relatives then I would move to Associates that are listed to the student.
- What you need to do is call the Associate in the closest proximity to the student and work your way down the list.
- When talking to the associates I recommend just asking if they know the student.
- If they do then they will let you know and at that point you can start asking either for a phone number to reach them or if the associate asks to take a message Leave one for the student.

Calling Neighbors

- When calling neighbors you do not want to leave messages unless they know the student and tell us they are willing to take a message to the student.

  Calling Neighbors is a last resort effort to attempt to contact the student.

Calling Places of employment

- In the event that the phone number dials into a main switchboard you need to ask for the student directly.
- If they are only able to transfer the call to the department and you don't know which department it is. You can just ask to be transferred to Human Resources or Payroll and try to obtain the department the student works for.
- In the event that they will not give you the department you should ask the Human resources or Payroll representative if they can relay a message to the student for you.
- Make sure that you are polite to the individuals and if they advise us that the student can't get calls at work make sure we document the file and mark the employment number as a do not call.

Basic call Requirements

- Make sure that when you are asking for information from a third party you are using Who, What , When, Were, and How. By asking the direct questions you will minimize the opportunity for the third party to ask questions. If they start to ask questions they are more likely to put there guard up and not help you contact the student.

- When asking for information from a third party use phrases like:
- What is another phone number to reach them at?
- When will he be in?
- How can I get in touch with him?
- Were are they working ?
- Who would have a phone number that I can reach them at?

- By asking the direct questions you are able to obtain the information you need with little or no opposition from the third party.

EXHIBIT 51

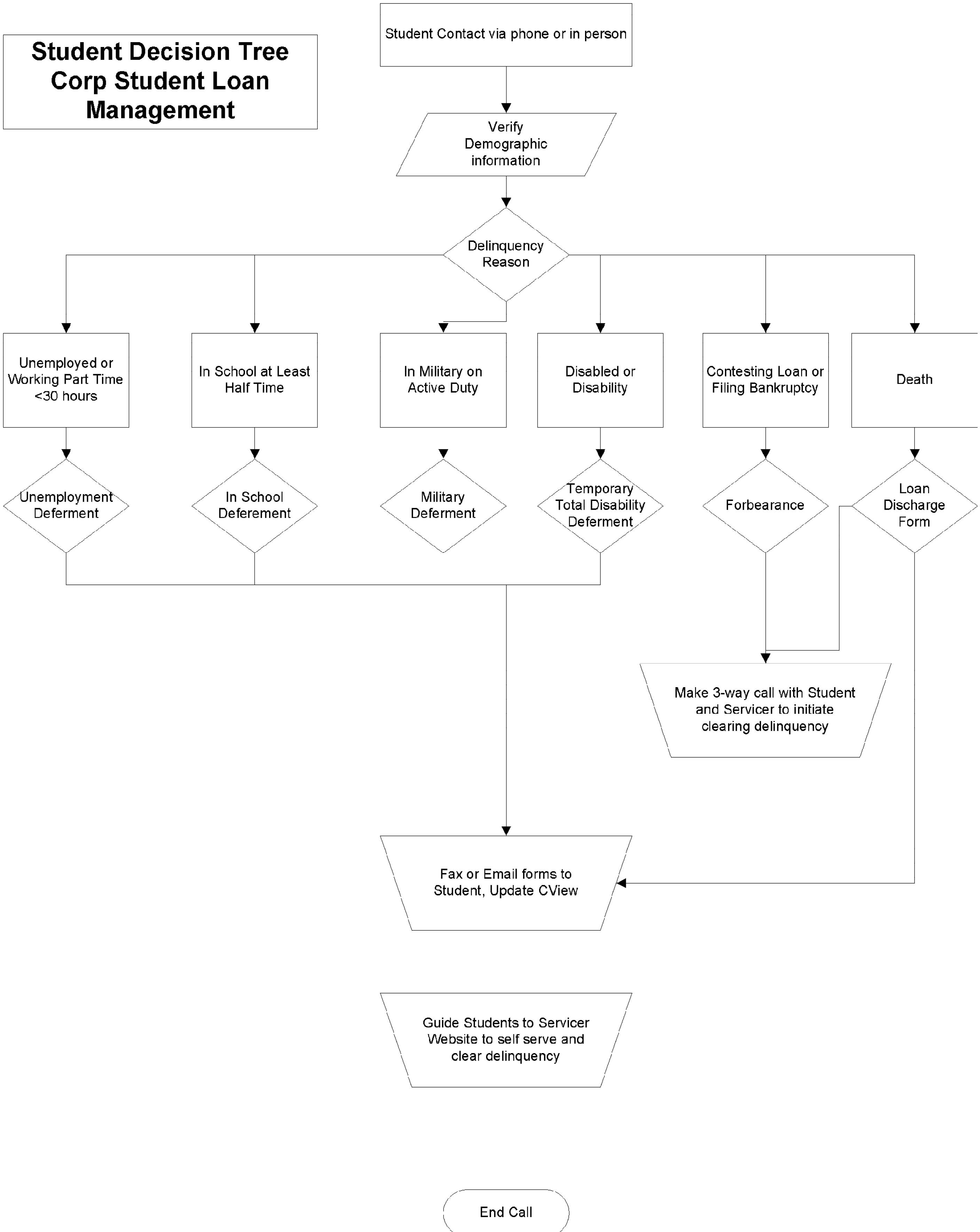

Student Decision Tree
Corp Student Loan
Management
Student Contact via phone or in person
Verify
Demographic
information
Delinquency
Reason
Unemployed or
Working Part Time
<30 hours
In School at Least
Half Time
In Military on
Active Duty
Disabled or
Disability
Contesting Loan or
Filing Bankruptcy
Death
Unemployment
Deferment
In School
Deferement
Military
Deferment
Temporary
Total Disability
Deferment
Forbearance
Loan
Discharge
Form
Make 3-way call with Student
and Servicer to initiate
clearing delinquency
Fax or Email forms to
Student, Update CView
Guide Students to Servicer
Website to self serve and
clear delinquency
End Call

EXHIBIT 52

.

From: Davis, Tracye
Sent: Thursday, April 29, 2010 4:22 AM
To: Everest Central Student Loan Specialists; Everest Central Dir of Finance; Everest Central School Presidents
Cc: Redacted by HELP Committee
Subject: CDR Daily Activity 4-28-10
Attachments: image001.gif; Central Division Daily Tracker Report Week Ending 4-30-10.xls

Team Central...you did it! We cured **243 students** on Wednesday, with 176 from the 2009 Cohort!

Excellent work. As we discussed on the President's call today, our Division is leading CCi and that is a direct reflection of your daily efforts to drive down our CDR.

Action Required:

As discussed previously, we want to ensure that our efforts are being accurately counted. I will be sending a separate email to each school with a spreadsheet of all the cures to date. Each school will need to reconcile (name-by-name) the spreadsheet against your records. This will give us the information we need to fill-in the "gaps" in our reporting. The sheets will be due back to the Central Divisional Team by COB Thursday, April 29, 2010.

We will discuss this directive on our Thursday morning call. I will be on the road Thursday afternoon, however feel free to leave a message and I will get back to you ASAP.

Happy Dialing!

thanx, tyd

Tracye Y. Davis, Regional Director-CDR
Everest Central Division
Redacted by HELP Committee

"a **C**ure a **D**ay is a **R**ing away!"

EXHIBIT 53

FIRST AMENDMENT TO
COHORT DEFAULT MANAGEMENT SERVICES AGREEMENT

THIS FIRST AMENDMENT TO COHORT DEFAULT MANAGEMENT SERVICES AGREEMENT (this "Amendment") is made effective as of **June 17, 2010** by REDACTED REDACTED and Corinthian Colleges Inc. ("CCI").

WHEREAS, REDACTED and CCI entered into that certain COHORT DEFAULT MANAGEMENT SERVICES AGREEMENT dated as of October 29, 2009 (the "Agreement"); and

WHEREAS, REDACTED and CCI now desire to amend the Agreement pursuant to the terms and conditions described herein; and

WHEREAS, REDACTED and CCI are entering into this Amendment pursuant to Article IX, Section D of the Agreement.

NOW THEREFORE, in consideration of the mutual covenants contained herein, the receipt and sufficiency of which are hereby acknowledged, REDACTED and CCI, intending to be legally bound, agree as follows:

1. Capitalized terms used herein and not otherwise defined shall have the meanings set forth for such terms in the Agreement.

2. Article VI of the Agreement is hereby amended to include the following provisions:

C. FISCAL YEAR 2010 "REASSIGNED" ACCOUNTS.

For those designated as Fiscal Year 2010 "Reassigned Accounts" (Borrowers formerly serviced by a CCI internal workgroup now assigned to REDACTED for Cohort Default Management Services) in a one-time placement from the Fiscal Year 2010 Cohort in which the close of the 3-year 'trial' review period is September 30, 2012, CCI shall pay REDACTED a monthly maintenance fee of REDACTED per Borrower that CCI assigned to REDACTED for Cohort Default Management Services per month.

Additionally, CCI will pay REDACTED a performance bonus of REDACTED each time REDACTED brings a CCI student borrower with a delinquent Account into a current and up-to-date status for all loans that would impact the Fiscal Year 2010 3-year 'trial' Cohort Default Rate if a default were to occur, thus preventing that Borrower from entering default status which would negatively impact CCI schools' Cohort Default Rates. This performance bonus shall be payable upon presentation by REDACTED to CCI of a detailed "cure" report which identifies the resolved delinquency, and (if available) the specific delinquency resolution method (e.g., up-to-date payment, in-school deferment, unemployment deferment, military deferment, economic hardship forbearance, administrative forbearance, etc.) with the duration of the specific resolution method (if applicable) by specific CCI Borrower.

Upon the finalization of the Cohort Default Rates by the U.S. Department of Education for the Fiscal Year 2010 Cohort, a performance bonus amount paid to REDACTED under the terms of this section shall be refunded to CCI for each and every CCI Borrower, who after appeal with the U.S. Department of Education, remains in the numerator of the Cohort Default Rate formula and negatively impacts CCI's Fiscal Year 2010 Cohort Default Rate as determined pursuant to 34 C.F.R. 668.183(b).

IN WITNESS WHEREOF, the parties have executed the Amendment to this Agreement.

CORINTHIAN COLLEGES INC. (CCI)
6 Hutton Centre Drive Suite 400
Santa Ana, California 92707

By ______________________________

REDACTED

Title

Date: ____________________

REDACTED

By: ______________________________

REDACTED
(Print Name)

Title: REDACTED

Date: ____________________

EXHIBIT 54

.

From: Redacted by HELP Committee
Sent: Saturday, July 31, 2010 7:02 PM
To: Redacted by HELP Committee
Subject: July CDR Results.xlsx - LOOKING FOR 24 CURES THIS SATURDAY
Attachments: image001.png; 564 Ontario Metro CDR Tracker NEW July.xls; image003.jpg

<u>CDR ACTIVITIES:</u> 6Letters mailed, 16 emails

<u>Who staffed the campuses on Saturday?</u> REDACTED

<u>How many calls were conducted?</u> 79

<u>Any appointments that came in?</u> 0

<u>How many > 150 cures for 2009/2010 occurred on Saturday?</u> DACT

REDACTED

Thanks,
Redacted by HELP Committee

Campus Student Loan Specialists
Campus Name
Redacted by HELP Committee

From: Toman, Sherry
Sent: Saturday, July 31, 2010 7:49 AM
To: Redacted by HELP Committee
Subject: FW: July CDR Results.xlsx - LOOKING FOR 24 CURES THIS SATURDAY
Importance: High

Good morning CDR Team !!!

We **<u>NEED a strong</u>** Saturday to end this week on a high note !!!

Make sure to update your master spreadsheet and update the daily tracker (the one you email to Redacted by HELP Committee at 4pm each day) for 07/31. This way we will not mess up the Monday email.

Email me the daily tracker **<u>PLUS</u>** the following results before you leave on Saturday:

<u>CDR ACTIVITIES:</u>

<u>Who staffed the campuses on Saturday?</u>

<u>How many calls were conducted?</u>

<u>Any appointments that came in?</u>

<u>How many > 150 cures for 2009/2010 occurred on Saturday?</u>

REDACTED

Any other activity such as **<u>How many mailers did you get ready to send out as well?</u>**

Sherry

From: Redacted by HELP Committee
Sent: Friday, July 30, 2010 9:24 PM
To: Everest West Dir of Finance; Everest West Student Loan Specialists; Everest West School Presidents; Everest West RVPs of Operations
Cc: Redacted by HELP Committee
Subject: FW: July CDR Results.xlsx - LOOKING FOR 24 CURES THIS SATURDAY

Daily activity for July 30, 2010

Calls Made 3583
Students Contacted 65
50 CURES

CONGRATULATIONS TO THE FOLLOWING SCHOOLS FOR A GREAT DAY

Campus Name**……………..9 CURES**
Campus Name**………………8 CURES**
Campus Name**…………….7 CURES**
Campus Name**……………6 CURES**
Campus Name**……………..5 CURES**

TEAM WEST – REDACTED
REDACTED **LETS HAVE A STELLAR SATURDAY AND/OR SUNDAY – I KNOW WE CAN DO IT….**

ONTARIO – WE MISSED YOUR REPORT – PLEASE SEND MONDAY ASAP..LOOKING FOR ANOTHER BIG DAY
NORTH WEST REGION – REDACTED ……….THE RACE IS ON

CAN'T WAIT FOR MONDAYS' RESULTS.....ROUNDING THE CORNER, NECK AND NECK ......WHO WILL CROSS THE FINISH LINE AND WIN THE PURSE THIS WEEK

Deborah Hayes
Division Finance Director
Campus Name
Redacted by HELP Committee

From: Redacted by HELP Committee
Sent: Friday, July 30, 2010 5:37 PM
To: Hayes, Deborah
Cc: Redacted by HELP Committee
Subject: July CDR Results.xlsx

Deborah,

The daily self-reported Cure results for Friday, July 30, 2010 are attached.

Have a nice weekend,

Redacted by HELP Committee

EXHIBIT 55

The Delinquent Borrower List

- CSC will be providing you with a list of your campus's delinquent borrowers. This Delinquent Borrower List is comprehensive as far as your OPEID and branch number, if applicable.
- The Delinquent Borrower List you'll access is sorted first by cohort year and then by days delinquent. The 2009 cohort, the one you'll want to concentrate on, is on top and the list is arranged in descending order with your most delinquent (and thus most urgent) students at the top.
- You'll want to work the Delinquent Borrower List from the top down, making sure to reach out to those most delinquent students first as these borrowers could potentially default in a matter of days.
- You may see some borrowers at what appear to be excessive days delinquent – 300, 325, 350, maybe even in excess of 400 days. Because these students are over 270 days delinquent does not mean they cannot be cured –these borrowers' claims may still be in the process of being paid and they CAN STILL BE SAVED!
- Research each borrower briefly in NSLDS before contacting them; if you see a 'DF' indicated on a PUT loan, check also briefly with the servicer to make sure that the borrower is not just in the claims process and may still be able to bring their loan current. If, however, you see a 'DF' listed on a commercial loan, it is probably already a default. Remember the PUT loans will indicate 'Department of Education' as opposed to a lender / guarantor combination (commercial loan). A list of servicer phone and fax numbers are on the portal. Follows are some screen shots of NSLDS:

EXHIBIT 56

PRESENTED BY: Jeff Arthur

The economy is in a slump and there aren't many good signs right now for most businesses...So , I believe we should all be thankful we are in an industry that appears to be bucking that trend. We have a bright future in an industry that is capable of great success regardless of the state of the economy. But we must manage our risks or we could find our individual colleges with great short term success, but no future.

In my estimation, we face 2 very serious risks, and a few other minor ones.

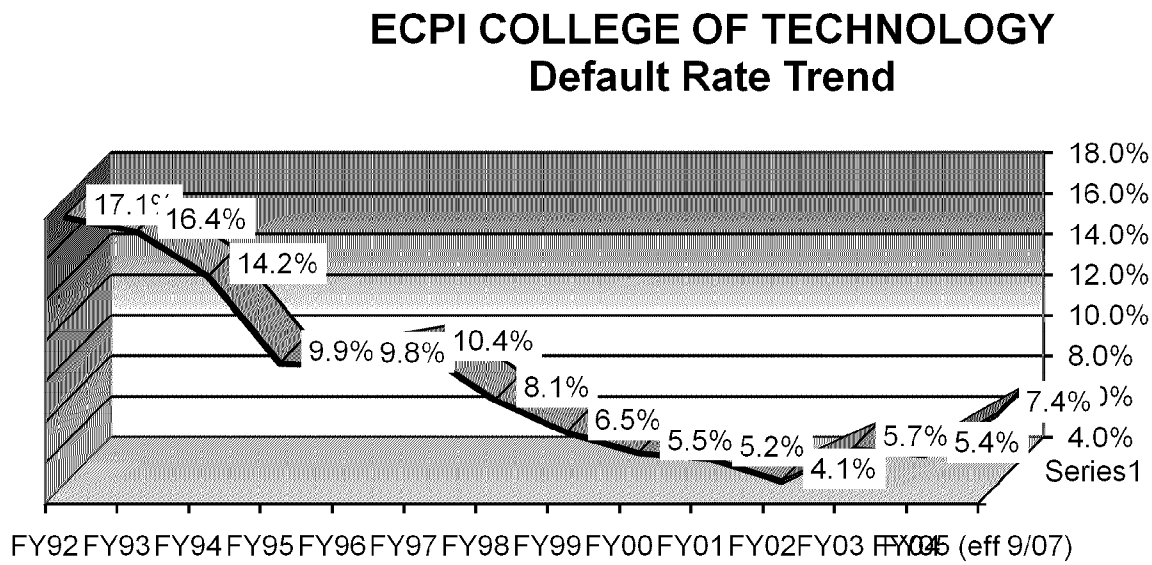
What do you all think are some risks we face? (90/10...was this solved by congress this week? No! we have a period to adapt, but we better start adapting because it could be VERY tough when this grace period wears off, and we may really trick ourselves with this temporary transition period)

Default for many will be the biggest risk, and by the end of this session, I think you will understand why! Limited Financial Assistance. Got a nice increase that will help, for some it will outweigh the loss of free money (sub prime / opp pools). State and federal regulation.

I attended this leadership institute in 1992. At that time, default rates were the biggest risk facing our industry. Many colleges didn't figure it out and were closed down. But in the early 90s we figured out the rules for default, and basically made this a functional area of the college and for most of us became something we thought about twice per year. When our draft default rates came out in April, and our final rates in September...We high-five each other, brag about how great we are for a few minutes, then focus on the other operations of the business.

I think it will helpful to look at the history of student loan default rates. When it was decided to publish default rates, most career colleges got letters saying their default rate was 25-50%! This was in the late 80s/early 90s. In 1992 institutions with over 25% for 3 years were closed, or one year over 40%. There actually were hundreds of colleges put out of business due to high default rates.

But the DOE and pretty much everyone wanted to show the great progress being made to reduce defaults, so they changed the formula to indicate a student was in default after being 270 days delinquent on their student loan instead of 180 days. Administratively, you could also 'cure' your default during the claims process, which could take up to another 60 days. The result of this formula change, and additional effort by schools/lenders/guarantors, had everyone beating their chest that the problem was solved as default rates continued to decline for 15 years.



Here is the formula currently in use to calculate default rates, but don't ask me to defend the formula or suggest it is an accurate business model, it is just the formula that congress decided on and the rules we must live by.

INSERT FORMULA CHART

So, what do we have to do to keep someone out of default? On average, we only have to get students to pay or forbear their loans for 6 months! With the proper effort, it really isn't that hard to keep your default rate low!

Much is talked about what default rates mean. Well, the rates determined from this formula tell us a few things, but not much. They are intended to measure the quality of an institution and whether it is worthy of taxpayer investment in students attending there. LOL

In reality, they can tell us that a college is doing a good job of following up to make sure their former students follow a few simple steps to stay out of default…just for a while, then we don't care. They also are a reflection of the socioeconomic risks of the population an institution serves. If they really wanted to accurately measure quality or effectiveness of taxpayer investment, they would regulate based on graduation rates, employment rates, and starting salaries. But that doesn't' work because if they did, career colleges would be the only ones standing!!!!

Guarantors and lenders are not stupid though; they have their own calculations and ways to evaluate risk. They may pretend to look at your published default rate, but the fact is there was great profit in student loans that meant they didn't have to care too much. But I assure you; REAL, dollar-based, lifetime default calculations are being done now, and are a factor in decisions to give your students access to FFEL and private loans! It doesn't matter the worthiness of taxpayer investment, profit is what matters.

So, given that default rates have declined, and we as a sector have basically conquered the issue of default rates...WHY am I saying default rates are one of the two biggest risks we face? Can someone tell me what has changed that?

YES! I recall hearing the next morning that on a Wednesday evening, I believe it was, a congressman had added an amendment to a bill at the last second that would change the formula for measuring default rates. It sounded logical enough, and relatively harmless. After all if the national default rate was around 5% and we hear that the current cohort period doesn't allow much time for default, that by just adding one more year to an already 2 year cohort period would give a more accurate default rate....makes sense!

I happen to think this was carefully orchestrated and supported through ACE and maybe a few other trade organizations as a way to slow down career colleges. I was invited to a meeting with DOE officials from the default management division a little over a year ago, and along with 9 other large career colleges, was told they felt that defaults were going to receive increased attention, and we should be taking some steps to admit more qualified students to our institutions in order to lower default rates. Well, it seemed to come out of left field, but I suspect they were receiving inquiries about default rates at career colleges, and this was carefully orchestrated plan to make a change without giving us a chance to fight it. CCA and career colleges have been successful in lessening the penalties for higher default rates, for which we should be grateful. But don't kid yourself, even if your default rate doesn't get to the now 30% threshold where penalties can be applied, the battle can be lost long before that as consumers, legislators, PRESS, all do plenty of damage by declaring how horrible your 20% default rate is and an errant formula has been hiding the fact for years that your students are not successful because huge numbers of them default on their student loans.

WE MUST ACT NOW TO LOWER THEM because the first students that will be in first couple of years are already IN your school, and the first cohort under this formula has just left your college starting this April!

SO what is the new formula, and why is it so serious.

INSERT NEW FORMULA AND EFFECTIVE DATE

As you can see, the 'opportunity window for default' has not increased just 50% from 2 to three years, but as much as 150% from 6 months on average to 18 months on average! At the same time, lenders could become less gracious in granting forberances and cooperating in general to do extra work beyond what due diligence is required to prevent defaults. Guarantors whose job it is to prevent and then recovered defaulted loans are under fire some as well, and I fully expect the currently 18 guarantors out there will pare down to 7 or 8 over the next few years. Plus research has shown that students being serviced in the direct loan program are more likely to default, and we know there will be big increases, maybe really big increases, in the use of DL. The effects of the new formula will be much more significant on career colleges as well, because we all know that we do much more work than other colleges in getting our default rates low, so when most of us have ended that work at the end of the cohort period, when you go beyond the cohort period, the rates are likely to skyrocket. I have had analysis from our guarantor, and informally from the Dept as Ed as they won't say anything official, that the rates are going to be around 2.5 x greater than the current cohort rate, and I think some colleges may see 4x or more in some cases. You can imagine how that will play in your local newspaper when they do a story on the default rates of institutions in your city! Now is everyone getting a sense of why this topic is on your agenda!

So what can we do to lower our default rates? I will show you some of the things we have done, or have in the works to implement at our college. Also, if your college outsources DM, I would be asking your DM servicer whether they are already extending the period to track defaults.

INSERT SLIDES FROM CCA PRESENTATION.

EXHIBIT 57

COHORT DEFAULT MANAGEMENT SERVICES AGREEMENT

This Cohort Default Management Services Agreement (this "Agreement') is entered into as of the 24th day of January 2010, between GENERAL REVENUE CORPORATION ("GRC"), and ITT EDUCATIONAL SERVICES, INC. ("ITT ESI").

WHEREAS, ITT ESI owns and operates post-secondary educational institutions (collectively, the "Schools");

WHEREAS, some of the students at the Schools finance costs of their education at the Schools with Federal Family Education Loan Program ("FFELP") and Federal Direct Loan Program ("FDLP") student loans;

WHEREAS, ITT ESI desires to minimize the number of student loans accounts which default in their current year federal Cohort, as defined in 34 C.F.R. 668.181, et seq.; and

WHEREAS, GRC is in the business of providing Cohort Default Management Services, and desires to assist ITT ESI with managing its Cohort Default Rate;

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants contained herein and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

I. CONTRACTING PARTIES:

GRC is an Ohio corporation with its principal place of business at 11501 Northlake Drive, Cincinnati, Ohio 45249, and ITT ESI is a company with its principal place of business located at 13000 North Meridian Street Carmel, IN 46032-1404. Each party warrants to the other party that the person executing this Agreement on its behalf is duly authorized to do so.

II. BORROWER AND ACCOUNT DESIGNATION:

During the term of this Agreement, ITT ESI shall, at its sole discretion, designate certain FFELP and FDLP student loan accounts (each an "Account", and collectively "Accounts") of students who are borrowers in its federal Cohort, as determined pursuant to 34 C.F.R. 668.183(b) (each a "Borrower", and collectively "Borrowers"), for each specific Cohort year being serviced by FFELP and FDLP lenders and GRC shall provide the applicable Services (as defined below in Section III. Statement of Services to be Performed) with the goal to prevent Accounts from entering into default, and to minimize the ITT ESI Cohort Default Rate, as such term is defined and calculated pursuant to 34 C.F.R. 668.181, et. seq. for that specific Cohort year.

III. STATEMENT OF SERVICES TO BE PERFORMED:

GRC shall provide ITT ESI with specialized student loan borrower default management services, including, without limitation, monitoring of Accounts to avoid delinquency and default of Accounts, contacting delinquent Borrowers via telephone and mail regarding their Account in order to counsel the Borrowers on how to avoid default, updating Borrower demographic information, obtaining Borrower and Account information from third party servicers, file balancing all data files received to ensure all records are received and processed, and providing ITT ESI with reports in such format and containing such information as ITT ESI shall reasonably request from time to time.

This Agreement for Cohort Default Management Services is independent of, and is expressly not conditioned upon, the existence or expectation of, and there have been no concessions or promises made with respect to, any loan volume from any ITT ESI institution to Sallie Mae or any other affiliate of GRC under the Federal Family Education Loan Program ("FFELP") or any private loan program, or the placement of any Sallie Mae entity on any ITT ESI institution's FFELP or private loan recommended lender lists. ITT ESI is entering into this agreement solely for the purpose of obtaining default management services for its institutions and not to incent or induce any Sallie Mae entity or any other affiliate of GRC to make FFELP or private education loans to any ITT ESI institution's students or their families.

A. ACCOUNT MONITORING AND BORROWER CONTACT.

GRC will monitor Accounts and contact Borrowers with respect to their Accounts with the objective of reducing the number of delinquent Accounts, reducing the number of defaulted Accounts, and reducing the ITT ESI federal Cohort Default Rate. GRC shall accomplish such monitoring of Accounts and attempting to contact Borrowers as follows:

Late Cohort Period Outreach – For those Borrowers who are delinquent during the Cohort Repayment Period, GRC shall monitor such Accounts and contact such Borrowers as set forth in Exhibit "A" attached hereto and incorporated herein. The Cohort Repayment Period shall be defined as the period during which a student borrower's default will impact any ITT ESI Cohort Default Rate, or a period of up to 36 months in length for student borrowers entering repayment on October 1, 2008 or later.

B. SKIP-TRACING.

Upon determining that a Borrower's address or telephone number is invalid or incorrect, GRC will, at its own cost and expense, perform all necessary skip-tracing activities, including the use of all available skip-tracing vendors on Borrower, and determine the current telephone number and/or address of Borrower. GRC shall cross-reference the demographic data of Borrower provided by ITT ESI with multiple skip-tracing vendors to attempt to validate the current demographic data of Borrower. GRC shall then attempt to contact Borrower or other sources to verify the demographic data received by the skip-tracing vendor. GRC shall provide ITT ESI with the most updated demographic data with regard to a Borrower as part of its monthly reports pursuant to Section C of this Article III, including providing the data in a file format mutually agreed upon by both parties on media and using the media reasonably requested by ITT ESI.

C. REPORTS.

Within fifteen (15) calendar days after the end of each calendar month during the term of this Agreement, GRC shall prepare reports and data and furnish information to ITT ESI, with such reports containing updated Borrower and Account information, information regarding all activity taken by GRC relating to

Cohort Default Management Services, Borrower and Account delinquency and default status, ITT ESI's then-current federal Cohort Default Rate, GRC's projected Cohort Default Rate for ITT ESI for each Cohort year, master student listings containing all Borrower statuses by Cohort year, monthly exception reports by individual campuses, Account billing reports (in detail and summary form) for all Accounts, and such other information that may be requested from time to time by ITT ESI. Data found in the aforementioned reports will be created by analyzing information provided by ITT ESI and ITT ESI's FFELP- and FDLP-servicing partners and will be cross-referenced with NSLDS data furnished by ITT ESI.

GRC shall systematically track and report, as part of the Report, critical metrics with respect to its performance including Borrower and Account delinquency status, conversion of Borrowers from delinquency status to current status, and ITT ESI's Cohort Default Rate. The Reports contain such information and be in such form, format and media as may be requested by ITT ESI from time to time.

D. <u>DATA EXCHANGE WITH LENDERS, SERVICERS AND GUARANTORS.</u>

1. Upon execution of this Agreement and at all times during the term of this Agreement, GRC shall establish the necessary relationships and enter into any required agreements with the lenders, loan servicers and loan guarantors with respect to Accounts to enable GRC to obtain prior and on-going information regarding Accounts and Borrowers, including, without limitation, delinquency and default status of Borrowers and Accounts.

2. During the term of this Agreement, GRC will adopt and maintain an accurate and secure method of exchanging data with the necessary lenders, loan servicers or loan guarantors relating to Borrowers and Accounts. GRC shall notify ITT ESI of the method used and resolve any security concerns regarding that method identified by ITT ESI.

3. GRC shall exchange data with the appropriate lenders, loan servicers or loan guarantors of Accounts to obtain information with respect to Accounts and Borrowers, including, without limitation, account number, interest remaining due under an Account, late charges under an Account, payment due dates under an Account, delinquency and default status under an Account, and any other information with respect to an Account to the extent not provided by ITT ESI.

4. No less than monthly, ITT ESI shall, to the extent permitted by applicable law, provide GRC with Borrower and Account data for Borrowers with FDLP-serviced student loans as well as data from ITT ESI's guaranty agencies that might assist GRC in providing Cohort Default Management Services on behalf of ITT ESI.

5. No less than monthly, ITT ESI shall, to the extent permitted by applicable law, provide GRC with data from or access to the National Student Loan Data System (NSLDS) (including but not limited to NSLDS' DER001 and DRC015 reports) relating to Borrowers and Accounts designated by ITT ESI to GRC for Cohort Default Management Services.

VI. FEE FOR SERVICES:

ITT ESI shall pay GRC a one-time Account designation fee (the "Fee") per Account upon the designation of such Account in accordance with Article II of this Agreement as follows:

FISCAL YEAR 2009 COHORT.

For those Accounts for Borrowers who entered repayment during the period from October 1, 2008 through September 30, 2009 ("Fiscal Year 2009 Cohort"), ITT ESI shall pay GRC a one-time Account designation fee of **$30.00** per Borrower.

Additionally, ITT ESI shall pay GRC a performance bonus of **$50.00** each time GRC brings an ITT ESI Borrower with a delinquent Account into a current and up-to-date status for all loans which would impact the Fiscal Year 2009 Cohort if a default were to occur, thus preventing that Borrower from entering default status which would negatively impact ITT ESI's school's cohort default rates. This performance bonus shall be payable upon the presentation of a detailed "cure" report which identifies the specific outcome (e.g., military deferment, unemployment deferment, administrative forbearance, economic hardship forbearance, etc.), the duration of the specific outcome (if applicable) by specific ITT ESI Borrower.

Upon the finalization of the 2-year Cohort Default Rates by the U.S. Department of Education for the Fiscal Year 2009 Cohort, a performance bonus amount paid to GRC under the terms in this section shall be refunded to ITT ESI for each and every ITT ESI Borrower who, after appeal with the U.S. Department of Education, remains in the numerator as a defaulter and negatively impacts ITT ESI's Fiscal Year 2009 Cohort as determined pursuant to 34 C.F.R. 668.183(b).

GRC will make the account billing reports available online, for viewing and printing at ITT ESI's convenience, by the 15^{th} of the month following the prior month. Account billings are due and payable within the next 45 days. Designated student borrowers or "Accounts" will be documented in the account billing reports distributed by GRC to ITT ESI monthly.

VII. REPRESENTATIONS AND WARRANTIES OF GRC:

A. GRC is duly organized, validly existing and in good standing under the laws of its state of incorporation and is duly qualified to do business, and is in good standing in every jurisdiction in which the nature of its business requires it to be so qualified. GRC has full corporate power and authority to enter into this Agreement and to carry out the provisions of this Agreement. GRC will comply with the laws of each state to the extent necessary to perform its obligations under this Agreement.

B. This Agreement and all other instruments or documents to be delivered hereunder or pursuant hereto, and the transactions contemplated hereby, have been duly authorized by all necessary corporate proceedings of GRC.

C. The execution and delivery of this Agreement by GRC hereunder and the compliance by GRC with all provisions of this Agreement do not conflict with or violate any applicable law, regulation, or order and do not conflict with or result in

EXHIBIT "A"
ACCOUNT MONITORING AND BORROWER CONTACT
LATE COHORT PERIOD OUTREACH

1. Account Monitoring.
GRC shall monitor the status of all Accounts to determine when such Account becomes delinquent or remains delinquent at a minimum of 1 x per month during the Cohort Repayment period, referenced in III A. (up to 36 months depending on the Borrower's repayment start date). GRC shall make such determination of Borrower's delinquency status based on GRC's electronic data exchanges or manual report exchanges with the FFELP or FDLP lender, servicer and/or guarantor in accordance with Article III, Section D of the Agreement.

2. Delinquency Period Contact.
   a. Telephone Contact. Upon GRC's determination of a Borrower's delinquency (generally at 60 days past due) at any time during the Cohort Repayment period (up to 36 months depending on the Borrower's repayment start date), GRC shall attempt to contact the Borrower by telephone until either Borrower is contacted or GRC determines that the telephone number it has for Borrower is invalid or incorrect.

   b. Written Contact. In addition to telephone contact, GRC may initiate written contact with Borrower.

   c. Contact with Borrower. In its telephonic or written contact with each Borrower, GRC shall:
      - Determine Borrower's current situation, both financial or otherwise, which is causing Borrower to be late on his/her first or subsequent payments under Borrower's Account,
      - Provide Borrower with the appropriate proposed solution to Borrower's situation to bring Borrower current on his/her Account,
      - Provide Borrower with counseling on repayment options on Borrower's Account available to Borrower,
      - Provide Borrower with the necessary forms to facilitate a quick resolution through deferment or forbearance of Borrower's Account, if necessary,
      - Ensure that any appropriate forms of Borrower with respect to Borrower's Account are mailed or faxed and forwarded to the lender/servicer, and
      - Make clear that the lender/servicer (and not GRC or ITT ESI) will make any and all determinations about deferment, forbearance, or other solutions related to Borrower's Account,

3. Continued Contact.
If Borrower remains in delinquent status with respect to a payment under Borrower's Account, GRC shall continue to attempt to contact the Borrower to resolve Borrower's delinquent status with respect to a payment under Borrower's Account, including, without limitation, a letter attempting to resolve Borrower's delinquent status under Borrower's Account

4. Invalid or Incorrect Telephone Number or Address.
If at any time, GRC reasonably determines that Borrower's telephone number or address is invalid or incorrect, GRC shall commence locating Borrower in accordance with Article III, Section B of the Agreement.

EXHIBIT 58

From: Greg Wallis at HQ
To: Kevin Modany at HQ
CC: Dan Fitzpatrick at HQ
Sent: 1/11/2010 8:03:15 AM
Subject: RE: CDR Environmental Challenges

Thanks for the feedback.

Redacted by HELP Committee

Redacted by HELP Committee Additionally, educational deferments are a strategy (albeit poor) to avoid entering repayment of student loans so there is a risk of more students approaching lifetime Stafford limits as they move from school to school to maintain their deferment.

Redacted by HELP Committee

From: Kevin Modany at HQ
Sent: Sunday, January 10, 2010 10:07 PM
To: Greg Wallis at HQ
Cc: Dan Fitzpatrick at HQ
Subject: RE: CDR Environmental Challenges

Redacted by HELP Committee

From: Greg Wallis at HQ
Sent: Wednesday, January 06, 2010 7:56 PM
To: Kevin Modany at HQ
Cc: Dan Fitzpatrick at HQ
Subject: CDR Environmental Challenges

Redacted by HELP Committee

EXHIBIT 59

From: [redacted]
Sent: Friday, November 21, 2008 1:19 AM (GMT)
To: [redacted]
Subject: Re: review of default management concerns - [redacted]

[redacted] - I do understand and appreciate your concerns as well as ideas.

[redacted] and I are in the process of two initiatives to help your campus. One is using an outside skip vendor to locate the "unlocated". The second is utilizing the private investigators for the late stage borrowers. We are in the process of reviewing and finalizing the necessary contracts. More details will follow during the next week.

[redacted]

Executive Director of Federal Regulatory Affairs

From: [redacted]
To: [redacted]
Sent: Thu Nov 20 18:45:55 2008
Subject: review of default management concerns - [redacted]

All,

My email this evening is in regards to a serious situation that my campus faces over the next 11 months regarding default management. As all of you are aware, we were over 25% for Cohort 2006 and all information is pointing in the direction that we will be over 25% for Cohort 2007. That would give us 2 consecutive years on a 3 year clock which make this year of the utmost importance.

Redacted by HELP Committee

Redacted by HELP Committee I will be sending out a meeting invite for next week (roughly 30 minutes) to discuss these ideas as well as a focused strategy on where we need to go from here. As demonstrated by the information above, we must act immediately on this so as to not get way behind the eight ball.

I appreciate your help and support regarding this effort. My campus is making great strides in so many areas and I do not want to jeopardize the future viability of Campus Name

Redacted by HELP Committee
President
Campus Name
Redacted by HELP Committee

EXHIBIT 60

From: Redacted by HELP Committee
Sent: Friday, June 25, 2010 1:05 PM
To: Redacted by HELP Committee
Cc:
Subject: Redacted

Just wanted to say Thank You to the Career Services Department Team.

You Guys ROCK!!

I have been trying to get this student to come in and sign a forbearance for the past couple of weeks and couldn't get her to come in. She wanted Career Services to give her some leads first, I gave Redacted by HEL the students information and Redacted by HELP called her right away and brought her in. Redacted by HELP was able to update her resume and give her some leads as well and the student is now very happy. I was able to get her to sign a

forbearance and an unemployment deferment.

Woohoo! One more student off the delinquency Report….Now that's what u call TEAM WORK!

Redacted by HELP Committee

Student Loan Counselor

Default Prevention Team

Campus Name

Redacted by HELP Committee

EXHIBIT 61

From: Tommy Sims
Sent: Tuesday, August 4, 2009 2:07 PM (GMT)
To: Kevin Corser <KCorser@khec.com>
Subject: RE: Not that we needed MORE data, but . . .

As for those alive unless there is a recorded death certificate in the record of vital records thus the borrower is considered alive.

We check the military link as well to see if there is any borrower found in the database if so then we contact them for a military deferment also.

The "record of vital statistics" is the place you have to contact to get a copy of the death certificate to get the loans discharged due to death. (Even if the borrower has died until we get a copy of the death certificate thus the loan would still count against us)

<< image001.gif@01CA14E0.2061F180 >>

Tommy C. Sims
Director of Default Mgt. & Strategy
Redacted by HELP Committee
[redacted]

www.khec.com

From: Kevin Corser
Sent: Tuesday, August 04, 2009 8:00 AM
To: Tommy Sims
Subject: RE: Not that we needed MORE data, but . . .

How do we verify that someone is alive, not in jail, not in the military? What is the "records of vital statistics?"

From: Tommy Sims
Sent: Monday, August 03, 2009 5:54 PM
To: Kevin Corser
Subject: RE: Not that we needed MORE data, but . . .

Hey Kevin,

Yes, we check the "records of vital statistics" on all borrowers including ATB, we also check the military site for those who may have called up for service and possible qualify for military deferment.
In addition we check the jail/prison as well not saying that we have students there but we do validate.

Later,

<< image001.gif@01CA14E0.2061F180 >>

Tommy C. Sims
Director of Default Mgt. & Strategy
Kaplan Higher Education Corporation
[redacted]
www.khec.com

From: Kevin Corser
Sent: Monday, August 03, 2009 2:32 PM
To: Tommy Sims
Subject: FW: Not that we needed MORE data, but . . .

Real quick...what is the process here? How do we help check this to make sure the servicer is doing it right?

From: Jeff Conlon
Sent: Monday, August 03, 2009 3:01 PM
To: Matt Seelye; Kevin Corser
Cc: Andy Rosen
Subject: FW: Not that we needed MORE data, but . . .

Are our loan servicers checking death records for ATB students who default on student loans?

From: Beth Hollenberg
Sent: Monday, August 03, 2009 1:27 PM
To: Jeff Conlon; Lionel Lenz; [redacted] Jacalyn Lynn
Subject: Not that we needed MORE data, but . . .

This is an excerpt from an email I received after informing a Wonderlich test vendor that we did not need additional ATB test stock:

Regarding the ATB testing, the population can certainly be a challenge and from what I've heard, often not worth the distraction. One of my clients in the SE discontinued ATB this year after extensive cost/benefit analyses, which happened to reveal the interesting fact that 1 out of 150 ATB students died (usually from street violence).

<< image002.jpg@01CA14E0.2061F180 >>

Beth Hollenberg
Chief Operating Officer
[redacted]

[redacted]
www.kaplan.edu

Building Futures

EXHIBIT 62

CORPORATE RISK INTERNATIONAL

CONFIDENTIAL

August 29, 2008

Janice L. Block
Executive Vice President and General Counsel
Kaplan Higher Education Corporation
311 S. Wacker, Suite 3300
Chicago, IL 60606-6627

Re: Terms of Engagement for Retention of Investigatory Services

This letter (the "Letter Agreement") between [redacted] and Kaplan Higher Education Corporation ("Kaplan") sets forth the agreement we have reached with respect to Kaplan's engagement of [redacted] for the services as further specified in this Letter Agreement. Each party is referred to in this Letter Agreement as a "Party" and collectively the parties are referred to as the "Parties."

1. Services.

Kaplan hereby engages [redacted] to locate certain designated current or former students of Kaplan, or its subsidiaries and/or affiliates, that have educational loans that may be approaching default (the "Students") to have the Students execute the appropriate forbearance form set forth in Attachment 1 to this Letter Agreement that correctly correlates to the lender or servicer for such Student's loan (the "Services"). In performing the Services, [redacted] shall (a) make a Reasonable Attempt (as defined below) to locate and contact the Students, (b) obtain from each Student an executed and correct forbearance form with respect to the Student's outstanding loan, and (c) counsel each Student to contact his or her lender (or servicer or guarantor) to negotiate terms to avoid default and work out a payment schedule. For purposes of this Letter Agreement, "Reasonable Attempt" means attempting all of the following: telephone contact, up to three (3) physical visits, where so required, to each Student's address within the same city, obtaining forwarding addresses, and contacting each Student to secure an executed forbearance form from such Student. [redacted] shall ensure that in obtaining the forbearance form from the Students, [redacted] shall use the appropriate forbearance from provided by Kaplan with respect to each Student that correctly correlates to the lender or servicer for such Student's loan.

[redacted] may use subcontractors to perform its obligations hereunder; provided, however, that [redacted] shall (a) ensure that all such subcontractors comply with the terms of this Letter Agreement (including without limitation compliance with all applicable laws); and (b) be fully responsible for such subcontractors' performance hereunder.

In performing the Services, [redacted] shall follow and shall cause its subcontractors to follow the script set forth in Attachment 2 to this Letter Agreement in all dialogue and discussions with the Students while attempting to obtain the executed forbearance form from such Students. Kaplan may update, revise and add new scripts from time to time by providing those scripts to [redacted] in writing.

[redacted] and its agents, representatives and subcontractors, shall perform the Services in full compliance with all applicable federal, state and local laws, including without limitation federal and state laws governing private investigators, privacy and contact with borrowers. [redacted] and its agents, representatives and subcontractors, may not use any threats, intimidation, harassment, or otherwise violate any applicable law or regulation in performing the Services. [redacted] and its agents, representatives and subcontractors, shall be duly licensed and bonded in all states that require licensure and/or bonding for the provider of the Services. [redacted] and its agents, representatives and subcontractors, shall not in any way misrepresent their identity nor engage in any activities that might injure the reputation or goodwill of Kaplan and its products or services and shall at all times perform the Services in a timely, diligent and professional manner in accordance with the highest commercial industry standards. [redacted] understands that the Students are customers of Kaplan, and [redacted] and its agents, representatives and subcontractors, shall treat all Students with courtesy and respect and shall be fair, courteous and professional in all dealing with the Students.

Immediately upon the execution of a forbearance form by a Student, [redacted] shall place such forbearance form in the postage paid envelops provided by Kaplan and immediately place such envelope in the mail.

2. Term; Termination.

[redacted] shall commence providing the Services upon the execution of this Letter Agreement and shall complete the Services with respect to all of the Students on or before September 28, 2008 (the "Term"), unless sooner terminated in accordance herewith. Either Party may terminate this Letter Agreement immediately for cause in the event the other Party commits a material breach of this Letter Agreement. Upon the termination of this Letter Agreement for any reason, [redacted] shall return to Kaplan the unused portion of the Retainer (as defined below).

3. Student Information.

Upon execution of this Letter Agreement, Kaplan will supply [redacted] with individual packages in computerized format containing information regarding each Student, including, without limitation, names, current addresses, dates of birth and social security numbers. From time to time during the term of this Letter Agreement, Kaplan may update [redacted] with updated Student information obtained through updated skip-tracing of the Students and updated delinquent and default status of the Students. Upon receipt that a particular Student is in default status, [redacted] shall cease the Services with respect to such Student and shall not contact such Student any further.

4. **Fees.**

For and in consideration of the performance of the Services, Kaplan shall pay [redacted] the following as fees for the Services (the 'Fees"): (a) $575 for each Successful Resolution (as defined below), and (b) $150 for each Non-Successful Resolution (as defined below). For purposes of this Letter Agreement, a "Successful Resolution" is when [redacted] makes contact with a Student and thereafter secures an executed and correct forbearance form from the Student that correctly correlates to the lender or servicer for such Student's loan. A "Non-Successful Resolution" is when [redacted] either makes contact with a Student and such Student refuses to execute the forbearance form or when [redacted] visits the Kaplan provided address for the Student and is unable to find the Student even after reasonable diligence to determine the current location of the Student, including conducting further limited research. [redacted] agrees and acknowledges that it shall not be paid any fee under this Letter Agreement with respect to a Student if such Student falls from "delinquent" status to "default" status prior to [redacted] commencing an investigation with regard to such Student or if [redacted] fails to contact such Student during the Term.

Upon the execution of this Letter Agreement, Kaplan shall pay to [redacted] an initial refundable retainer of $55,425.00 (the "Retainer"), which amount shall be offset against any Fees owed by Kaplan to [redacted] under any invoice for the provision of the Services. [redacted] shall send Kaplan an initial invoice on September 15, 2008, for the Fees accrued up until such point and such invoice shall be paid by Kaplan (after any offset against the Retainer) on or before ten (10) days from the date of its receipt of the invoice. [redacted] shall send Kaplan a final invoice on September 28, 2008, for the Fees accrued from September 15, 2008, through September 28, 2008. Kaplan shall pay such final invoice (after any offset against the Retainer) on or before thirty (30) days from the date of its receipt of the invoice. Each invoice shall be sent with a report containing reasonable detail regarding the Students for which the invoice pertains, including, without limitation, the identify of Successful Resolutions and Non-Successful Resolutions, updated and current addresses, and current contact information . The report shall contain such detail sufficient to permit Kaplan to verify the Successful Resolutions and Non-Successful Resolutions and verify the Fees contained in the invoice, and contain such other information that Kaplan may reasonably request from time to time. When sending invoices to Kaplan under this Letter Agreement, [redacted] shall direct all invoices to Kaplan Higher Education Corporation, 3750 Brookside Parkway, Suite 150, Alpharetta, Georgia 30022, Attn: [redacted]

5. **Reports.**

From time to time but in no event less than twice per each calendar week during the Term, [redacted] shall prepare, and provide to Kaplan, reports and data with regard to the Successful Resolutions and Non-Successful Resolutions, status and attempts with respect to contacting the Students, updated Student addresses and contact information, and all other information with regard to the Students. All such reports provided by [redacted] to Kaplan under this Letter Agreement shall be on media and in the format as may be requested by Kaplan from time to time. Additionally, [redacted]s representative, [redacted], shall contact Kaplan's representative, [redacted] or such other individual designated from time to time by Kaplan, daily by telephone to provide updates regarding the Students and status of the Successful Resolutions and Non-Successful Resolutions.

6. Records; Audit.

[redacted] shall, and shall cause its subcontractors to, maintain complete and accurate records of and supporting documentation for Services and all routinely prepared reports and records, created, generated, collected, processed or stored by [redacted] in the performance of its obligations under this Letter Agreement ("Books and Records"). [redacted] shall maintain such Books and Records in accordance with generally accepted accounting principles, as applicable for at least seven (7) years after the expiration or termination of this Letter Agreement.

Upon reasonable prior written notice from Kaplan, [redacted] shall, and shall cause its subcontractors to, provide to such auditors and inspectors as Kaplan may from time to time designate in writing, access during normal business hours to the Books and Records. Kaplan may audit the amounts charged to Kaplan to confirm that such amounts are accurate and in accordance with this Letter Agreement. If, as a result of such audit, Kaplan determines that [redacted] has overcharged Kaplan, Kaplan shall notify [redacted] of the amount of such overcharge and [redacted] shall promptly pay to Kaplan the amount of the overcharge.

7. Confidentiality.

The Parties acknowledge that [redacted] and Kaplan have previously entered into that Non-Disclosure Agreement dated as of August 28, 2008 (the "Non-Disclosure Agreement"), the confidentiality provisions of which shall continue in full force and effect in accordance with its terms; provided, that all information furnished to [redacted] by or on behalf of Kaplan under this Letter Agreement shall also be governed by the confidentiality provisions of the Non-Disclosure Agreement, including, without limitation, the Students' addresses, dates of birth and social security numbers and any all other information regarding the Students.

8. Indemnification.

The Parties shall each indemnify, defend, and save harmless the other Party and the other Party's employees, agents, and contractors (the "Indemnified Parties") from and against any and all loss, damage, claim, demand, liability, or expense (including reasonably attorneys' fees) resulting from claims by third parties and based on (a) any acts or omissions of the indemnitor, its employees, agents and contractors, or (b) any breach of any warranty or covenant of the indemnitor contained in this Letter Agreement.

9. Miscellaneous.

Except for the previously executed Non-Disclosure Agreement, this Letter Agreement constitutes the entire understanding between the parties, and supersedes and replaces all prior discussions, understandings, and agreements (oral and written) related thereto. Any modification of the terms of this Letter Agreement must be made in writing after approval by both Parties. [redacted] has entered into this Letter Agreement with Kaplan, and [redacted] cannot assign this Letter Agreement or the obligations described in this Letter Agreement to another person or entity without [redacted]s prior written consent. The laws of the State of Illinois govern this Letter Agreement, and if there is any legal action or proceeding brought in connection with this Letter Agreement, it will be exclusively in Cook County, Illinois. If there any parts of this Letter Agreement that are found illegal or unenforceable, the rest of this Letter Agreement remains in force. Either Party may elect not to exercise its rights as specified in this Letter Agreement, and that non-exercise will not mean that such Party waives its right to exercise those rights at a future date. If either Party needs to give notice to the other under this Letter Agreement, it will be considered duly given if delivered personally or if sent by certified mail, return receipt requested, with first class postage prepaid, addressed (i) to [redacted] at the address provided below its signature, and (ii) to Kaplan, at Kaplan Higher Education Corporation, 3750 Brookside Parkway, Suite 150, Alpharetta, Georgia 30022, Attn: [redacted], with a copy to Kaplan Higher Education Corporation, 311 S. Wacker, Suite 3300, Chicago, IL 60606-6627, Attn: Legal Department. Finally, the Parties are independent contractors and nothing in this Letter Agreement may be read to mean that the Parties are partners or have an employer-employee or principal-agent relationship. If executing this Letter Agreement on behalf of a company, organization or other entity, the person executing represents and warrants that such person has the full and complete power and authority to execute and deliver this Letter Agreement. Facsimile signatures hereon shall be deemed original for all purposes. This Letter Agreement may be executed in any number of counterparts. All provisions herein that, by their language, nature or context are intended to survive, such as confidentiality and indemnification provisions, shall survive any termination of this Letter Agreement.

Please acknowledge your understanding and agreement to these terms by signing below and returning to CRI. If you have any questions or concerns, please do not hesitate to let us know.

We look forward to working with you on this project. Thank you and best regards.

Sincerely,

[redacted]

Senior Vice President

[redacted]

Agreed and accepted:

KAPLAN HIGHER EDUCATION CORPORATION

Signature: M. C. Seelye   Date: 8/29/08

Printed Name: Matthew C. Seelye

Title: CFO

Private Investigator Script for Kaplan Project

Hi! I am here to help you. _____(School Name)____ in __City Location__ has asked me to help you with your delinquent student loans. I am not here to collect any money.

We do not want you to default on your student loans. Did you know you are eligible to apply for a forbearance to temporarily postpone your loan payments?

I have a forbearance form here from your lender. In order to start the forbearance process you will need to fill in your name, address, phone number, email, and sign/date the form. ____School____ has a team of Student Loan Counselors who will process this form with your loan servicer for you.

The Student Loan Counselors will work with your servicer to process the forbearance form. The Student Loan Counselor will update you of the servicer's final action.

You may reach a Student Loan Counselor by dialing 1-866-931-9382 toll free from 7:30 am – 6 pm EST Monday – Friday to assist you with any other questions you may have.

Question: **Why is my former school trying to locate me?**

Answer: We want to help you resolve your delinquent student loans. We are not collecting any money. We are here to help you take care of this. You are entitled to assistance and counseling regarding the loans you received at our campus.

Question: **What will this cost me?**

Answer: NOTHING! We are not collecting any money. We want you to know you have options to help you. We want to assist you with completing a forbearance form to temporarily postpone your loan payments.

Question: **What is forbearance?**

Answer: Forbearance is an option available to help former students who are willing, but unable to make their student loan payments. Forbearance is a temporary postponement of your payments. Interest will continue to accrue while your loans are in forbearance.

Question: **How long are my payments postponed?**

Answer: The federal government allows you to postpone your payments every 12 months up to 3 years if you are having difficulty making your payments.

Question: **What will this do for me?**

Answer: By completing and signing your forbearance form timely, you will avoid defaulting on your student loans. The Student Loan Counselors and your servicer can assist you with selecting a different repayment plan to suit your needs when the forbearance expires.

Question: **What happens if I do not sign this form?**

Answer: Timing is critical. You are days away from defaulting on your student loans.

Defaulting will result in serious consequences:

- Loss of benefits of your loans such as future forbearances
- Bad credit which will prevent you from receiving future loans (car, home, etc)
- Wages may be garnished
- Loss of future tax returns
- Loss of future financial aid
- Increased loan amount due to capitalized interest and collection fees

Question: **Who can I contact with questions?**

Answer: You may contact the Student Loan Counselors (located in Alpharetta, GA) at 866-931-9382 (toll-free number). In addition, you may contact the campus Director of Financial Aid, or your lender or loan servicer directly.

Question: **Where can I obtain updates on my federal student loans?**

Answer: You have several options:

- You may contact your lender, loan servicer, or the Student Loan Counselors (referenced above).
- www.nslds.ed.gov
- 1-800-4-FED-AID (Federal Student Aid Information Center)
- Email: studentaid@ed.gov

EXHIBIT 63

From: Tommy Sims <TSims@khec.com>
Sent: Friday, December 4, 2009 4:34 AM (GMT)
To: James Blackburn <JBlackburn@khec.com>
Subject: RE: 2008 CDR
Attach: FY 2007 Final chart numerator denominator challenges included 9 14 09 (2).xls

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Redacted by HELP Committee

Tommy C. Sims
Director of Default Mgt. & Strategy
Kaplan Higher Education Corporation
Redacted by HELP Committee

www.khec.com

From: Redacted by HELP Committee
Sent: Thursday, December 03, 2009 10:05 PM
To: Tommy Sims
Subject: 2008 CDR

Tommy,

Redacted by HELP Committee

Also, with the three year CDR, have they increased the number of deferments or forbearances a student is eligible to receive. Under the two year plan, we could use deferments or forbearances to get out of danger. Can we do the same for the 3 year CDR? (There has not been any changes in the length of the deferment/forbearance max time usage availability between the 2yr CDR and the 3 yr CDR.)

If a student was unable to make a single payment for all three years, how would we eliminate a default? If not possible, what does the model look like. (I a person makes one payment and it reduces the number of days delinquent to less-than 270 FFELP or less-than 360 days delinquent FDLP thus the claim cannot be filed with the GA and if done each of the 3yrs thereby avoiding a default claim.)

Thanks,

James Blackburn
Vice President, Financial Aid

Redacted by HELP Committee

Redacted by HELP Committee

[redacted]

www.khec.com

Building Futures

EXHIBIT 64

From: James Blackburn
Sent: Thursday, February 4, 2010 2:15 AM (GMT)
To: [redacted]
Cc: Tommy Sims[redacted]; Lionel Lenz [redacted]
Subject: Default Management and Career Services

[redacted],

As I mentioned in last week's GVP meeting, the new 3-year Cohort Default rate is changing our strategy. We can no longer secure forbearances or deferments to cure the default. The student will actually have to make payments, thus they need some form of income. We would like to pursue to ideas with you.

1. We would lke to conduct a nationwide campaign for our delinquent borrowers. In this campaign, we would like to establish Career Counseling seminars where delinquent borrowers would be invited back to campus to participate in job search, resume and interviewing seminars. We would like to enlist the help of the Career Service professionals at each campus.

2. As we are working with delinquent borrowers or graduates who are unemployed, we would like to ask them to come back into campus for support in securing work. I spent three years as a Director of Placement at ITT Tech, I know the value of our graduate jobs and the challenges of recruiting during a recession. However, it is vital to our success that these students have the ability to repay their loans.

I appreciate the time you will spend giving these ideas consideration.

James

EXHIBIT 65

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From: [redacted]
Sent: Monday, July 13, 2009 4:44 PM
To: Kevin Corser
Cc: [redacted] Tommy Sims
Subject: RE: Deliquent Accounts for Top 6

Kevin:

Persons covering the Top 6:

Campus Nbrs.	School Name	non-HO Person Assigned
[redacted]	[redacted]	[redacted]

The PIs are still working the top 16.

GRC is still working the top 16 but they will be refocused this week. We did our data transfer last week, so they are working on updating the data from us, NSLDS, and the guarantors.

[redacted]

From: Kevin Corser
Sent: Monday, July 13, 2009 4:13 PM
To: [redacted]
Cc: [redacted]; Tommy Sims
Subject: RE: Deliquent Accounts for Top 6

Thanks...Tommy, if you agree with the 7 weeks approach [redacted] recommends, let's go with that. Who do we have covering these 6 OPEIDs? Please list each of the individual schools that make up this list and the non-Home Office people that are working on DM. Thanks...are the PIs focused on just these top 6 OPIDS...what about GRC?

From: [redacted]
Sent: Monday, July 13, 2009 4:05 PM
To: Kevin Corser
Cc: [redacted] Tommy Sims
Subject: RE: Deliquent Accounts for Top 6

Kevin:

The Home Office Default Mgt team and [redacted] Default Mgt team were notified of the switch in focus to the Top 6. We will provide them with the updated delinquency lists today.

[redacted]

Redacted by HELP Committee

From: Kevin Corser
Sent: Monday, July 13, 2009 2:47 PM
To: Redacted by HELP Committee
Subject: RE: Deliquent Accounts for Top 6

Redacted by HELP Committee

From: Redacted by HELP Committee
Sent: Thursday, July 09, 2009 6:33 PM
To: Kevin Corser; Tommy Sims; Redacted by HELP Committee
Subject: Deliquent Accounts for Top 6

Redacted by HELP Committee

Redacted by HELP Committee

Default Management

Redacted by HELP Committee

EXHIBIT 66

From: Tommy Sims <TSims@khec.com>
Sent: Friday, November 6, 2009 8:23 PM (GMT)
To: [redacted]
Cc: [redacted]
Subject: DM-Initiatives
Attach: DM Initiatives(11 6 09) (3).pptx

Hey [redacted],

Here are the initiatives for your review.... [redacted]

I did not include the PI usage since depending on the audience it could be looked upon negatively however your call.

Tommy C. Sims
Director of Default Mgt. & Strategy
Kaplan Higher Education Corporation
[redacted]

www.khec.com

EXHIBIT 67

Summary Default Management Initiatives

1. Increase Default Management Staff & centralization
2. Utilization of Third-Party Servicer (GRC)
3. Mass mailing campaign to borrowers
4. Incorporate Financial Literacy into schools
5. Enhanced Entrance/Exit counseling
6. Conversion from FFELP to FDLP
7. Elimination of ATB
8. Strategic target top ten schools with high CDR
9. Hired Director of Default Mgt & Strategy (2009)

1

1. Based on the est. 2008 CDR data schools where we hired a dedicated F/T Default Staff showed significant improvement vs. the Official 2007 CDR.
2. The usage of General Revenue Corporation to contact borrowers during their grace period and assisting borrowers to resolve their delinquency.
3. The use of mass-mailing to all delinquent borrowers monthly has greatly enhanced the flow of communication with borrowers for resolution.
4. Incorporation of Financial Literacy into classes or registration process will enhance student understanding of financial obligation to repay loans. (Goal 100% schools by Year-end 2010)
5. Implemented enhanced Entrance/Exit counseling based on the Higher Education Opportunity Act) disclosure info regarding borrower repayment options.
6. The transition from FFELP to FDLP should result in a positive CDR change since FDLP uses 270 days delinquency vs. FDLP which uses 360 therefore providing more time to assist borrowers.
7. This should result in a reduction of high-risk borrowers being included in many Kaplan schools CDR however these outcomes will be likely in the 2010 & 2011 CDR.
8. Through out the CDR the H/O Default Team assist in focusing on the top Ten high CDR schools providing additional Student Loan Counselor support for account resolution.

EXHIBIT 68

Default Management
Status Update and Strategy

July 29, 2009

Agenda

- Status Update
- Short Term Strategy
- Long Term Strategy

Status Update

- Focus on top ten at-risk schools (‘07 CDR >25%)
- Shift coverage to 16 high risk OPEIDs – reduced to 8 highest risk OPEIDs in July
- Process Creation/Data integrity/Reporting

Initial Primary Focus

- Top Ten At-Risk Schools (2007 CDR >25%)

	07 Draft	08 Current	Improvement
Campus Name	29.2%	22.5%	-6.7%
Campus Name	28.9%	24.7%	-4.2%
Campus Name	26.9%	16.4%	-10.5%
Campus Name	26.6%	19.6%	-7.0%

- Results show that, with focus, the rates can be moved
- Note ‘08 Current rates are worst case net of pending cures and assume all delinquent accounts default

Shifted Focus

Expanded to top 16 at risk OPEIDs (April 2009)

OPEID	08 Current	OPEID	08 Current
Campus Name	28.7%	Campus Name	24.3%
Campus Name	27.7%	Campus Name	24.1%
Campus Name	26.3%	Campus Name	23.5%
Campus Name	26.2%	Campus Name	23.1%
Campus Name	25.6%	Campus Name	22.5%
Campus Name	25.2%	Campus Name	22.4%
Campus Name	25.2%	Campus Name	21.7%
Campus Name	24.7%	Campus Name	19.6%

Note: Figures are as of July 15th with 10 weeks to go

Narrowed Focus

To top 8 at risk OPEIDs (July 2009) with 12 weeks to go

OPEID	08 Current	Cures Needed To Achieve 24%	Weekly Cures Needed
Campus Name	28.7%	24	2.4
Campus Name	27.7%	41	4.1
Campus Name	26.3%	11	1.1
Campus Name	26.2%	18	1.8
Campus Name	25.6%	9	0.9
Campus Name	25.2%	8	0.8
Campus Name	25.2%	9	0.9
Campus Name	24.7%	15	1.5

Note: Figures are as of July 15^{th} with 10 weeks to go

SHORT TERM STRATEGY

Short Term Strategy (through Sept. 30 on clusters >= 24%)

- Increase PI cure payment from $625 to $1,000
- Implement a field and "Home Office" bonus plan
- Daily GRC cure goals
- Overnight mail campaign
- Required overtime for field and "Home Office" personnel
- Weekly phone calls with ED/Presidents and field default management personnel

- Data challenges (pre-challenges)
- Servicer competency challenges
- Low income CDR waiver

LONG TERM STRATEGY

Impact of the 3 year definition

- 3 year cohort definition is projected to increase cohort default rates by 108% for less than 2 year proprietary schools (Chronicle of Higher Education)

Long Term Strategy

- Expand "Fire Fighting" efforts
  - Pre-claim mitigation
- Improve institutional quality
  - ATB ↓
  - Placement ↑
  - Qualified Graduates ↑
  - Program analysis ?

Long Term Strategy - People

- Imbed a dedicated default management person in each school with regional and group management structure reporting to Tommy (approx. $4.5 million or 0.6% of 2009 KHEC forecasted revenue)
  - Goal is 2 cures per day per person or 36K cures in 2010 including GRC and Home Office personnel total cures estimated at 46K. KHEC 2009 cohort is estimated at 32K students
    - Starting in October 1, 2010, we will start working 3 cohort years simultaneously
  - 70 staff members ($50K avg. plus benefits) with regionals also covering a school plus 3 group leaders

Long Term Strategy – People (cont)

- Spot use of private investigators ($0.5 million YTD ‘09) after Sept. 30, 2009

Long Term Strategy - Process

- Convert all new loans to Direct Loans by March 31, 2010
  - -FFEL program going away and Servicers and Lenders are in massive turmoil resulting in data and system challenges
  - -FFEL defaults at >270 days; DL defaults at >360 days
    - -ACS and the new DL servicers have their own data/system challenges (very big issue)
- Improve the quality of students through reduction of ATB students
- Imbed 1 hour mini financial literacy course for all students (piloted in [redacted] and [redacted]

ATB

OPEID	08 Current	08 Starts ATB %	07 ATB CDR
Campus Name	28.7%	19%	33%
Campus Name	27.7%	13%	25%
Campus Name	26.3%	10%	33%
Campus Name	26.2%	7%	17%
Campus Name	25.6%	28%	16%
Campus Name	25.2%	19%	27%
Campus Name	25.2%	-	-
Campus Name	24.7%	30%	39%

Note: Figures are as of July 15th with 10 weeks to go

Current Coverage

Redacted by HELP Committee

[redacted]

- GRC and Home Office staff shifted focus to the top 8 high risk OPEIDs (July '09)
- Private investigators will stay focused on top 16 high risk

Bonus Plan

•Bonus Plan for '08 through Sept. 30, 2009:

Individual	
•≥ 270 days	$75 per cure
•180 – 269 days	$50 per cure
•>90 – 179 days	$30 per cure

Cost per Cure

	Start	End	Business Days	Cures Total	Daily	Annual	Cost	Cost per Cure
Home office	5/1/2009	6/11/2009	30	353	11.8	3059	$ 29,414	$ 83
GRC	5/1/2009	6/18/2009	35	943	26.9	7005	$ 186,563	$ 198
Pis	12/15/2008	6/15/2009	110	588	5.3	1390	531,200	$ 903

Current State

- How much have we spent so far on GRC $1.2 million expense YTD June
- PI's $0.5 million YTD June
- 5 contract CPAs are costing $10K per week

EXHIBIT 69

From: [redacted]
Sent: Saturday, December 19, 2009 10:39 PM (GMT)
To: [redacted]
Cc: [redacted]
Subject: Past Due loans/Pell 12-19-09
Attach: 12-19-09 PD.xls

Good afternoon all!

[redacted]

However, of the $1.7 million almost $900,000 is due to loans. A good chunk of that money is due to either missing prom notes (highlighted in red) or loans that haven't even been sent to the lender for origination. Those students need to be cleaned up this week. I can't express enough how important it is to get these students in to FA this week. If we don't get these loans cleaned up this week, we don't have the opportunity to see students again until January 4th, 2010. If something happens to any of those students and they don't return from break, you'll never get in your money. [redacted]

[redacted]

Regional Director of Financial Aid
[redacted]

[redacted]

[redacted]

EXHIBIT 70

From: [redacted]
Sent: Wednesday, June 23, 2010 7:07 PM (GMT)
To: [redacted]
Cc: [redacted]
Subject: KU Executive Summary Report for 6/21/2010
Attach: KU Executive Summary 6-14 and 6-21-2010 (R) (2).xlsx

All,

Please see the attached Executive Summary file which contains the weekly cures information for this past week (6/17/10) and for the previous week (as of 6/10/10) for each of the three cohort years currently being worked (2008, 2009 & 2010). There is also a Month to Date (MTD) tab as of 6/10/10 for each of the cohort years and a 3-Year projected CDR for CY2008 and CY2009. We report on the weekly cures activity as of the Thursday of the prior week, and on the Month To Date (MTD) Activity as of two weeks prior. The lag is due to the time it takes to manually record the cures for all of the Kaplan campuses.

No reports were distributed last week due to the tremendous amount of preparation required by the Home Office DMS Team/School Pilot for the 6/21/10 kick-off of the Calling Campaign for the CY 2008 delinquent borrowers. That campaign is now officially under way and we will provide an update going forward.

There are multiple tabs in the file, reflecting three cohort years of data:

- Although the third year of CY 2008 is not subject to sanctions, the rates will likely be released to the public in the same manner that the CY 2005 through CY 2007 were released this past year. Therefore, we hired GRC, our third party servicer, to work those delinquent borrowers. In addition to GRC working the 3-year 2008 CDR, beginning 5/25, the Home Office DM-SLC Team began calling and actively working the portfolio.
  [redacted]
  - The Estimated CDR for KU remains at 22%. The Projected Worst Case CDR of 39.1% is an increase from the previous projection of 38% and assumes that all of the current delinquent borrowers without pending cures will default.
    - The Target rate of 29.9% requires that we obtain 2425 cures from the delinquent borrowers, which again is an increase from the previously reported 2126. Currently, 143 cures are needed per week, which is up from the previous target of 97 since the prior targets were not achieved at GRC. The weekly cure run rate of 45 is significantly lower than the previous period of March through April, which was 88 at the time. The gap between the current cure run rate and the weekly target is now 98 cures per week.
    - Effective as of 5/25/10, the Home Office DM-SLC Team has been re-assigned to the 3yr 2008 CDR in an effort to improve overall performance.
    - Skip-tracing and mass-mailing have already begun on the 2008 borrowers and we hope to start seeing improvement going forward.

- KU's performance for CY 2009 is significantly better, and this can be attributed primarily to the KU Call Center, which obtains the vast majority of the KU cures. For CY 2009, Kaplan Field Teams (including the KU Call Center) and the Home Office (via mass mailings only) work the delinquent borrowers in addition to GRC.

[redacted]

  - The Worst Case 2-year CDR is 20.6%.
  - The Worst Case 3-year CDR is 48.0% overall. This difference is due primarily to the projected increases in the 3-year delinquencies with only current pending cures considered as an offset. The Worst Case CDR assumes that all current and projected delinquents with no pending cure will default.
  - The 19.6% projected 3-year target rate applies an estimated 85% cure rate to all projected delinquencies less than 180 days delinquent.

- KU's performance for CY 2010 is the least impressive. Only GRC is actively working the CY 2010 borrowers and their activity for that cohort year is less robust than for the others. The mailing campaign began in May resulted in an additional 36 cures over the past two weeks from the field.

[redacted]

KAPLAN UNIVERSITY

[redacted]

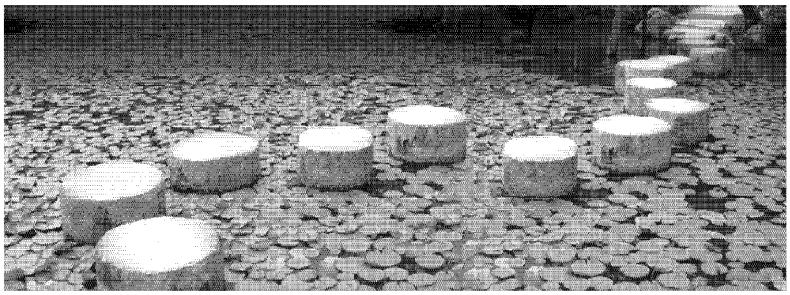
Director, Default Management and Strategy
Kaplan University

[redacted]

www.kaplan.edu

Building Futures

EXHIBIT 71



Alta Colleges, Inc.
Board of Directors Appendix

August 20, 2009

APPENDIX

Alta Colleges Inc. | Westwood College — A Place Where You Can Succeed | Redstone College | Westwood College Online

IV. Cohort Default Rates – Executive Summary

- **Cohort Default Rate management has significantly increased in importance**
  - Regardless of regulatory impacts, low cohort default rates are now a proxy for an institution's overall quality in the investment and banking community
  - Changes in regulations have created challenges to default management

- **Prior default rate management was focused on identifying students who were behind on their payments and working with them to get a forbearance**
  - Typically, one successful contact and forbearance request was all that was necessary to exclude the student from the default rate calculation

- **New strategy will pursue a more integrated approach to default management that does not wait until the student is in trouble. We will continue to reach out to delinquent students but the strategy will also emphasize**
  - Increased education of the student on their payment obligations while they are in school
  - Establishing the default team as a resource to the student that can help them stay out of trouble
  - Focus on establishing affordable monthly payments before trouble begins
  - Additional technology and collateral to improve contact rates with out of school students

IV. CDR – An Overview

- **Cohort Default Rate (CDR) is measured by the Dept. of Education and reflects the percentage of an institution's Title IV student loans that defaulted during a specific measurement period**
  - In the past, defaults were measured for a 2 year period after the student left school, whereas starting in 2009 this has been extended one year:

Date Left School	Beginning of Loan Repayment Period	Default Measurement Period	Default Threshold
2008 (Old Rules):			
Apr 2007-Mar 2008	Oct 2007-Sept 2008	Oct 2007-Sept 2009	25%
2009 (New Rules):			
Apr 2008-Mar 2009	Oct 2008-Sept 2009	Oct 2008-Sept 2011	30%

- **Institution's eligibility to participate in Title IV is subject to the levels of their CDR**
  - New rates do not effect institutional eligibility until October 2013 and sanctions do not involve automatic loss of eligibility.
- **CDR has become an institutional quality proxy for the investor and banking community**
  - Schools below 10% on the old rules are considered "Good Schools With Good Programs"

IV. CDR – Alta Historical Cohort Default Rates

				Actual as of June 30	
		Cohort Year		Cohort Year	
School (Branch)	2005	2006	2007	2008	2007
Campus Name	9.97%	9.40%	12.10%	5.82%	6.71%
Campus Name	6.90%	7.90%	6.50%	5.54%	3.38%
Campus Name	9.20%	9.20%	11.80%	8.33%	10.63%
Campus Name	2.90%	4.40%	11.50%	7.56%	5.93%
Campus Name	11.88%	16.00%	12.90%	7.21%	10.90%
Campus Name	16.89%	17.90%	17.50%	6.76%	11.07%

- Default on a Stafford loan results when the loan is more than 270 days past due.

IV. CDR – Historical Approach to Default Management

- **The historical approach to default management was to reach out to students that had gotten behind in their student loan payments and work with them to apply for a forbearance or deferment**

  – Given the timelines involved in the 2 year measurement period, one successful contact and application for forbearance or deferment was typically all that was required to keep the student out of the final cohort default measurement

  – Accordingly, the operational approach focused on early identification of students that weren't paying their loans by working with the guarantee agencies and numerous contact attempts and approaches with these students to assist them in forbearances and deferments

  – Given that the vast majority of these students were drops, rather than graduates, the operational challenge was simply getting the student to engage with us

IV. CDR – Deferments and Forbearances

Common Deferments and Forbearances

	Eligibility	Length
Unemployment Deferment	Working < 30 hrs. per week and eligible for unemployment or registered for work with agency	6 months
Economic Hardship Deferment	Receives nontaxable income from entitlement programs (i.e. Aid to Families with Dep. Children, Food Stamps, etc) or Peace Core Volunteer	12 months (maximum of 3 deferments)
Military Deferment	Active duty during war, national emergency or military operation	Varies but unlimited
Forbearance Request	Personal financial reasons	1-12 months

- **Pursuing deferments and forbearances was a very efficient and effective default strategy when the measurement period was only 2 years as typically only one Deferment or Forbearance request was required to remove the student from the measurement period.**
  - Forbearance suspends or reduces payments, students receive quarterly interest statements and have the option to pay the accrued interest or let the interest capitalize
  - Under deferment, interest on subsidized Stafford loans does not accrue

IV. CDR – 2010 Strategy for CDR Management

- **Increase the likelihood that students will respond to the CDR team:**
  - Name change and branding of the CDR team to reflect them more as student advocates and counselors, not an arm of the school and definitely not debt collectors
  - Engage in default prevention education and prevention throughout a student's career, not after they leave school and start missing payments
  - Drops will continue to be the key to successful default management and we must focus on increasing the likelihood that they will respond to us or their lender once they leave school

- **Broaden the default cure approach to become less reliant on waivers and forbearances**
  - New income based repayment plans will be a major focus to create manageable monthly payments for the student. This program is a major benefit to student loan payment management for students.

- **Continue to evolve and improve out-of-school processes and technology to increase contact success (See page 19)**

IV. CDR – Branding the CDR Team

- "New" CDR team needs to have a public image to the student and be introduced to the student long before they leave school
- Image must be one of student advocates and experts at dealing with lenders to obtain positive outcomes for students
- Potential Names
  - Student Loan Advocates
  - Student Loan Resolutions Team
  - Student Loan Solutions Team
  - Student Loan Management Specialists
  - Student Loan Management Center
- "New" CDR team will be the official sponsor of all on-campus education activities and related promotional materials
- "New" CDR team will be identified in all marketing collateral that includes financial aid topics

IV. CDR – Default Prevention as a Core Component of a Student's Lifecycle

- **Enhanced loan education for students beyond required entrance counseling**
  - required workshops
  - embed in curriculum
  - built in to portal as requirement to package/repackage
  - campus posters
  - educate on the way the loans work, the negative consequences of default and ways to postpone/manage payments

- **Introduce students to the newly branded team at the beginning of their education and throughout their stay, with a goal of developing a non-threatening relationship and contacts to increase engagement with the student once they leave school**

- **Include general message in all FA materials and develop stand alone collateral for CDR team**

- **Involve other campus functions (CDS and Academics) in overall effort**

IV. CDR – Key Tactical Improvements for 2010

- Text messaging capability to / from borrowers
- CDR Team Link on Website
  - Information on department and how we can help
  - Links to download deferment/forbearance forms
- Utilization of Classmates.com / Twitter and other social media to locate and communicate with former students
- Raffles for Out of School Students
- Creative Letter Campaigns
- Campus "Drop" Package Requirement
- Develop additional productivity measurements for the CDR team
- Increased collateral

IV. CDR – Ongoing Education

What is the best way to deliver this message to our students?

	Pros	Cons
Workshops	• Quick deployment • Not disruptive to core education • Relatively low cost if responsibility left to the campus	• Does not assure consistent level of student or campus engagement across the system • Both online and on ground versions would have to be developed • Would require addition of regional resources to assure deployment and consistent content
FA Portal	• Quick deployment • Not disruptive to core education • Relatively low cost • Consistent content, proof of delivery • Multiple deliveries (every AY)	• Portal already bombards student with information-not likely to register • FA packaging is time consuming and complex enough as is
Embed in curriculum	• More extensive messaging • Consistent content, proof of delivery • Higher comprehension	• Longer deployment • Potentially disruptive to education

Complaints

EXHIBIT 72

Kathy Shearer at 025

From: Redacted by HELP Committee
Sent: Wednesday, July 25, 2007 3:51 PM
To: Redacted by HELP Committee
Cc:
Subject: Closed Student Complaint - Redacted by HELP Committee
Attachments: Redacted by HELP Committee

FYI only, no action required.

We have closed a student complaint for Campus Name and determined the allegation to be unsubstantiated.

Redacted by HELP Committee
Director of Compliance
ITT Educational Services, Inc.
Redacted by HELP Committee

ITT Educational Services, Inc. ITT

Student Comment/Complaint Report

Complaint Date:	7/5/2007	Target Due Date:	7/15/2007
Received Date:	7/5/2007	Response Date:	
Logged Date:	7/5/2007	Close Date:	7/20/2007
Category:	Complaint	Days Open:	15
Source:	Telephone		

Location:	Campus Name
	School: Campus Nar District: Campus Name State: Campus Name
Complaint Code:	Finance/financial aid
Functional Department:	Finance/Financial Aid
Complainant & Profile:	Redacted - Business Sensitive
Student Name:	(Not Applicable)
Other Contact (Agency/Firm):	
Final Disposition:	Unsubstantiated — Detail: Close letter/explanation sent

Complaint Summary:	Graduate, Redacted - Business Sensitive disputes the amount and interest rate calculated on several of his private loans and claims that ITT and Sallie Mae (the lender) unethically conspired to steer him to loans with unconscionably high interest rates.

Complaint Narrative:

Graduate in AASITM, Redacted - Business Sensitive contacted SVP of Compliance [redacted] Redacted by HELP Comm telephonically on 7/5/07 to complain about the fact that he did not believe he had been adequately counseled regarding the amount and interest rate calculated on a number of his student loans that had exited the deferment period. Redacted - Business Sensitive claimed he had graduated in December 2006, and was told that he should expect student loan payments "in the neighborhood of $200-250 per month" at the time of his initial enrollment.

Redacted - Business Sensitive claimed that upon graduation, he consolidated his student loans and expected payments of approximately $166/month, but then realized that he was also liable for payment on several unconsolidated private loans of an additional amount of approximately $325/month. He expressed concern that he would be unable to make these payments given his current income level.

Redacted - Business Sensitive alleged that he was informed by Sallie Mae, that, as a result of his nonpayment, the loans in question were being put into a default status. He claimed that he attempted to work with a representative of Sallie Mae, only to be allegedly told that he should not have signed up for the loan amounts in question if he did not reasonably believe he would be able to repay them.

Redacted - Business Sensitive laims that he was never properly counseled about the amount of student loan debt by any individuals in ITT's financial aid department while a student there. Although he did acknowledge what he believed to be an exit interview involving some manner of financial aid discussion, he maintained that this "interview" was merely a group exercise in which a number of graduating students were placed in a classroom, lectured to by the DOCS (not the DOF or any financial aid administrator) for an hour, and then asked to sign a disclosure form containing information which he did not understand. As a result of subsequent questioning of Redacted - Business Sensitive by the Director of Compliance, [redacted] on 7/20/07, he admitted that he did not attempt to ask any questions at that time or subsequent to that meeting with respect to any of the paperwork he had signed.

Redacted - Business Sensitive was also concerned because, according to him, none of the paperwork he received from the school stated, anywhere on it, that he would be charged an interest rate exceeding 18% annually for his student loans. After seeing a television news program purporting to be an expose on certain preferential loan practices in the secondary education market, Mr. Redacted - Business Sensitive apparently came to the conclusion, as he told [redacted] in their 7/20 telephone conversation, that ITT and Sallie Mae had entered into some sort of conspiracy with respect to the steering of students into high interest rate loans without properly disclosing the terms of said loans.

Resolution Summary:

Redacted - Business Sensitive was provided with a complete copy of his financial aid file including numerous disclosures and copies of promissory notes, and was assured that there was no inappropriate relationship between ITT and Sallie Mae.

Resolution Narrative:

Redacted - Business Sensitive concerns appear to arise out of a strong misunderstanding regarding the financial aid process and a lack of willingness or ability to read or comprehend the documentation which had been presented to him at numerous steps along the aid application process. He was unable to provide any evidence or substantiation, other than his impression after having read news reports, that linked ITT and Sallie Mae in any way in conducting unethical lending practices. Furthermore, even after having been provided, by Campus Name management, with a complete copy of his financial aid file including all promissory notes maintained on file by ITT (i.e., all those notes which related to his Title IV fund loans, as well as a note evidencing one of several private loans which were not only facilitated by Sallie Mae but for which Sallie Mae Bank also acted as lender) and walked through those documents by the Director of Compliance on 7/20/07, he continued to strenuously maintain that he did not understand how his interest rate was calculated and that he believed the rates charged were some form of conspiracy or at least negligence to properly advise.

Redacted - Business Sensitive executed an Enrollment Agreement on October 6, 2004, and three subsequent Cost Summary and Payment Addenda during his tenure at ITT - Campus Name In addition, his signature appears on a Federal Stafford Loan Master Promissory Note also dated October 6, 2004, and three Sallie Mae/ITT Signature Opportunity Loan Application and Promissory Note documents evidencing additional private loans, as follows:

- Note One, in the amount of $5,000, dated October 20, 2004 - Bank One, N.A., lender
- Note Two, in the amount of $6,000, dated July 26, 2005 - Commerce Bank/Delaware, N.A., lender
- Note Three, in the amount of $2,821, dated April 18, 2006 - Sallie Mae Bank, Murray, UT, lender

The Master Federal Loan Promissory Note served to dictate the terms of each of the subsequent Title IV requests for disbursement of funds that followed, and, according to procedure, no separate promissory note was executed with respect to each of these subsequent additional requests for Federal loan funds. A copy of this Master Note was maintained by ITT in accordance with applicable federal loan procedures in the student's financial aid file, and a copy was also provided to the student.

In addition, the student's signature appears on an "exit interview" document, apparently presented to him, and carrying a date of October 18, 2006 (the signature itself carries a date of 10/24/06) detailing a total subsidized Stafford loan liability of $9594.11, and an unsubsidized Stafford loan liability of $11,072.99. This document also states an "estimated monthly repayment amount" for a 120 month repayment period and a total amount borrowed of $20,000, of approximately $197.00/month. It is apparently this estimated monthly repayment amount, that Redacted - Business Sensitive claims he expected to be liable for upon graduation.

Redacted - Business Sensitive three private loans, however, which are described above and which total an additional $13,821, were discussed in a separate October 18, 2006 letter, accompanying that which detailed the Title IV loan funds. This second exit interview letter does not require an acknowledgement signature from the student, but was apparently included in the same packet of closing material as the previously-referenced, signed letter. According to Houston North Director of Finance Redacted by HELP Committee who spoke with Redacted by HELP Committ and Redacted by HELP Cor on this issue telephonically on 7/6/07, this is because the school is not required, according to Federal regulations, to advise students specifically regarding the terms of non-Title IV funds, although it makes every effort as a courtesy to do so. This second, unsigned exit interview letter, lists an approximate monthly repayment amount on a SOLP loan of $15,000, with a 120 month repayment term, at apprxoximately $238.00/month. Redacted - Business Sensitive does not acknowledge any memory of having received or discussed this second letter.

Ms. [redacted] also provided Messrs. [redacted] with copies of printouts from Sallie Mae's own web page (which she maintains would have also been provided to Redacted - Business Sensitive at the financial aid exit interview, although no signature acknowledging receipt would have been requested), which purport to detail the amount of principal outstanding on private loans. Per Ms. [redacted], since a private loan Note is essentially a private contract entered into directly between the lender and the student, ITT would not ordinarily receive or maintain copies of fully-executed private loan promissory notes; those would be sent directly to the student by Sallie Mae or the lender in question.

The Signature Opportunity Loan in question is a variable loan for which a fixed interest rate is not explicitly stated on the face of the loan application document proper. Instead, according to documents provided by Ms. [redacted] the promissory note application document contains several pages of terms and conditions, including the following language, excerpted in relevant part:

"C. Interest.
1. Interest on this Note will accrue at the Variable Rate (as defined below) beginning on the first Disbursement Date, on the principal balance advanced and Capitalized Interest and Other Amounts[.]
2. The Variable Rate will change monthly on the first day of each month if the Current Index changes. The Variable Rate for any month during the Interim Period and for the Repayment Period is the annual rate equal to the highest U.S. Prime Rate published in the Wall Street Journal "Money Rates" section ... on the next to the last New York business day before the end of the prior month (the "Current Index") plus or minue the percentage identified on my Interim Disclosure (the "Margin"), rounded to the nearest one-eighth of one percent."

Redacted - Business Sensitive did not acknowledge having received or read any promissory note terms and conditions for any of the private loans he received while an ITT Technical Institute student. He maintained that he was not properly educated on the repayment responsibilities with respect to any of these loans. In fact, when questioned, he initially registered confusion between the funds received as a result of Federal subsidized and unsubsidized Stafford Loans, which he successfully consolidated after graduating, and the private loans which are not subject to consolidation.

However, in addition to his signatures appearing on the above-referenced documents, they also appear on an additional document dated 10/24/06, which states as follows: "I, Redacted - Business Sensitive Redacted - Business Sensitive, have viewed the videotape entitled 'Managing Your Student Loans: Turning Your Investment Into Success.'" Mr. [redacted] signature on this latter document would appear to indicate that, despite his protestations to the contrary, he was at least provided with some standardized loan counseling in the form of a videotape prepared to educate graduating students about loan management responsibilities.

When questioned regarding all of this material by Director of Compliance [redacted] on 7/20/07 during a telephone call, Mr. Redacted - Business Sensitive maintained that he had no memory of signing any of this material, that his sole concern was his belief (which he was unable to substantiate through reference to any documentary or other evidence) that Sallie Mae and ITT Technical Institute conspired to mislead and confuse students and sign them up for high-interest rate loans, and that he believed he should be entitled to a full waiver, or at least a reduction, of all interest charged on said private loans. Mr. [redacted] informed Redacted - Business Sensitive that, as ITT Technical Institute was not the lender of record, it had neither power nor authority to unilaterally reduce or eliminate an interest liability on a promissory note and that that discretion rested entirely with the lenders. It was recommended to Redacted - Business Sensitive that he continue to pursue his appeal through Sallie Mae or contact the individual lenders directly.

A letter re-iterating the points of this telephone conversation was sent by Mr. [redacted] to Redacted - Business Sensitive n 7/25/07.

EXHIBIT 73

ITT Educational Services, Inc.

ITT

January 28, 2009

Mr. Redacted - Business Sensitive
Redacted by HELP Committee
[redacted]

Re: ITT Technical Institute

Dear Redacted - Business Sensitive

Your January 15, 2009 correspondence to the Director at the Campus Name of ITT Technical Institute was forwarded to my attention for review and response. I appreciate you bringing your concerns to our attention.

In reviewing available records, you attended the ITT Technical Institute located in Campus Name Campus Name Your enrollment began in December 2003. In November 2005, you graduated with an associate of applied science degree in Computer and Electronics Engineering Technology.

Cost of Education

In the first concern outlined in your correspondence, you complain of the cost of your education and claim that staff at the campus did not know the cost of tuition. First, the school's staff would not be able to quote to you a guaranteed cost of tuition for the completion of your program of study. The total cost of tuition can vary based upon several factors including, but not limited to, the number of credit hours taken may change based upon transfer credits, failed or repeated courses and the number of credit hours taken at a specified amount of cost per credit hour.

When you enrolled at the campus, you executed an Enrollment Agreement. I have enclosed a copy of this document for your review. In the Enrollment Agreement, an Estimated Total Program Cost was provided. As seen in the Enrollment Agreement, the Estimated Total Program Cost stated was $36,383.00. In reviewing your account history, this Estimated Total Program cost was very near the actual amount you were charged of $36,588.39.

Finally, you also would have received a copy of the school's Catalog when you enrolled. You acknowledged receipt of the Catalog when you executed the Enrollment Agreement. The tuition charge per credit hour was stated in the Catalog, including future expected tuition increases.

Quality of Education

Next, you complain of the quality of education you received at the Richardson campus. You claimed that textbooks were incorrect and instructors merely provided students A's in the courses.

13000 North Meridian Street, Carmel, IN 46032-1404
Telephone: (317) 706-9200

As to textbooks, there may be a typographical error from time to time in the text. If such error was noted, I hope you brought it to the attention of your instructor(s) while you were attending classes in 2003 to 2005. Our corporate Curriculum Department utilizes feedback from instructors and advisory committees to improve the curriculum offered and ensure required changes are made. Further, the learning resources provided to students go beyond just the textbook. The additional learning resources include the detailed syllabus and the ITT Tech Virtual Library, to which you should still have access today.

In relation to your assertion that instructors merely granted students A's, I have reviewed the final grades for each student in all courses in which you were enrolled at the Richardson campus. This review does not substantiate your assertion. If you believed there was cheating by students on assignments or exams, I hope that you reported such activity to your instructor or other school staff for review. As stated the Academic Dishonesty and Conduct policies, ITT Technical Institute does not condone or allow academic cheating. If such actions are found to have occurred, students may be subject to various disciplinary actions, including having their enrollment at the campus terminated.

Transfer of Credits

You have also claimed that the unlikely transferability of credits was not explained to you. The transferability of credits earned at the campus was disclosed in various ways. First, you executed a required document entitled the Receipt of Enrollment Polices. I have enclosed a copy of this document for your review. In section B of this document, it states in pertinent part: "If the school awards credit hours, I understand that transferability of any credit hours earned at this school may be limited." As seen on the document, you initialed this statement.

Further, the school's Catalog also provided clear guidance regarding the transferability of credits. The Transfer of Credit section of the Catalog stated in pertinent part:

> DECISIONS CONCERNING THE ACCEPTANCE OF CREDITS EARNED IN ANY COURSE TAKEN AT THE SCHOOL ARE MADE AT THE DISCRETION OF THE RECEIVING INSTITUTION. THE SCHOOL MAKES NO REPRESENTATION WHATSOEVER CONCERNING THE TRANSFERABILITY OF ANY CREDITS EARNED AT THE SCHOOL TO ANY INSTITUTION OTHER THAN AN ITT TECHNICAL INSTITUTE. IT IS UNLIKELY THAT ANY CREDITS EARNED AT AN ITT TECHNICAL INSTITUTE WILL BE TRANSFERABLE TO OR ACCEPTED BY ANY INSTITUTION OTHER THAN AN ITT TECHNICAL INSTITUTE.

Besides being in capital letters as reproduced above, this language was also in bold typeset.

Financial Aid

Finally, you state that you contacted the Richardson campus concerning the total amount of loans you took out related to your education at the campus. You claim the campus was unable to tell you this information.

The campus reports that the staff in the Finance Department does not recall receiving a call from you. However, per the information available to me, your loan amounts breakdown as follows:

Unsubsidized Stafford Loans:	$10,973.00
Subsidized Stafford Loans:	$9,480.73
College Advantage Loan Program:	$10,534.66

Also, your financial history indicates you received $5,600.00 in Pell Grant funds.

Again, I appreciate you bringing your concerns to our attention. However, based upon the above summarized information, the facts do not substantiate your request for a full refund of tuition. Should you require any assistance regarding a further explanation of the above financial aid amounts or related to a job search or other career services, the staff at the Campus Name campus is available to assist you.

If you have any questions or wish to provide any further information, please feel free to contact me.

Sincerely,

Redacted by HELP Committee

Director of Compliance

Enclosures

Redacted by HELP Committee

Student's
Student's

Redacted - Business Sensitive

ENROLLMENT: Student hereby enrolls into the ITT Technical Institute ("School") program of study indicated below ("Program"). Student's enrollment in the Program is governed by the terms and provisions of this Agreement.

[✓] Computer and Electronics Engineering Technology (A.A.S Degree) *
8 Quarters, 96 Credit Hours, 1,356 Clock Hours
[ ] Computer Drafting and Design (A.A.S. Degree) *
8 Quarters, 96 Credit Hours, 1,356 Clock Hours
[ ] Information Technology (A.A.S. Degree)
8 Quarters, 96 Credit Hours, 1,356 Clock Hours
[ ] Computer Network Systems Option
[ ] Multimedia Option
[ ] Software Applications and Programming Option
[ ] Web Development Option

night

* Student must obtain the tools required by the School for Student's use in one or more Program course. (See below for explanation.)

Student will begin attending the Program courses during the Quarter starting: 12/ 1/03 (Month) (Day) (Year)

School catalog received by Student: Volume No. ________.

Instruction Site: The campus facility located at 2101 Waterview Parkway, Richardson, Texas 75080 or as otherwise specified on Student's Class Schedule.

PROGRAM COST:

Admission Processing Fee (may not exceed $100):	$ 100.00
Academic Fee:	$ 200.00
Tuition	
($ 347 per credit hour for an estimated 12 credit hours; $ 365 per credit hour for an estimated 48 credit hours; and $ 384 per credit hour for an estimated 36 credit hours):	$ 35508.00 [1]
Estimated cost of tools [2]:	$ 475.00
Administrative Fee [3]:	$100.00
ESTIMATED TOTAL PROGRAM COST [4]:	$ 36383.00

(1) The actual amount of tuition may differ, because: (a) the actual number of credit hours in the Program course(s) that Student takes while enrolled in the Program may differ from the estimated number of credit hours; (b) the estimated number of credit hours that Student takes at a specified amount of tuition per credit hour may differ from the actual number of credit hours that Student takes at that amount of tuition per credit hour; (c) the Program course(s) that Student is expected to take while enrolled in the Program may differ from the Program course(s) that Student actually takes; (d) the estimated number of credit hours does not include the credit hours associated with Program course(s) that Student repeats; and (e) the courses in the Program and the number of credit hours in any Program course and/or the Program may change.
(2) This an estimated amount based on the cost of the tools required for certain Program courses, if those tools are purchased from the School. The actual cost of those tools could be higher or lower than the estimated cost. The estimated cost of those tools is subject to change by the School at any time.
(3) Student is not obligated to pay the Administrative Fee, until Student's enrollment in the Program terminates.
(4) This is an estimated amount, because: (a) the estimated number of credit hours that Student takes at a specified amount of tuition per credit hour may differ from the actual number of credit hours that Student takes at that amount of tuition per credit hour; (b) the tools required for Program courses and the actual cost of those tools, if purchased from the School, may be higher or lower than the estimated cost; (c) it does not include the tuition and fees associated with any Program course(s) that Student repeats; (d) the number of Program courses that Student needs to satisfactorily complete to graduate from the Program will depend on Student's previous postsecondary education and experience and Student's success in satisfactorily completing the Program courses taken; and (e) the courses in the Program and the number of credit hours in any Program course and/or the Program may change.

CATALOG: Student agrees to all terms of the School catalog received by Student ("Catalog"). All terms of the Catalog are incorporated herein and made a part hereof as if originally and fully set forth herein, and the Catalog constitutes an addendum hereto. If any terms of the Catalog conflict with any terms of this Agreement, the terms of this Agreement will control in determining the agreement between Student and the School.
TUITION: The tuition for each Program course is determined by multiplying the tuition per credit hour (specified in the Tuition, Fees and Tools section of the Catalog) by the number of credit hours in the Program course as specified in the Program Outline contained in the Catalog. The tuition for each Quarter is determined by multiplying the tuition per credit hour by the total number of credit hours in all of the Program courses that Student is registered to take during the Quarter. Student will pay the School the tuition for all of the credit hours in all of the Program courses that Student is registered to take each Quarter that Student is enrolled in the Program on the first day of each such Quarter.
FEES: Student will pay the School the Admission Processing Fee on the date that the School evaluates Student for admission to the Program. Student will pay the School the Academic Fee on the first day of instruction that Student attends in any Program course. Student will pay the School the Administrative Fee immediately upon the termination of Student's enrollment in the Program, regardless of the reason for the termination (including, without limitation, any termination of enrollment resulting from Student's graduation, withdrawal, failure to make satisfactory academic progress or violation of the Conduct section of the Catalog).
TOOLS: If the Enrollment section specifies that Student must obtain the tools required by the School for Student's use in one or more Program course that Student is registered to take in any Quarter, Student must obtain those tools at his/her own expense. Student is not obligated to purchase any tools from the School. Any tools that Student purchases from the School are unreturnable and the cost is nonrefundable. Student will pay the School the cost of any tools that Student purchases from the School upon Student's receipt of those tools.
ALTERNATIVE PAYMENT ARRANGEMENT: If Student is unable to pay the School, on or before the applicable due dates, all of the tuition, applicable fees and/or cost of any required tools purchased from the School that are or may become owed by Student to the School with respect to Student's enrollment in the Program, the School may hereafter agree in writing to a different payment arrangement as expressly provided in a Cost Summary and Payment Addendum to this Agreement.
CLASS SCHEDULE: Prior to Student's attendance in any Program course during a Quarter, the School will notify Student in writing of the Program course(s) that Student has been registered by the School to take during that Quarter and the meeting days, times and location of the class periods in each such Program course ("Class Schedule"). Student may modify his/her Class Schedule for any Quarter at any time prior to Student's attendance in any Program course during that Quarter by notifying the School in writing. Student's written notification must specify any Program course(s) that Student wants deleted from and/or added to his/her Class Schedule. Upon receipt of Student's written notification, the School will: (a) cancel Student's registration for, and delete from Student's Class Schedule, any Program course(s) specified by Student; (b) register Student for, and add to Student's Class Schedule, any Program course(s) specified by Student, if the School determines that Student has satisfied any prerequisites and the class size of the Program course(s) can accommodate Student; and (c) notify Student in writing of his/her modified Class Schedule. If Student does not modify his/her Class Schedule for any Quarter by notifying the School in writing prior to Student's attendance in any Program course during that Quarter, Student will have accepted and agreed to his/her Class Schedule and will remain registered for the Program course(s) specified in Student's Class Schedule.

At any time prior to the start of any Program course(s) that Student is registered to take in any Quarter, the School may: (a) change the start date of that Quarter; (b) assign Student a new Class Schedule for that Quarter; and/or (c) cancel the Program. If the School changes the start date of that Quarter and/or assigns Student a new Class Schedule for that Quarter, Student may modify his/her Class Schedule by notifying the School in writing prior to Student's attendance in any Program course during that Quarter. Student's written notification must specify any Program course(s) that Student wants deleted from and/or added to his/her Class Schedule. Upon receipt of Student's notification, the School will: (i) cancel Student's registration for, and delete from Student's Class Schedule, any Program course(s) specified by Student; (ii) register Student for, and add to Student's Class Schedule, any Program course(s) specified by Student, if the School determines that Student has satisfied any prerequisites and the class size of the Program course(s) can accommodate Student; and (iii) notify Student in writing of his/her modified Class Schedule. If Student does not modify his/her Class Schedule for any Quarter by notifying the School in writing prior to Student's attendance in any Program course during that Quarter, Student will have accepted and agreed to the changed start date of that Quarter and/or Student's new Class Schedule. If the School cancels the Program, Student's enrollment in the Program will have been canceled by the School.

At any time following the start of any Program course that Student is registered to take in any Quarter, the School may: (a) merge Student's class taking that Program course into one or more other classes taking the same Program course; (b) divide Student's class taking that Program course into more than one class taking the same Program course; (c) change the meeting days, times and/or location of Student's class periods in that Program course; and/or (d) cancel that Program course. If the School merges Student's class taking a Program course into one or more other classes taking the same Program course and/or divides Student's class taking a Program course into more than one class taking the same Program course, this Agreement will remain in full force and effect, any affected terms and provisions hereof will be automatically revised to reflect such changes and Student will not be relieved of any of his/her obligations hereunder, except as may be otherwise expressly required by applicable state law. If the School changes the meeting days, times and/or location of Student's class periods in a Program course, Student may cancel his/her registration for that Program course by delivering written notice of such cancellation to the School within 10 days of the School's notice of such change. Upon receipt of Student's notification, the School will: (i) cancel Student's registration for, and delete from Student's Class Schedule, that Program course; and (ii) notify Student in writing of his/her modified Class Schedule. If Student does not cancel his/her registration for that Program course by delivering written notice of such cancellation to the School within 10 days of the School's notice of such change, Student will have accepted and agreed to the changed meeting days, times and/or location of Student's class periods in that Program course. If the School cancels any Program course that Student is registered to take in any Quarter, the School will: (1) cancel Student's registration for, and delete from Student's Class Schedule, that Program course; and (2) notify Student in writing of his/her modified Class Schedule.

Any class session canceled by the School in any Quarter due to a holiday or any other reason will be rescheduled by the School for a different day and time during the same Quarter. A canceled class session may be rescheduled by the School for a day and/or time that differ from the Student's regular Class Schedule.
CURRICULUM: The School may, at any time in its discretion, vary the sequence of Program courses, revise the curriculum content of the Program or any Program course and change the number of credit hours in the Program or in any Program course.

NOTICE TO BUYER:

(1) Do not sign this Agreement before you read it or if it contains blank spaces.
(2) You are entitled to a copy of this Agreement at the time you sign it. Keep this Agreement to protect your legal rights.
(3) ANY HOLDER OF THIS CONSUMER CREDIT CONTRACT IS SUBJECT TO ALL CLAIMS AND DEFENSES WHICH THE DEBTOR COULD ASSERT AGAINST THE SELLER OF GOODS OR SERVICES OBTAINED PURSUANT HERETO OR WITH THE PROCEEDS HEREOF. RECOVERY HEREUNDER BY THE DEBTOR SHALL NOT EXCEED THE AMOUNTS PAID BY THE DEBTOR HEREUNDER.
(4) Under the law, you have the right, among others to pay in advance the full amount due and obtain under certain conditions, a partial refund of the finance charge.
(5) THIS AGREEMENT REQUIRES BINDING ARBITRATION OF DISPUTES.

BUYER'S RIGHT TO CANCEL: You, the buyer, may cancel this transaction any time within 72 hours (until midnight of the third day excluding Saturdays, Sundays, and legal holidays) after signing this Agreement and touring the School. See the Cancellation and Refund Requests section on page 2 for an explanation of this right.
ACKNOWLEDGMENT: STUDENT ACKNOWLEDGES HAVING RECEIVED A COPY OF THE CURRENT SCHOOL CATALOG AND A TRUE EXECUTED COPY OF THIS AGREEMENT.
CO-SIGNOR OBLIGATION FOR MINORS: If Student is under 18 years of age, a parent or guardian must sign this Agreement as financial sponsor, and such signature will bind such persons to all the terms hereof, upon acceptance by the School.
STUDENT: I certify that all information about me is accurate and that I have read and understand all of the pages and terms of this Agreement and will abide by, be bound by ...riate blanks completed. This agreement is a legally binding instrument when signed by

Redacted - Business Sensitive

03

Parent or Guardian Signature | Date

10-21-03
Date

Rev. 03/18/03
E096-TX
ITT Technical Institute • Campus Name
THE TERMS OF THIS AGREEMENT ARE CONTAINED ON EACH OF THE 2 PAGES HEREOF.

QUARTER: The dates each Quarter begins and ends are specified in the School Calendar contained in the Catalog.
CAREER SERVICES: The School does not represent, promise or guarantee that any student will obtain employment. No employment information or career service provided by the School to Student will be considered by Student, either expressly or impliedly, as any: (a) guarantee or promise of employment; (b) likelihood of employment; or (c) indication of the level of employment or compensation Student or graduates of the Program may expect; or (d) indication of the types or job titles of positions for which Student or graduates may qualify.
REPEAT: If Student repeats any Program course(s), Student must pay all of the tuition applicable to such Program course(s) at the cost per credit hour charged to Student at the time such Program course(s) are repeated.
CANCELLATION AND REFUND REQUESTS: Any cancellation or refund request by Student should be made in writing and mailed to: Director, ITT Technical Institute, at the address on page 1 of this Agreement. If Student is a minor, however, the request must be made by Student's parent or guardian.
CANCELLATION: Student's enrollment in the Program will be canceled and all monies received by the School from or with respect to Student under this Agreement will be returned to the appropriate party(ies) within 60 days, if: (a) Student notifies the School by midnight of the 3rd day (excluding Saturdays, Sundays and legal holidays) following the date Student first tours the School and signs this Agreement that Student has canceled this Agreement; (b) the School cancels this Agreement; (c) Student's enrollment in the Program was procured by a misrepresentation in the School's advertising or promotional materials or of an employee or agent of the School; or (d) the School cancels the Program and Student is enrolled in the Program on the effective date of such cancellation.
Student's enrollment in the Program will be canceled and all monies received by the School from or with respect to Student under this Agreement, except for any Admission Processing Fee, will be returned to the appropriate party(ies) within 60 days, if Student notifies the School after midnight of the 3rd day (excluding Saturdays, Sundays and legal holidays) following the date Student first tours the School and signs this Agreement and before Student's first day of class attendance in the Program that Student has canceled this Agreement.
REFUND: If Student withdraws or is terminated from the Program:
(a) any time during the first four Quarters that Student is enrolled in the Program, Student will be obligated to the School for:
(i) the entire Admission Processing Fee;
(ii) the following percentage of the Academic Fee and Administrative Fee that corresponds to the time of Student's withdrawal or termination from the Program:

Time of Student's Withdrawal or Termination from the Program During the First Four Quarters of Student's Enrollment	Percentage of the Academic Fee and Administrative Fee
1st Week of Classes	10%
2nd through 3rd Week of Classes	20%
After the 3rd Week of Classes in the First 12.5% of the Prescribed Scheduled Clock Hours of Classes in Student's First Four Quarters of Enrollment in the Program ("PSCHF", as defined below)	50%
After the First 12.5% of the PSCHF	100%

(iii) the entire cost of any tools purchased by Student from the School that Student was required to obtain ("Tools") for any Program course(s); and
(iv) all of the tuition charged to Student for all Program courses taken by Student during the first four Quarters that Student is enrolled in the Program, but not to exceed the following percentage of the Prescribed Tuition for Student's First Four Quarters of Enrollment in the Program (as defined below) that corresponds to the time of Student's withdrawal or termination from the Program:

Time of Student's Withdrawal or Termination from the Program During the First Four Quarters of Student's Enrollment	Percentage of the Prescribed Tuition for Student's First Four Quarters of Enrollment in the Program
1st Week of Classes	10%
2nd through 3rd Week of Classes	20%
After the 3rd Week of Classes in the First 25% of the PSCHF	25%
After the First 25% of the PSCHF in the First 50% of the PSCHF	50%
After the First 50% of the PSCHF in the First 75% of the PSCHF	90%
After the First 75% of the PSCHF	100%

(b) any time after the first four Quarters that Student is enrolled in the Program, Student will be obligated to the School for:
(i) the entire Admission Processing Fee and Academic Fee;
(ii) the following percentage of the Administrative Fee that corresponds to the time of Student's withdrawal or termination from the Program:

Time of Student's Withdrawal or Termination from the Program After the First Four Quarters of Student's Enrollment	Percentage of the Administrative Fee
1st Week of Classes	10%
2nd through 3rd Week of Classes	20%
After the 3rd Week of Classes in the First 12.5% of the Prescribed Scheduled Clock Hours of Classes in Student's Second Four Quarters of Enrollment in the Program ("PSCHS", as defined below)	50%
After the First 12.5% of the PSCHS	100%

(iii) the entire cost of any tools purchased by Student from the School that Student was required to obtain ("Tools") for any Program course(s);
(iv) all of the tuition charged to Student for all Program courses taken by Student during the first four Quarters that Student was enrolled in the Program; and
(v) all of the tuition charged to Student for all Program courses taken by Student after the first four Quarters that Student is enrolled in the Program, but not to exceed the following percentage of the Prescribed Tuition for Student's Second Four Quarters of Enrollment in the Program (as defined below) that corresponds to the time of Student's withdrawal or termination from the Program:

Time of Student's Withdrawal or Termination from the Program After the First Four Quarters of Student's Enrollment	Percentage of the Prescribed Tuition for Student's Second Four Quarters of Enrollment in the Program
1st Week of Classes	10%
2nd through 3rd Week of Classes	20%
After the 3rd Week of Classes in the First 25% of the PSCHS	25%
After the First 25% of the PSCHS in the First 50% of the PSCHS	50%
After the First 50% of the PSCHS in the First 75% of the PSCHS	90%
After the First 75% of the PSCHS	100%

Notwithstanding anything above to the contrary in this Refund section: (a) any refund made pursuant to this Refund section will meet the minimum requirements of Section 132.061 of Chapter 132 of the Texas Education Code; and (b) if Student withdraws or is terminated from the Program, Student will remain obligated to the School for:
(i) all of the tuition, fees, cost of any Tools and cost of any other supplies owed to the School for any previous discontinued attendance by Student at the School; and
(ii) all other amounts owed to the School under any other agreement between Student and the School.
"Prescribed Tuition for Student's First Four Quarters of Enrollment in the Program" means the amount of tuition that would have been charged to Student, if Student had taken Program courses worth 48 credit hours in the first four Quarters of Student's enrollment in the Program ("First Year Courses"). "Prescribed Tuition for Student's Second Four Quarters of Enrollment in the Program" means: (a) the amount of tuition that would have been charged to Student, if Student had taken Program courses worth 48 credit hours in the second four Quarters of Student's enrollment in the Program ("Second Year Courses"); (b) plus the amount of tuition charged to Student for repeating any Program course(s) after the first four Quarters of Student's enrollment in the Program; and (c) less the amount of tuition attributable to any Program course(s) for which the School gave Student a grade of TR or CR. "PSCHF" means the 684 scheduled clock hours of classes in the First Year Courses. "PSCHS" means: (a) the 672 scheduled clock hours of classes in the Second Year Courses; (b) plus the scheduled clock hours of classes in any Program course(s) that Student was charged tuition to repeat after the first four Quarters of Student's enrollment in the Program; and (c) less the scheduled clock hours of classes in any Program course(s) for which the School gave Student a grade of TR or CR. If, at the time Student withdraws or is terminated from the Program, the School has received any monies for tuition, the Academic Fee, the Administrative Fee or any Tools from or on behalf of Student in excess of Student's obligation therefor as provided in this Refund section, the School will refund such excess to the appropriate party(ies) as specified below. The time of Student's withdrawal or termination for purposes of calculating any refund due under this Refund section will be Student's last point of recorded attendance in a Program course.
If Student withdraws or is terminated from any Program course or the Program, Student and/or his or her parent(s) may be ineligible under federal law to use some or all of any federal student financial aid for which Student and/or the parent(s) applied. If Student and/or his or her parent(s) are ineligible under federal law to use some or all of any federal student financial aid:
(1) remitted to the School to satisfy Student's obligation for tuition, the Academic Fee, the Administrative Fee or any Tools (I) federal law requires the School to return to the appropriate party(ies) such unusable aid, (II) the School will advise Student of the amount of such unusable aid returned by the School and (III) Student will be liable for, and immediately pay the School in full, an amount equal to such unusable aid; or
(2) received by Student and/or the parent(s) and not remitted to the School, (I) federal law requires Student and/or the parent(s) to repay to the appropriate party(ies) such unusable aid and (II) the School will advise Student and/or the parent(s) of the amount of such unusable aid.
Any refund required under this Refund section will be paid first to eliminate any outstanding balances for any student financial aid received by or with respect to Student in the following order and priority (unless otherwise required under applicable law) and within the time period prescribed by law: (1) private or institutional student loans; (2) private or institutional parental loans; (3) unsubsidized Federal Stafford loans; (4) subsidized Federal Stafford loans; (5) unsubsidized Federal Direct Stafford loans; (6) subsidized Federal Direct Stafford loans; (7) Federal Perkins loans; (8) Federal PLUS loans; (9) Federal Direct PLUS loans; (10) state student loans; and (11) state parental loans. Notwithstanding anything to the contrary in the immediate preceding sentence, any return or repayment of unusable federal student financial aid required under this Refund section will be paid first to eliminate any outstanding balances for any federal student financial aid received by or with respect to Student in the following order and priority (unless otherwise required under applicable law) and within the time period prescribed by law: (a) unsubsidized Federal Stafford loans; (b) subsidized Federal Stafford loans; (c) unsubsidized Federal Direct Stafford loans; (d) subsidized Federal Direct Stafford loans; (e) Federal Perkins loans; (f) Federal PLUS loans; (g) Federal Direct PLUS loans; (h) Federal Pell Grants; (i) Federal SEOG Program aid; and (j) other aid authorized by Title IV of the Higher Education Act of 1965, as amended. The School will pay Student any refund remaining after all outstanding balances specified in the two immediate preceding sentences are eliminated, within 60 days following: (i) Student's last date of recorded attendance in a Program course, if the School terminated Student from the Program; (ii) the latter of (A) Student's last date of recorded attendance in a Program course, (B) the date that the School received Student's written notice of withdrawal from the Program or (C) the withdrawal date from the Program specified in Student's written notice of withdrawal received by the School, if Student withdrew from the Program and the School received Student's written notice of withdrawal; or (iii) the 14th consecutive calendar day after Student's last date of recorded attendance in a Program course, if Student withdrew from the Program and such calendar day occurred before any applicable date in (ii) above.
DISCLAIMER OF WARRANTIES: EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT, THERE ARE NO WARRANTIES, EXPRESS OR IMPLIED, BY OPERATION OF LAW OR OTHERWISE, REGARDING OR RELATING TO ANY SERVICE OR PRODUCT FURNISHED BY THE SCHOOL TO STUDENT PURSUANT TO OR IN CONNECTION WITH THIS AGREEMENT. THE SCHOOL SPECIFICALLY DISCLAIMS ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PURPOSE.
LIMITATION OF LIABILITY: IN NO EVENT WILL STUDENT OR THE SCHOOL BE LIABLE TO THE OTHER PARTY OR ANY THIRD PARTY FOR ANY INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, CONSEQUENTIAL OR PUNITIVE DAMAGES, REGARDLESS OF THE FORM OF ACTION (WHETHER IN CONTRACT, TORT OR OTHERWISE) OR EVEN IF THE LIABLE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT WILL THE SCHOOL'S MAXIMUM LIABILITY TO STUDENT FOR ALL DAMAGES ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT (INCLUDING ANY AMENDMENTS OR ADDENDA HERETO) OR THE SUBJECT MATTER HEREOF EXCEED THE LESSER OF: (a) THE ACTUAL DIRECT DAMAGES INCURRED BY STUDENT THAT WERE CAUSED BY THE SPECIFIC SERVICE OR PRODUCT PROVIDED BY THE SCHOOL UNDER THIS AGREEMENT THAT IS THE SUBJECT OF STUDENT'S COMPLAINT; OR (b) THE AMOUNT OF TUITION, FEES AND/OR COST OF ANY TOOLS RECEIVED BY THE SCHOOL FROM OR ON BEHALF OF STUDENT FOR THE SPECIFIC SERVICE OR PRODUCT PROVIDED BY THE SCHOOL UNDER THIS AGREEMENT THAT DIRECTLY CAUSED SUCH DAMAGE. Notwithstanding anything above to the contrary in this Limitation of Liability section, if any limitation of liability conflicts with the substantive law governing this Agreement, the substantive law with respect to such limitation will control. The provisions of this Agreement allocate risks between Student and the School. The amount of tuition and fees and the cost of any Tools for the Program reflect this allocation of risk and the limitation of liability specified herein.
RESOLUTION OF DISPUTES: The following procedure shall apply to the resolution of any dispute arising out of or in any way related to this Agreement, any amendments or addenda hereto, or the subject matter hereof, including, without limitation, any statutory, tort, contract or equity claim (individually and collectively, the "Dispute"):
(1) The parties are encouraged to make an initial attempt, in good faith, to resolve the Dispute pursuant to the School's Student Complaint/Grievance Procedure or through other informal means.
(2) If the Dispute is not resolved pursuant to the School's Student Complaint/Grievance Procedure or through other informal means, then the Dispute will be resolved by binding arbitration between the parties.
Arbitration is the referral of a dispute to one or more impartial persons for a final and binding determination. Both Student and the School agree that this Agreement involves interstate commerce and that the enforceability of this Resolution of Disputes section will be governed, both procedurally and substantively, by the Federal Arbitration Act, 9 U.S.C. §1-9 ("FAA"). The arbitration between Student and the School will be conducted in accordance with the American Arbitration Association's ("AAA") Commercial Arbitration Rules ("Commercial Rules") and, when deemed appropriate by the AAA, the Supplementary Procedures for Consumer-Related Disputes ("Consumer Procedures"), subject to the following modifications:
(a) The arbitration will be conducted before a single arbitrator who will be a licensed attorney or a former judge and will have at least 10 years of legal experience in the resolution of commercial disputes.
(b) The site of the arbitration will be the city in which the School is located.
(c) The substantive law which will govern the interpretation of this Agreement and the resolution of any Dispute will be the law of the state where the School is located.
(d) As limited by the FAA, the terms of this Agreement and the applicable AAA rules, the arbitrator will have the exclusive power and jurisdiction to make all procedural and substantive decisions concerning the Dispute, including, without limitation, decisions about whether the Dispute will be arbitrated as a mass, class or individual action.
(e) The parties may take discovery through interrogatories, depositions and requests for production that the arbitrator determines to be necessary.
(f) In making an award, the arbitrator will not have jurisdiction to award to any party in the arbitration (i) consequential or punitive damages, (ii) costs or (iii) expert witness or attorneys' fees; provided, however, if the enforceability of any of these restrictions on jurisdiction is limited by the applicable substantive law or the applicable AAA rules, that restriction will only be enforced to the extent permitted by such law or rules.
(g) The prevailing party in any of the following matters (without regard to Paragraph (f)) will be entitled to recover its reasonable attorneys' fees incurred in connection with such matters: (i) any motion which any party is required to make in the courts to compel arbitration of a dispute; or (ii) any appeal of an arbitration award, whether to the arbitrator or the courts, for the purpose of vacating, modifying or correcting the award.
(h) All aspects of the arbitration proceeding, and any ruling, decision or award by the arbitrator, will be strictly confidential. The parties will have the right to seek relief in the appropriate court to prevent any actual or threatened breach of this provision.
The Commercial Rules, Consumer Procedures and other information regarding the AAA's arbitration procedures are available from the AAA, which can be contacted by mail at 335 Madison Avenue, Floor 10, New York, New York 10017-4605, by telephone at (800) 778-7879 or through its Web site at www.adr.org.
LIMITATION OF ACTION: All arbitration claims must be filed within 12 months after the date in which the incident giving rise to the dispute occurred; provided that, if the substantive law applicable to the arbitration prohibits the parties from agreeing to this limitations period, then the limitations period under the applicable substantive law shall control. The failure of a party to file an arbitration claim within the applicable limitations period shall constitute a waiver by that party of its right to bring such a claim, and the arbitrator shall have no jurisdiction to hear any claim not filed within such period.
ENTIRE AGREEMENT: This Agreement is the entire understanding and agreement between Student and the School with respect to the subject matter hereof, and this Agreement supersedes all prior agreements, understandings, negotiations and discussions between Student and the School, whether oral or written. This Agreement cannot be amended or supplemented, except by a written instrument signed by Student and the School. If any provision of this Agreement or its application is invalid or unenforceable, the remainder of this Agreement will not be impaired or affected and will remain binding and enforceable.

6 'ren

TEXAS WORKFORCE COMMISSION

Proprietary Schools

Receipt of Enrollment Policies

Campus Name

(Name of School)

Authority for Data Collection: Texas Education Code, Section 132.055 & Texas Administrative Code, Section 807.143.

Planned Use of the Data: To provide evidence of receipt of that information which is required by law to be provided the student prior to enrollment.

Instructions: This form is to be completed by the student prior to enrollment and the completed form maintained by the school in each student's file. A copy of the completed form will be given to the student. If additional clarification is needed, contact Proprietary Schools at (512) 936-3100.

This information is provided for the student's protection. Ensure each item of information is given to the student, fully explained and all questions answered prior to signing an enrollment agreement or contract.

The prospective student must acknowledge receipt by initialing in the space provided on the bottom of the first page and signing at the end of the form.

A: I have received prior to enrollment:

- ☑ a copy of the school catalog and a program/course outline for the program(s) in which I wish to enroll.
- ☑ a schedule of the tuition, fees, and other charges.
- ☑ a copy of the cancellation and refund policy.
- ☑ the attendance, progress and grievance policies.
- ☑ rules of operation and conduct.
- ☑ regulations pertaining to incomplete grades.
- ☑ written and verbal explanations of the difference between a LOAN and a GRANT. *(Complete this item only if the school participates in a loan or grant program.)
- ☑ an invitation to tour the school's facilities and inspect equipment related to my planned program of instruction. (As an enrolling student, you will be asked to sign and date a receipt on the day you receive your required tour of the school.)

B: If the school awards credit hours, I understand that transferability of any credit hours earned at this school may be limited. I have also been provided a [redacted] as institutions of higher learning and state technical institutes that will accept any or all [redacted] arned at this school.

Redacted - Business Sensitive

C: I have furnished information disclosing my previous education, training, and work experiences. I understand this will be evaluated and may result in my program/course length being shortened and the cost being reduced.

Campus Name

☑ I further realize that any grievances not resolved by the school may be forwarded to the Texas Workforce Commission, Proprietary Schools, 101 E. 15th Street, Austin, Texas 78778-0001, (512) 936-3100.

☑ A comparison of the cost to me for a similar course or program at other schools is available by contacting the Texas Workforce Commission, Proprietary Schools, 101 E. 15th Street, Austin, Texas 78778-0001, (512) 936-3100.

☑ Employment in this career field *(does)* *(does not)* require state or national licensing, certification, or registration.
(cross out one)

____
(Name of State or National License, Certificate, or Registration, if required)

PROGRAM: Computer and Electronics Engineering Technology
(formerly known as Electronics Engineering Technology)

NUMBER ENROLLED: 243

NUMBER OF GRADUATES: 71

COMPLETION RATE: 29.2%

NUMBER OF GRADUATES EMPLOYED: 49
(Graduates that found a job related to training)

EMPLOYMENT RATE: 69.0%

NUMBER OF GRADUATES PLACED: 25
(Graduates that found a job related to training, with the school's assistance)

PLACEMENT RATE: 35.2%

REPORT YEAR: 2001 - 2002

NUMBER OF JOB OPENINGS FOR THE LAST 12 MONTHS: N/A
(if data is available)

AVERAGE YEARLY STARTING SALARY: $27,212
(if data is available)

YEARLY STARTING SALARY RANGE: $18,720 (Low) $50,000 (High)
(if data is available)

EXAM PASSAGE RATE: N/A%
(for programs that prepare for state licensing, certification, or registration exams)

(Additional information may be attached.)

I understand that my certificate of completion and my transcript may be withheld if I have not fulfilled my financial obligations to this institution at the time of my graduation.

I certify that I have been provided all of the information above *prior to my enrollment.*

[redacted] a copy of my enrollment agreement when signed.

Redacted - Business Sensitive

10-21-03
(Date)

10-21-03
(Date)

Individuals may receive, review, and correct information that TWC collects about the individual by emailing to open.records@twc.state.tx.us or writing to TWC, Public Information, Rm 264, 101 East 15th, Austin, TX 78778-0001

Thursday, Jan 15, 2009

To whom it may concern,

America is going through a huge economic crisis. The problem is broad and complex with too many corporate giants scamming and tricking the middle and lower class people into taking out loans that they will not be able to pay for. ITT Tech is one of the scammers, tricking people into taking out ridiculous amounts in student loans.

First of all their tuition rates are a joke, climbing from 24k in 2002 to 40k in 2003 for only a 2 year proprietary Associate degree (prices double for bachelors). I've heard of 10k for a 2 year degree but 40k?! When the financial office is asked for a price on how much tuition is they have no idea. They are not informing people they are a for-profit institute, meaning students are paying to keep shareholders happy and to pad the pockets of the executive staff located in Carmel, IN. To make matters worse they are not only putting a huge financial burden on the people but they are also squandering grant money from the government! ITT illegally collected over $350 million USD in Federal U.S. grants. The whistleblower is a former employee of ITT Tech who was employed for 10 years. I don't have definitive proof but if this holds true, it's going to be very expensive for ITT.

Textbooks are full of inaccurate information that even the instructors contradict. Most instructors just don't even bother using the text books. For instance, in our class when we were reviewing logic gates the book showed the gates have 3 inputs but in fact they only have 2, and we had so many inaccurate graphs, charts, and diagrams, and I still have the books to prove it. Still, most instructors make little to no effort to teach. They allow cheating to go on during tests and class assignments. This school is just handing out A's and diplomas, ruining the integrity for student's in the work force. They literally hand out A's to anyone. For example, an ex-instructor informed me that nearly 1 of 4 students at ITT Tech receive 'highest honors', having a perfect A average, when in reality in a real college or university nearly 1 of 100 students get a near-perfect A average. Also, when students show up literally 3 hours late for class it still counts as a valid attendance and those who sign-in and immediately leave is considered a valid attendance. They don't count you absent because instructors need to meet their quotas. The student body is undisciplined, lazy, and unfocused with a huge sense of entitlement.

Another scam they have been known to pull off is when they tell people the credits will transfer when in reality they do not. But still they have lied to people telling them the credits will transfer and are quick to place them in classes they know are not for them. This is just another example of how ITT tech is a robbing good people from an education, while flaunting their debauchery and their unimpeded scam and stiffing good American people from a chance for a good continual education, because in fact credits will only transfer to another ITT Tech campus or another diploma mill like Devry. Real colleges and universities and employers just laugh at the proprietary pieces of paper they hand out.

This is a nationwide problem for American people and the government. The economic crisis is bad, but ITT Tech should not be allowed to boldly get rich off of government grants and ruin the economy even further.

I recently contacted my campus in Campus Name and even they are confused at how much they took out in loans! They took out loans left and right at my expense, when an ITT-Tech degree is not equitable at $40,000K! And to create such a loan is criminal because there is no "meeting of the minds" in the agreement. I would like to settle for a full refund from ITT Tech because they actually owe me and the government a full refund! I would like to have a response within 10 business days. Also, aside from contacting the State of Texas, and the Accrediting Council, I will present my case to the Dept of Education and Dept of Justice.

Redacted - Business Sensitive

ITT Educational Services, Inc. ITT

Student Comment/Complaint Report

Complaint Date:	1/21/2009	Target Due Date:	1/31/2009
Received Date:	1/21/2009	Response Date:	
Logged Date:	1/21/2009	Close Date:	1/28/2009
Category:	Letter	Days Open:	7
Source:	Letter		

Location:	Campus Name
	School: RSN District: SC State: TX
Complaint Code:	Quality of education
Functional Department:	Academic Affairs
Complainant & Profile:	Redacted - Business Sensitive Graduate
Student Name:	
Other Contact (Agency/Firm):	
Final Disposition:	Unsubstantiated Detail: Close letter/explanation sent

Complaint Summary:	Graduate Redacted - Business Sensitive omplains of the quality of education he received at the Campus Name campus.
Complaint Narrative:	Graduate Redacted - Business Sensitive states the tuition he was charged for his education was too high. He claims the Finance Department did not know what the cost of the education was when he inquired. He believes the textbooks used contained incorrrect information and instructors allowed students to pass without earning their grades. Finally, he states that students are not informed that credits earned at the school do not transfer to another institution. Mr Redacted - Business Sensitive has demanded a full refund of his tuition.
Resolution Summary:	A review of Mr. Redacted - Business Sensitive Enrollment Agreement, CSPA's and the final grades for his courses do not substantiate M Redacted - Business Sensitive claims.
Resolution Narrative:	Mr. Redacted - Business Sensitive estimated total cost was provided in the Enrollment Agreement he signed. Further, future expected tuition increases were included in the estimated total cost and were disclosed in the Catalog copy he received when he enrolled at the campus. There is no record of any complaints by M Redacted - Business Sensitive while he was enrolled at the campus. A review of the grade distributions in Mr. Redacted - Business Sensitive classes does not evidence all students receiving A's as he has claimed.

Finally, information regarding transfer of credits was provided to Mr. Redacted - Business Sensitive's in both the Catalog and the PS-005 he executed at the time of enrollment.

Director of Compliance Campus Name provided the following response to Mr. Redacted - Business Sensitive

"Your January 15, 2009 correspondence to the Director at the Indianapolis campus of ITT Technical Institute was forwarded to my attention for review and response. I appreciate you bringing your concerns to our attention.

In reviewing available records, you attended the ITT Technical Institute located in Campus Name Your enrollment began in December 2003. In November 2005, you graduated with an associate of applied science degree in Computer and Electronics Engineering Technology.

Cost of Education
In the first concern outlined in your correspondence, you complain of the cost of your education and claim that staff at the campus did not know the cost of tuition. First, the school's staff would not be able to quote to you a guaranteed cost of tuition for the completion of your program of study. The total cost of tuition can vary based upon several factors including, but not limited to, the number of credit hours taken may change based upon transfer credits, failed or repeated courses and the number of credit hours taken at a specified amount of cost per credit hour.

When you enrolled at the campus, you executed an Enrollment Agreement. I have enclosed a copy of this document for your review. In the Enrollment Agreement, an Estimated Total Program Cost was provided. As seen in the Enrollment Agreement, the Estimated Total Program Cost stated was $36,383.00. In reviewing your account history, this Estimated Total Program cost was very near the actual amount you were charged of $36,588.39.

Finally, you also would have received a copy of the school's Catalog when you enrolled. You acknowledged receipt of the Catalog when you executed the Enrollment Agreement. The tuition charge per credit hour was stated in the Catalog, including future expected tuition increases.

Quality of Education
Next, you complain of the quality of education you received at the Richardson campus. You claimed that textbooks were incorrect and instructors merely provided students A's in the courses.

As to textbooks, there may be a typographical error from time to time in the text. If such error was noted, I hope you brought it to the attention of your instructor(s) while you were attending classes in 2003 to 2005. Our corporate Curriculum Department utilizes feedback from instructors and advisory committees to improve the curriculum offered and ensure required changes are made. Further, the learning resources provided to students go beyond just the textbook. The additional learning resources include the detailed syllabus and the ITT Tech Virtual Library, to which you should still have access today.

In relation to your assertion that instructors merely granted students A's, I have reviewed the final grades for each student in all courses in which you were enrolled at the Richardson campus. This review does not substantiate your assertion. If you believed there was cheating by students on assignments or exams, I hope that you reported such activity to your instructor or other school staff for review. As stated the Academic Dishonesty and Conduct policies, ITT Technical Institute does not condone or allow academic cheating. If such actions are found to have occurred, students may be subject to various disciplinary actions, including having their enrollment at the campus terminated.

Transfer of Credits
You have also claimed that the unlikely transferability of credits was not explained to you. The transferability of credits earned at the campus was disclosed in various ways. First, you executed a required document entitled the Receipt of Enrollment Polices. I have enclosed a copy of this document for your review. In section B of this document, it states in pertinent part: "If the school awards credit hours, I understand that transferability of any credit hours earned at this school may be limited." As seen on the document, you initialed this statement.

Further, the school's Catalog also provided clear guidance regarding the transferability of credits. The Transfer of Credit section of the Catalog stated in pertinent part:

DECISIONS CONCERNING THE ACCEPTANCE OF CREDITS EARNED IN ANY COURSE TAKEN AT THE SCHOOL ARE MADE AT THE DISCRETION OF THE RECEIVING INSTITUTION. THE SCHOOL MAKES NO REPRESENTATION WHATSOEVER CONCERNING THE TRANSFERABILITY OF ANY CREDITS EARNED AT THE SCHOOL TO ANY INSTITUTION OTHER THAN AN ITT TECHNICAL INSTITUTE. IT IS UNLIKELY THAT ANY CREDITS EARNED AT AN ITT TECHNICAL INSTITUTE WILL BE TRANSFERABLE TO OR ACCEPTED BY ANY INSTITUTION OTHER THAN AN ITT TECHNICAL INSTITUTE.
Besides being in capital letters as reproduced above, this language was also in bold typeset.

Financial Aid
Finally, you state that you contacted the Richardson campus concerning the total amount of loans you took out related to your education at the campus. You claim the campus was unable to

tell you this information.

The campus reports that the staff in the Finance Department does not recall receiving a call from you. However, per the information available to me, your loan amounts breakdown as follows:

Unsubsidized Stafford Loans: $10,973.00
Subsidized Stafford Loans: $9,480.73
College Advantage Loan Program: $10,534.66

Also, your financial history indicates you received $5,600.00 in Pell Grant funds.

Again, I appreciate you bringing your concerns to our attention. However, based upon the above summarized information, the facts do not substantiate your request for a full refund of tuition. Should you require any assistance regarding a further explanation of the above financial aid amounts or related to a job search or other career services, the staff at the Richardson campus is available to assist you.

If you have any questions or wish to provide any further information, please feel free to contact me."

EXHIBIT 74

BBB of Redacted by HELP Committee

Redacted by HELP Committee

07/15/2010

ITT Technical Institute
Campus Name

Dear Representative ITT Technical Institute:

Two weeks ago we sent you a copy of a complaint from the below referenced customer. Our cover letter requested a response from your company within 10 days.

For your reference, the complaint was submitted on 6/30/2010 5:06:40 PM and was assigned an ID of 8224758. The consumer's information appears here:

As of this date, we have not received your written response, so we are assuming that the complaint is still open. We encourage you to contact your customer directly with your response and then send or fax a copy of your response to the BBB, within 10 days of the date of this letter. If you choose to respond to us directly, we will forward a copy to your consumer. Please be sure to include the customer's name and address in any correspondence.

It is very important that you let us know how this situation is resolved so that it will not affect your report in our system. Please note that we are only requesting your side of the story, not directing you to alter your company policy. The only requirement we have for a satisfactory response is that it specifically address the issues of the particular complaint.

It is also important for you to be aware that if you do not let us know that you have responded to your consumer, your report in our system will indicate that you have an unsatisfactory record with the Bureau because your company does not respond to consumer complaints. In addition, every month we publish a list of companies who do not respond to complaints in our MemberLine Newsletter, and distribute it to over 6,000 businesses and media in the county.

Please call us on the consumer HotLine at (858) 496-2131 with any questions or comments.

Regards,

Redacted by HELP Committee

COMPLAINT INFORMATION

Customer Information:

Redacted - Business Sensitive

E-mail: Redacted - Business Sensitive

The details of this matter are as follows:

Service Issues

<u>Customer's Statement of the Problem</u>:
Hi, My name is Redacted - Business Sensitive and I currently hold a B.S. degree in Computer Science and Math and wanted to learn more about embedded programming. I spoke with ITT and was told that I would in time learn more about embedded programming at ITT but would need to go through some basic courses first in order to get to that level. After spending about 6 weeks (and quite a bit of my money, $2500) I was very unsatisfied with the progress, in fact we had just finished going over the basic algebra. Two of the other courses I was required to take, included an introductory class for new students and networking. I found recently that the teacher for networking was fired at the end of the term probably because of his inability to teach the students effectively. I am rather frustrated with the classes I took, felt that I learned nothing and do not feel a bill for $2500 is a fair amount to be paying for a rather inadequate education. In an economy that is rough at best, I cannot afford to give away money, especially $2500. This money could have been properly used to pay bills and pay down debt, but I used it in the hopes of improving my knowledge so that I could improve my worth in society, for a higher paying job. Instead now I have a loan to pay off and absolutely nothing to show for it. Services were not rendered nor delivered in a reasonable fashion that would be worth $2500. Thank you for your time, Redacted - Business Sensitive

<u>Desired Settlement:</u>
I would like a partial refund for an inability to deliver services in reasonable manner and time frame. I would be willing to settle on 75% of the full amount ($2500) because I understand it does cost money to pay for people's time to file paper work. In this economy I do not want to see anymore poeple lose their jobs, I understand it is tough.

ITT Technical Institute ITT

[redacted]

July 28th, 2010

Better Business Bureau of [redacted]

[redacted]

Dear [redacted]:

This letter is in response to a complaint submitted by Redacted - Business Sensitive to the Better Business Bureau on June 30th, 2010. [redacted] enrolled in the Associate of Applied Science Computer and Electronics Engineering Technology degree for the June 2010 quarter at ITT Technical Institute in [redacted] This program helps graduates begin to prepare for careers in a variety of entry-level positions in many fields of electronics and computer technology, such as aviation, communications, computers, consumer products, defense and research and development.

The program consists of 96 credit hours including Technical Basic, Core and General Education Courses as outlined in the ITT Technical Institute school catalog and as reviewed by the Admissions Representatives of ITT Technical Institute.

Redacted - Business Sensitive has not contacted the ITT Technical Institute campus in [redacted] regarding his concerns of the program or tuition charges that were incurred. The Student Complaint/Grievance Procedure is listed in the ITT Technical Institute school catalog. I have reviewed the student surveys from the March 2010 quarter as the June 2010 quarter is still in session and did not find any similar concerns as expressed by

Redacted - Business Sensitive

If I can provide any additional information regarding this matter, please contact me directly at [redacted]

Sincerely,

[redacted]

Director

ITT Technical Institute

CC:

Redacted - Business Sensitive

EXHIBIT 75

NUMBER	:	
STUDENTNO	:	37-06
SCHOOL	:	Campus Name
DATE_RECD	:	6/20/2006
DATE_CLOSED	:	7/24/2006
AGING	:	34
PROGRAM	:	Business Administration
TYPE	:	written letter
DEADLINE	:	
COMP_DESCR	:	loan repayment
COMMENTS	:	7/24/06- Redacted by HELP Committee sent letter to Uncle 7/24/06- Susan sent copy of final letter 7/24/06- Redacted Redacted 7/11/06- Susan sent response 7/7/06- Susan Spivey responded to original complaint 5/22/06- The uncle is questions the schools acceptance of Redacted with his Cerebral Palsy and ADD. He is left with $8400 in loans for a degree he could not possibly abtain with his mental handicap. Wants to know why school gave him 2 additional loans making a total of three.
ASSIGNED	:	
REFUND_AMT_D	:	

EXHIBIT 76

O_C : Closed
CAMPUSNUMBER : 36
STUDENTNO : 84-10
PREV_ED : Some College
SCHOOL : [redacted]
STATE :
REGION :
GROUP : Regional
DATE_RECD : 2/1/2010
DATE_CLOSED : 3/5/2010
AGE : 32.00
PROGRAM : IT
CONTACT : [redacted]
DEADLINE : closed
STATUS : Closed
TYPE : Academic
COMPLAINT : Academic: drop status
TYPE2 : Campus Email to HO
COMMENTS : 3/5/10- administrativly closed
2/11/10- From ED: No - I'm off campus at [redacted] for meetings but there has been no communication from [redacted]

Redacted

Redacted

2/1/10- From Redacted by HELP Commit takes point on KHEC complaints. She works with the school to get the background and then with my group if it is an FA issue. I can't tell from this email chain if she has been notified of this as a student complaint, as I believe most folks were concentrating on the inappropriate email issue. I am copying Redacted by HELP Cor as an FYI when we developed the rules for student emails, we initially wanted to keep them open for at least 6 – 12 months so that if there was a problem with their repayment of their student loan, that we would have a "friendly" way to contact them
Student Complaint: This is how they do things in Campus Name
I am a father of Redacted who came to Kaplan to change careers when my I was injured on my job and was faced with the prospect of not being able to provide for my family in the not too distant future. I have been attending classes since the beginning of 2008 and was trying to get a batchelors degree in network administration. I was expelled from school for missing class three times even though two of the days in question were during blizzards and were chategorized asr severe winter storm warnings by both the national and local weather services, with advisories against travel. They did not tell me that I was expelled from Kaplan, and I only found out that I was expelled after Christmas break when one of the brain-washed female drones called me at the request of the campus president to tell me that I was expelled but could come back to school only if I agreed to let the school soak me for another $7000 more in unexplainable, and unjustifyable expenses on top of the more than $40,000 that they have already overcharged me for. The lady on the phone, after telling me how irresponsible I was for not driving through that aforementioned blizzard and thus pointlessly risking my life and limb, went on to explain to me that if I wanted to return to classes at Kaplan I would now have to except a worthless associates degree instead of the batchelors degree that they were kind enough to help me to go into debt for, and then prevent me from getting. Of course they will be keeping the more than $40,000 which they borrowed from the bank in my name as its only immoral to cheat the poor out of more money than they can possibly pay back when its not an overpriced private school thats doing the swindling. When one person cheats you out of money it's illegal and is called a scam, but when a bunch of people conspire against you to cheat you out of money it's called Kaplan School

MONETARY	:	$0.00
AGE_CLASS	:	0.00

EXHIBIT 77

O_C : Closed
CAMPUSNUMBER : 18
STUDENTNO : 465-10
PREV_ED : HS Grad
SCHOOL : [redacted]
STATE : [redacted]
REGION : Mid Atlantic
GROUP : East
DATE_RECD : 3/19/2010
DATE_CLOSED : 4/8/2010
AGE : 20.00
PROGRAM : CN
CONTACT : [redacted]
412-261-2647 x605
DEADLINE : Closed
STATUS : Closed
TYPE : Career Services
COMPLAINT : CS: student needs job
TYPE2 : Blog
COMMENTS : 4/8/10-ED unable to reach student
4/2/10- Requested update from Hunter
3/26/10-[redacted]- is there an update on this one?
3/19/10- From [redacted]: An ICM graduate by the name of Redacted posted the following on ivillage, and received a reply (posted below as well). Should we have the campus career services department reach out to her to see if she needs help? CVue says she waived CS help because she is continuing her education, but I'd like to be able to post a positive reply to her complaint.
http://messageboards.ivillage.com/n/mb/message.asp?webtag=iv-wdjobsupport&msg=7622.1&ctx=128
Complaint: I was done with school last may and got an Associate's degree in Information Technology. I did pretty well in school and my internship. However it's almost a year later, and I haven't been on one interview yet. I was looking diligently at first, I changed my resume and my cover letter several times, I tried networking, I also was studying about 4 hours a day, etc.
Over time I became discouraged, stopped looking so much for a job, and decided that maybe a Bachelor's Degree would help a lot. The program I attend is not what I thought it was and I am not learning anything. Currently I'm still working at the coffee shop I was working at last year.
Quite frankly, I'm very frustrated. I understand the economy is really bad, but not only can't I get a paid internship or an entry-level job, but I don't even get reject letters anymore.
I'm to the point where my skills are dulling faster than they are improving, and just losing all hope in them. I don't know what to do anymore. Eventually I'll either graduate or drop out (private colleges are expensive.), and be in even more debt that I was before I started school the first time.
MONETARY : $0.00
AGE_CLASS : 151-180

EXHIBIT 78

[redacted]

-----Original Message-----
From: Better Business Bureau Redacted by HELP Committee
Sent: Friday, January 05, 2007 5:41 AM
[redacted]
Subject: BBB Complaint Case#42006975(Ref#58-6023-42006975-4-12200)

Complaint Case #: 42006975
[redacted]

The Bureau has received a complaint from a consumer. This case is NOT being treated as a complaint, but we wanted to inform you of this communication.

Your Better Business Bureau is a non-profit organization dedicated to helping consumers and companies resolve disputes. We encourage you to respond to the consumer and try and resolve the issues presented in the complaint. You can view the details of the consumers complaint by clicking here.

The Bureau is not requesting a written response from you, however, if you choose you may send a letter addressing this complaint for our files. If you send a letter directly to your customer, please send the Bureau a copy of the response. As stated above, the Bureau will not be pursuing this complaint with you. You do not need to contact the Bureau regarding this complaint.

Thank you for your prompt attention to this matter.

Sincerely,
Redacted by HELP Committee
Customer Service Representative
BBB Comaplaint Department
Redacted by HELP Committee

To whom it may Concern:

Recently I received a comment card in the mail regarding my experience at Southwestern College Campus Name. My experience there was anything but pleasant. When I signed up I was told several things by the Dean and financial aid. Theses things seemed too good to be true, and it turns out they were. I was led to believe that the loan I was getting was to fund my entire tuition. This was not the truth; myself and many other students were required to take out another loan in the last quarter of our studies. Mine was an additional $400.00.

Education is extremely important to me, so I would have no problem paying for a quality education. I do not feel I was given even a mediocre one at Southwestern. I felt as if I was teaching MYSELF. Many times I was left in a classroom alone, or sent home because I did not have an instructor. Three of my instructors were terminated, and two of the three were involved in criminal activity. I feel this sets a horrible example, it reflects partly on the establishment as well as on the students. I do realize nothing is guaranteed, however I was told I [redacted] was guaranteed a job after graduation. I was told I would be a certified insurance specialist while in school. I later found out the [redacted] certification test is extremely expensive, and it requires that you have at least six months experience. I was told what I was paying for my tuition was competitive with other technical schools in my area. I later found out another school within ten miles of me charged half as much for the same program. They also had externship opportunities, as I [redacted] [redacted]t. Also they had modern equipment. I was told the equipment at

Southwestern was the most modern available. When I listed the software I used on my resume, I was told it was "ancient", by several doctors.

Despite all this I attended school everyday, and graduated with a 4.0 grade point average. I am unable to find a job though because I have no experience. I attribute this to the fact that as a coding and billing student, I was offered to externship opportunity. I gladly would have accepted the opportunity that people in the other programs complained about. I took it upon on myself to volunteer at the hospital, when I could, while working full time, to gain experience. I was only able to photo copy in the medical records department. Then I switched to direct patient care, which was also not my field. I contacted several companies in hopes someone would let me at least shadow someone, but I never received one phone call back.

I have done everything I can to find employment in my field, or at least close to it. I have faxed and mailed over fifty resumes. I have also filled out over twenty applications. I was offered help by career services at my school, but they told me nothing I did not already know. I was called for about five interviews, and although I received extremely positive feedback, each time I was passed over for someone with more experience.

I went to school to better my life, and when my loans become due, I will actually be in worse financial shape then I was before I attended school. I wish I would have never attended school at all, and had I known the reputation of the campus here, I would have never signed up. Also because of the geographic location many people who attended the Campus Name were on public assistance. According to the laws in [redacted] many of these people had to either work full time, or be in school full time. These people received full grants, but many did not even finish their first quarters. It does not seem fair that someone who attended school everyday, and graduated with high honors, received no financial aid, and can not find a job. However, someone who did not even want to attend school, or were ordered to, had a full ride, and quit. So, as I write you from my job, a college graduate, making six dollars an hour, I urge you to investigate the Campus Name.

Sincerely,

[redacted]