

## Media Arts & Animation Course Descriptions

Please note all courses are subject to change. All courses are three credits unless otherwise indicated.

### GD 101 Drawing and Perspective

A fundamental drawing course in which students learn how to use a variety of drawing tools, draw three-dimensional objects in one, two, and three point perspective, and generate drawings that demonstrate correct proportions. Students are also introduced to the various means of visual indication in design. *Prerequisite: None*

### GD 102 Fundamentals of Design

An exploration of the basic principles of design and an introduction to the creative process. Design elements and relationships are identified and employed to establish a basis for aesthetic sensitivity and critical analysis. Color theory is explored as well as the cultural and psychological impact of color in relation to design. *Prerequisite: None*

### GD 103 Life Drawing

The human figure is analyzed and interpreted. Students practice their drawing skills, applying correct proportions, and showing form and gestures through the use of line and tone. *Prerequisite: GD 101 Drawing and Perspective*

### GD 120 Digital Imaging

An introduction to photo retouching, image manipulation, and the creation of original artwork using computers and bitmap software. Scanning methods, color adjustment, and special effects through the use of filters are stressed. *Prerequisite: CSI 101 Understanding Computer Technology*

### MA 110 Principles of Animation

Students learn to identify various types of animation. The illusion of artistic animation is analyzed and executed through exercises. This course also involves discussions of new developments and future trends in the industry, analysis of major sectors of the industry and career opportunities within them. *Prerequisite: None*

### MA 210 Advanced Life/Anatomy

Building on skills developed in previous drawing courses, students will further refine drawing skills as applied to animation. Emphasis will be placed on simplifying drawing through contour lines, generating impressions of form under time constraints and expressing emotion through the user of abstract line and form. *Prerequisite: GD 103 Life Drawing*

### MA 220 Acting and Movement

The introduction of acting as a tool of research through studies of animated movement. Characters' personality, expression, motivation, body language, and posture will be studied through classroom exercises in a variety of media. *Prerequisite: None*

### MA 230 Storyboarding for Animation

This course focuses on industry-standard storyboarding and scripting techniques to animation. Contents to be covered include the various purposes and formats of storyboards, the basic terminology and concepts used in storyboarding, and the

application of storyboarding techniques to the creation of storyboards with or without a written script. *Prerequisite: MA 210 Advanced Life/Anatomy*

### MA 240 Character/Object Design

In this course students will design and draw characters or objects for animation using line to accurately delineate the form. Students will learn appropriate proportion and form for an animated character or object. Course assignments include gesture drawing, action poses, turnarounds, and the creation of 3D characters or objects. Students will animate their characters and objects through the use of flip books and/or stop motion animation. *Prerequisite: MA 210 Advanced Life/Anatomy*

### MA 250 Digital Ink and Paint

This course is an introduction to the computer as an ink and paint media for animation. Scanning, clean up, ink and paint, camera will be explored. *Prerequisite: CSI 101 Understanding Computer Technology*

### MA 260 2D Animation

Students will study the basis of timing, weight, and anticipation. Use of a capture device, pencil tests, and other 2D animation skills will be explored. The students will apply these skills through storyboarding and character studies. *Prerequisite: MA 210 Advanced Life/Anatomy, MA 230 Storyboarding for Animation*

### MA 270 3D Modeling

In this course, students expand their knowledge and skills in a computer-based 3D modeling environment. Topics to be covered include: skinning, beveling, displacement mapping, terrain modeling, metaball modeling, match perspective, 3D scanning, and texture modeling. *Prerequisite: MA 240 Character/Object Design*

### MA 280 Background Design and Layout

This course focuses on the fundamentals of background layout with an emphasis on perspective, composition, design basics, staging, mood, texture and lighting. Students will also learn the basics of using props as background and foreground design elements. *Prerequisite: MA 210 Advanced Life/Anatomy, MA 230 Storyboarding for Animation*

### MA 310 Digital Editing - Video and Audio

This course introduces students to the basic concepts and techniques in videography and audio as related to animation. Students will be exposed to basic theories and terminology in video production and the handling of basic gear including tripod, cables, camera, etc. Emphasis is placed on hands-on experience in video production so that students can translate the physical sense of video images into their computer environment for animation. Students will also learn to digitize sound and apply it for audio enhancement of their animations as well as how to produce appropriate audio effect and transition in computer animation. *Prerequisite: MA 230 Storyboarding for Animation, MA 260 2D Animation*

### MA 320 3D Animation

This course explores the various techniques to create animation in a 3D environment on a computer. Specific animation features and functions of the given software will be discussed and applied to the production of short 3D animation projects. Emphasis will be placed on synthesized use of animation techniques. *Prerequisite: MA 270 3D Modeling*

### MA 330 Advanced 2D Animation

In this course, building on the principles of 2D animation, students are responsible for organizing the elements necessary to complete a 20 second animation short. Addition of increases the level of complexity and necessitates a storyline. Use of a capture device, pencil tests, and other 2D animation skills will be utilized. *Prerequisite: MA 230 Storyboarding for Animation, MA 260 2D Animation*

### MA 350 Advanced 3D Modeling & Animation

Built upon the foundation of 3D modeling and animation, this course continues to explore the more advanced techniques needed to create animation in a 3D environment on a computer. Specific animation features and functions of the given software will be discussed and applied to the production of an animation project. Emphasis will be placed on use of advanced animation techniques in a computer-generated 3D animation. *Prerequisite: MA 320 3D Animation*

### MA 410 Digital Compositing

This course will expose students to the disciplines used in finalizing a composited project utilizing various software. The class will reinforce composing concepts and techniques that students have learned in previous classes. Each student will produce a final edited project that combines live-action, stills, CG imagery, and/or stop motion puppets and miniatures. *Prerequisites: MA 260 2D Animation, MA 310 Digital Editing - Video and Audio, MA 320 3D Animation*

### MA 420 3D Visual Effects

Effects animation takes students through the basics of making special effects. Students will be using such tools as particles, soft bodies, dynamics and expressions to create several scenes. *Prerequisite: MA 250 2D Animation, MA 270 3D Animation, MA 310 Digital Editing - Video and Audio*

### MA 430 Animation Studio

Students create a full-length animation with a purpose. In this advanced course, all nuances of project creation, production, and post-production are taught. *Prerequisite: MA 310 Digital Editing - Video and Audio, MA 330 Advanced 2D Animation, MA 320 3D Animation*

COPY



## Media Arts & Animation

### Bachelor of Science Degree Program

#### Program Overview

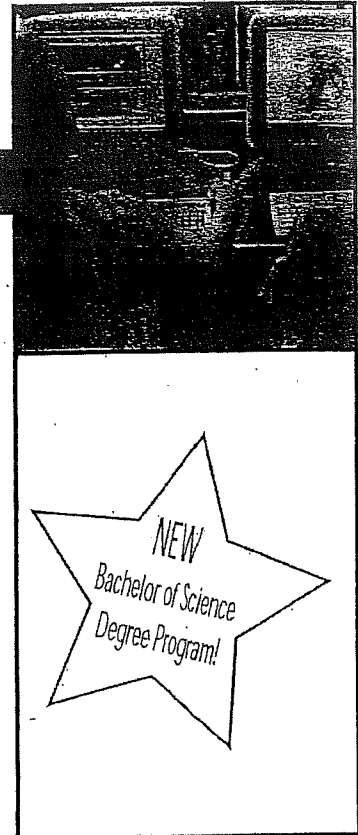
#### Bachelor of Science in Media Arts & Animation

Whether it's information or entertainment, the wide appeal of the electronic media has created a growing need for people skilled in media and animation arts. The Media Arts & Animation program at The New England Institute of Art provides intensive training in the skills necessary to succeed in this fast-paced, creative field.

The Bachelor of Science degree in Media Arts & Animation refines and synthesizes the students' competencies in the field of computer animation. Students apply advanced techniques in drawing characterization, animation in both 2-D and 3-D computerized environments, and interactive technologies. Students will develop a graduate project which represents a unique style and demonstrates conceptual abilities. This program prepares graduates for entry-level positions as 2-D animators, 3-D animators, special effects animators, broadcast graphic artist, or other animation and art specialties. The length of the program is eight 15-week semesters.

Students' creativity and critical thinking are nurtured within the liberal arts (general education) component of the program. By fostering intellectual and aesthetic growth, these courses help students develop a perspective about the interaction of their own discipline with other forms of creativity.

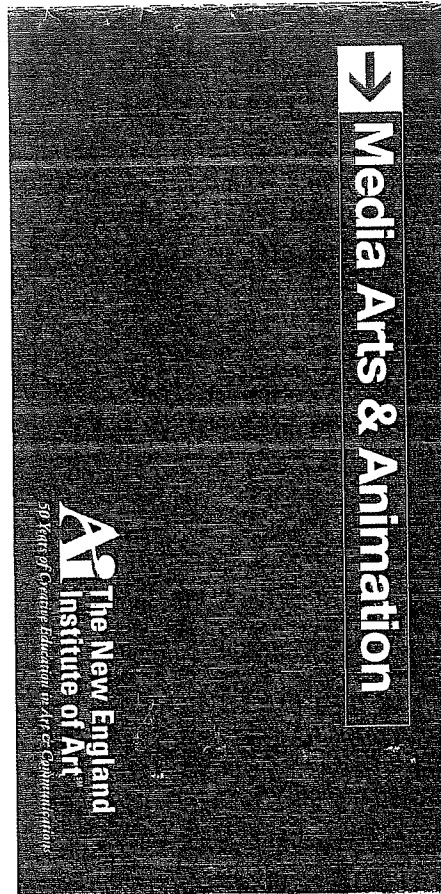
Media Arts & Animation graduates are prepared to market their new skills, uniting their creative ability and technical expertise to fulfill the demands of employers who have a need for computer animation, media design, and digital image production and manipulation.



Jan A.

	Sequence A	Sequence B	Sequence C	Sequence D	Sequence E
1st Semester	CSI 101 or CSI 120 (Pre: CSI 100)	<del>English Selection</del>	SEM 101 Freshman Seminar	<del>GD 101 Fundamentals of Design</del>	<del>GD 102 Fundamentals of Design</del>
2nd Semester	HIS100 History of Communications	<del>English Selection</del>	Humanities Selection	<del>GD 103 Art Drawing (Pre:GD 101)</del>	<del>MA 110 Principles of Animation</del>
3rd Semester	<del>GD 120 Digital Imaging (Pre:CSI 101)</del>	<del>English Selection</del>	Social Science Selection	MA 210 Advanced Life/Anatomy (Pre: GD103)	MA 220 Acting and Movement
4th Semester	<del>MA 250 Digital Ink and Paint (Pre:CSI 101)</del>	Math Selection	Physical Science Selection	MA 240 Character/Object Design (Pre: MA210)	MA 230 Storyboarding for Animation (Pre: MA210)
5th Semester	MA 280 Background Design & Layout (Pre:MA 210)	Math Selection	Social Science Selection	MA 270 3D Modeling (Pre:MA 240)	MA 260 2D Animation (Pre: MA 210, MA 230)
6th Semester	MA 310 Digital Editing Video & Audio (Pre: MA230 & MA 260)	MM 260 Animation Graphics for the Web (Pre:GD 120)	SCI 200 Physical Science of Visual Communication	MA 320 3D Animation (Pre: MA 270)	MA 330 Advanced 2D Animation
7th Semester	MA 410 Digital Compositing (Pre:MA260, MA310, MA320)	MM 360 Interactive Web Graphics (Pre: MM260)	General Elective	MA 350 Advanced 3D Modeling & Animation (Pre:MA 320)	MA 430 Animation Studio (Pre: MA310, MA330, MA320)
8th Semester	MA 497 Animation Seminar	MA 498 Animation Internship	General Elective	MA 420 3D Visual Effects (Pre: MA250, MA270, MA310)	MA 450 Animation Production Team (Pre: MA350, MA430, MA410)

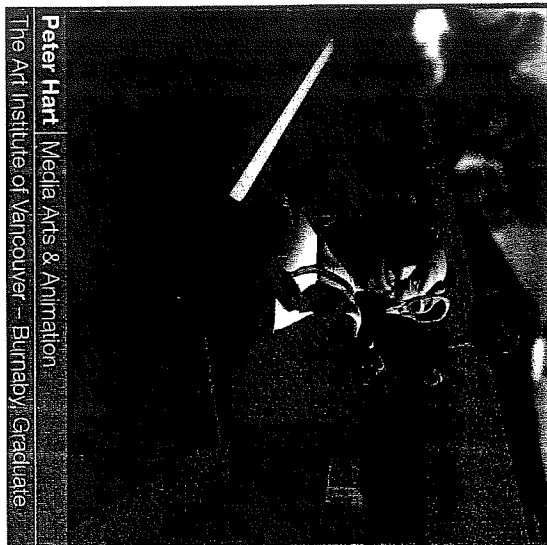
# EXHIBIT B



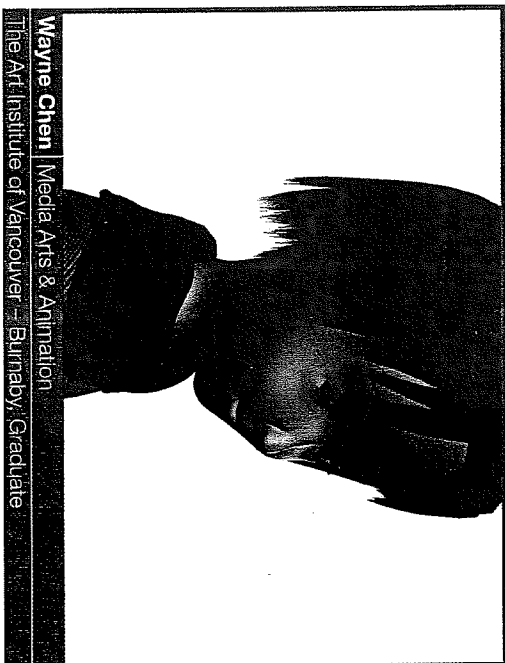
blast-o-ray







**Peter Hart** | Media Arts & Animation  
The Art Institute of Vancouver – Burnaby, Graduate



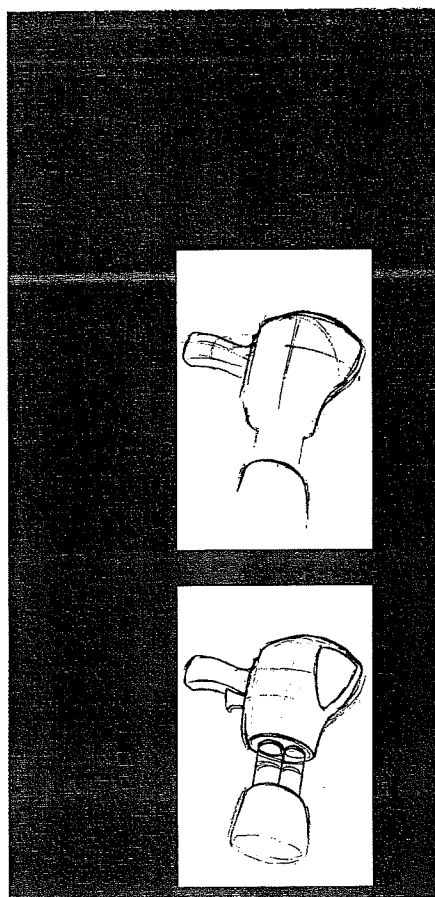
**Wayne Chen** | Media Arts & Animation  
The Art Institute of Vancouver – Burnaby, Graduate

### What makes media arts and animation so exciting?

The field of Media Arts & Animation is as limitless as your imagination. It constantly evolves as new technology is released and forward thinking individuals embrace it. Dazzling sports graphics, special effects, animation that entertains as it educates — whatever it takes to amaze the eye and the mind is the focus of this exciting profession. Artists in this field are three-dimensional thinkers. They combine their creativity and technical skills to produce work for nearly every industry and take us to new places we've never been before.

To media artists, the world is in constant motion. They find ways to capture the movement of everyday life and re-create it in a digital environment. These artists strive to make their work as lifelike as possible — from studying how shadows shift on moving objects, how movement affects color and proportion, and how technology itself will innovate to respond to the demand of creating such work.

A Media Arts & Animation professional is computer savvy and eager to keep up with the quick and constant evolution of software. It's about artistic ability and the desire to con-



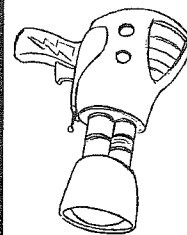
tinually improve it. It means to think like a communicator and storyteller. The payoff is being involved in one of the most creative professions today.

### Inspire yourself. Evolve your ideas.

Before you can jump into creating ultra-cool spinning logos or characters that have been dancing around in your head, you've got to become comfortable with the groundwork. That means starting with the basics — drawing, character and object design, color theory, video production, and computer applications.

Hands-on studies immerse you in computer graphics, image manipulation, and 2-D and 3-D animation techniques. You'll learn how to develop a storyboard and write a script. You'll become knowledgeable in background and scenic layout, audio for animation, and digital video editing. Faculty, many of whom are working professionals in the field, will show you how to work on industry-related Pentium-class PC and Macintosh platforms, along with equipment and software such as Adobe Photoshop, Autodesk 3-D Studio, and Premiere.

As you advance through your program, class assignments simulate real-working experiences.



**To media artists, the world is in constant motion. They find ways to capture the movement of everyday life and re-create it in a digital environment.**

Program-related activities such as community service projects and trips to computer animation industry events will give you practical, professional exposure to the working world of animation. Putting your knowledge into motion outside of the school is not only good practice for your first "real world" position — it's also a lot of fun.

#### **Go out there — do great things.**

Where will our Media Arts & Animation program take you? Network and cable television companies, for starters. Major corporations and commercial post-production facilities, along with interactive, game design, and film companies are also in need of talented animation artists.

After graduation, you'll be prepared for entry-level positions such as animation or digital artist, special effects artist, storyboard artist, background artist, broadcast graphics designer, or lighting designer. With experience, you can advance to such positions as animation project manager or 2-D or 3-D artist to make the most of your skills.

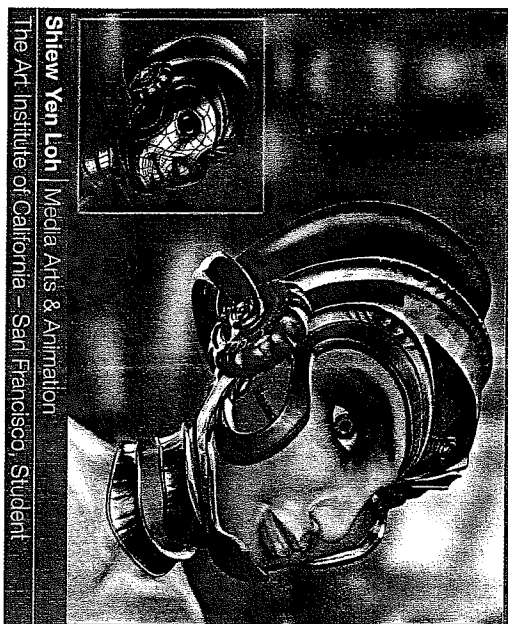
Our Career Services Department has the job and industry connections to help you get your career off the ground. In addition, late-quarter

career development courses will bring your résumé and interviewing skills up to speed. Most importantly, you'll want to have your digital portfolio in order. Special courses will help you compile and polish this collection of your best work, and show you how to present it professionally to prospective employers upon your graduation.

Ready to get started? Give us a call. Come in and tour our facilities. Talk with faculty and students. Ask questions. Our admissions staff can help you make an appointment today.



**Daniel Falconer** | Media Arts & Animation  
The Art Institute of Vancouver — Burnaby, Graduate



**Shiew Yen Loh** | Media Arts & Animation  
The Art Institute of California — San Francisco, Student



A media artist lives a double life. Since their work relies on realism — re-creating movement digitally — they must not only understand the intricacies of their technology, but how to translate anatomy, lighting, and physics into the electronic realm. But that's where the science ends and the fun begins. A hair dryer may influence them to give their new animated spaceman character a blast-o-ray to fend off pesky aliens. These artists know how to have a good time, and they can draw creative inspiration from anywhere.

[www.neia.artinstitutes.edu](http://www.neia.artinstitutes.edu)

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# EXHIBIT C



## Federal Family Education Loan Program (FFELP)

OMB No. 1845-0006  
Form approved  
Exp. date 9-30-2005Federal Stafford Loan  
Master Promissory Note

WARNING: Any person who knowingly makes a false statement or misrepresentation on this form is subject to penalties which may include fines, imprisonment, or both, under the United States Criminal Code and 20 U.S.C. 1097.

Guarantor, Program or Lender Assistance:

United Student Aid Funds

## Borrower Information

Please print neatly or type. Read the instructions carefully.

1. Last Name <u>Jacobson</u>	First Name <u>Jessica</u>	MI <u>M</u>	2. Social Security Number <u>021 662 887</u>
3. Permanent Street Address (If P.O. Box, see instructions.) <u>Lunenburg</u>	State <u>MA</u>	Zip Code <u>01462</u>	4. Home Area Code/Telephone Number <u>(978) 345 1434</u>
City <u>Lunenburg</u>	State <u>MA</u>	Zip Code <u>01462</u>	5. Date of Birth (Month/Day/Year) <u>08-01-83</u>
6. Driver's License State and Number <u>MA 8550141737</u>	7. E-mail Address	8. Lender Name <u>Nellie Mae Trust, Attn: EXPORTSS, P.O. Box 59012, Panama City, FL 32412-9012</u>	9. Lender Code, if known <u>829076</u>
10. References: You must provide two separate references with different U.S. addresses. The first reference should be a parent (if living) or legal guardian. Both references must be completed in full.			
Name A. <u>Diane Lemay</u>		B. <u>Judy Bray</u>	
Permanent Address <u>65 Plangier Rd.</u>		<u>23 J Farmer Ave</u>	
City, State, Zip Code <u>Leominster, MA 01453</u>		<u>Fitchburg, MA 01420</u>	
E-mail Address			
Area Code/Telephone Number <u>(978) 537 8057</u>		<u>(978) 345 1434</u>	
Relationship to Borrower <u>Aunt</u>		<u>Family Friend</u>	

11. Requested Loan Amount: I request a total amount of subsidized and unsubsidized loans under this Master Promissory Note not to exceed the allowable maximums under the Higher Education Act. My school will notify me of the type(s) and amount(s) of loan(s) that I am eligible to receive. I may cancel my loan or request a lower amount by contacting my lender or school. Additional information about my right to cancel a loan or request a lower amount is included in the Borrower's Rights and Responsibilities Statement and Disclosure Statements that have been or will be provided to me.

12. Interest Payments (Optional):

☐ I want to pay unsubsidized interest while I am in school.

## Borrower Certifications and Authorizations

Read carefully before signing below.

13. Under penalty of perjury I certify that:
- The information I have provided on this Master Promissory Note and as updated by me from time to time is true, complete, and correct to the best of my knowledge and belief and is made in good faith.
  - I will immediately repay any loan proceeds that cannot be attributed to educational expenses for attendance on at least a half-time basis at the school that certified my loan eligibility.
  - (i) I do not now owe an overpayment on a Federal Pell Grant, Supplemental Educational Opportunity Grant, or a Leveraging Educational Assistance Partnership Grant (formerly State Student Incentive Grant); or, if I owe an overpayment, I have made repayment arrangements with the holder to repay the amount owed. (ii) I am not now in default on any loan received under the Federal Perkins Loan Program (including NDSL loans), the Federal Direct Loan Program, or the Federal Family Education Loan Program ("FFELP" as defined in the Borrower's Rights and Responsibilities Statement); or (iii) I am in default on a loan, and I have made satisfactory arrangements with the holder of the defaulted loan.
14. For all subsidized and unsubsidized Federal Stafford Loans (as described in the additional MPN provisions and the Borrower's Rights and Responsibilities Statement) I receive under this Master Promissory Note, and for certain other loans as described below, I make the following authorizations:
- I authorize my school to certify my eligibility for loans under this Master Promissory Note.
  - I authorize my school to transfer loan proceeds received by electronic funds transfer (EFT) or master check to my student account.
- I authorize my school to pay to the lender any refund that may be due up to the full amount of the loan(s).
  - I authorize the lender, the guarantor, or their agents, to investigate my credit record and report information concerning my loan status to persons and organizations permitted by law to receive such information.
  - I request and authorize my lender to: (i) during the in-school and grace periods of any loans made under this Master Promissory Note, defer and align the repayment of principal on all of my FFELP loans that are in repayment status; and (ii) add unpaid interest that accrues on all my FFELP loans to the principal balance of such loans ("capitalization") including such loans made under this Master Promissory Note, during forbearance periods, and for unsubsidized loans, during in-school, grace, and deferment periods as provided under the Act. "Capitalization" will increase the principal balance on my loans and the total amount of interest charges I must pay.
  - I authorize the release of information pertinent to my loans: (i) by the school, the lender, and the guarantor, or their agents, to the references on the applicable loans and to members of my immediate family unless I submit written directions otherwise; and, (ii) by and among my schools, lenders, guarantors, the Department of Education, and their agents.
  - So that the loans requested can be approved, I authorize the Department of Education to send any information about me that is under its control, including information from the Free Application for Federal Student Aid, to the school, the lender, and to state agencies and nonprofit organizations that administer financial aid programs under the FFELP.

## Promise to Pay In this Master Promissory Note (MPN), "lender" refers to, and this MPN benefits, the original lender and its successors and assigns, including any subsequent holder of this MPN.

15. I promise to pay to the order of the lender all loan amounts disbursed under the terms of this MPN, plus interest and other charges and fees that may become due as provided in this MPN. I understand that multiple loans may be made to me under this MPN. I understand that by accepting any disbursements issued at any time under this MPN, I agree to repay the loans. I understand that, within certain time frames, I may cancel or reduce the amount of any loan by refusing to accept or by returning all or a portion of any disbursement that is issued. Unless I make interest payments, interest that accrues on my unsubsidized loans during in-school, grace, and deferment periods will be added as provided under the Act to the principal balance of such loans. If I do not make any payment on any loan made under this MPN when it is due, I will also pay reasonable collection costs, including but not limited to attorney's fees, court costs, and other fees. I will not sign this MPN before reading the entire MPN, even if I am told not to read it, or told that I am not required to read it. I am entitled to an exact copy of this MPN and the Borrower's Rights and Responsibilities Statement. My signature certifies I have read, understand, and agree to the terms and conditions of this MPN, including the Borrower Certifications and Authorizations printed above, the Notice About Subsequent Loans Made Under This MPN, and the Borrower's Rights and Responsibilities Statement.

I UNDERSTAND THAT I MAY RECEIVE ONE OR MORE LOANS UNDER THIS MPN, AND THAT I MUST REPAY ALL LOANS THAT I RECEIVE UNDER THIS MPN.

16. Borrower's Signature [Signature] 17. Today's Date (Month/Day/Year) 11/12/04

# Master Promissory Note (continued)

## Disclosure of Loan Terms

This MPN applies to both subsidized and unsubsidized Federal Stafford Loans described in the Interest section below. I agree that the lender may sell or assign this MPN and/or my loans and acknowledge that any loan may be assigned independently of any other loan to which this MPN applies. I agree that each loan is separately enforceable based on a true and exact copy of this MPN. Loans disbursed under this MPN are subject to the annual and aggregate loan limits specified in the Higher Education Act of 1965, as amended, 20 U.S.C. 1070, et seq., and applicable U.S. Department of Education regulations (collectively referred to as the "Act"). Under this MPN, the principal amount that I owe, and am required to repay, will be the sum of all disbursements issued (unless I reduce or cancel any disbursements as provided below).

My lender will determine whether to make any loan under this MPN after my loan eligibility is determined by the school where I am enrolled on at least a half-time basis. At or before the time of the first disbursement for each loan, a disclosure statement will be sent to me identifying the amount of the loan and additional terms of the loan. Important additional information is also disclosed in the Borrower's Rights and Responsibilities Statement accompanying this MPN. The Borrower's Rights and Responsibilities Statement and any disclosure statement I receive in connection with any loan under this MPN are hereby incorporated into this MPN.

I may request additional loan funds for my educational costs (up to the annual and aggregate loan limits). If my school determines that I am eligible for any additional or adjusted loan amount, my school may certify such amount. My eligibility for subsidized and/or unsubsidized loans may change based on changes in my financial circumstances. My school will notify me of any changes in my eligibility. I will be notified of any changes or additions to my subsidized and/or unsubsidized loans in a separate disclosure statement.

## Loan Cancellation

I may pay back all or a part of a disbursement within timeframes set by the Act, as explained in the Borrower's Rights and Responsibilities Statement or other disclosure statement I receive at or before disbursement. In such case, the origination fee and guarantee fee will be reduced or eliminated in proportion to the amount of the disbursement returned within those timeframes. I will not have to pay interest charges if I return the full loan amount as provided in the Act.

## Interest

Unless my lender notifies me in writing of a lower rate(s), the rate(s) of interest for my loans are those specified in the Act. The interest rate information is presented in the Borrower's Rights and Responsibilities Statement accompanying this MPN. The interest rate is presented in a disclosure statement that is issued to me.

Interest accrues on the unpaid principal balance of each loan from the date of disbursement by the lender until the loan is paid in full. I agree to pay all interest charges on my subsidized Federal Stafford Loans except interest payable by the federal government under the Act. I agree to pay all interest charges on my unsubsidized Federal Stafford Loans. If I fail to make required payments of interest before the beginning or resumption of principal repayment, or during a period of deferment or forbearance, I agree that the lender may capitalize such interest as provided under the Act. There is no federal interest subsidy on unsubsidized loans, so the total amount of interest I am required to repay on unsubsidized loans will be higher than on subsidized loans.

## Origination Fee and Guarantee Fee

For each subsidized and unsubsidized loan, the federal government charges an origination fee equal to the amount required by the Act. The guaranty agency(ies) that guarantee(s) my loan(s) (in each case, the "guarantor") may charge a per loan guarantee fee not to exceed a maximum amount specified in the Act. I will pay these fees, as

identified in the disclosure statement, which will be deducted proportionately from each disbursement of my loans. I understand the origination and guarantee fees may be refundable only to the extent permitted by the Act.

## Late Charges and Collection Costs

The lender may collect from me: (i) a late charge for each late installment payment if I fail to make any part of a required installment payment within 15 days after it becomes due, and (ii) any other charges and fees that are permitted by the Act for the collection of my loans. If I default on any loans, I will pay reasonable collection fees and costs, plus court costs and attorney fees.

## Repayment

I must repay the full amount of the loans made under this MPN and accrued interest. Federal Stafford Loans have a repayment grace period, which will be disclosed in my disclosure statement. I will repay the principal of each loan in periodic installments during a repayment period that begins on the day immediately following the end of the applicable grace period. Payments submitted by me or on my behalf (exclusive of refunds) may be applied first to charges and collection costs that are due, then to accrued interest that has not been capitalized, and finally to the principal amount.

I understand that the school's certification of my loan eligibility determines whether my loans must be repaid as subsidized and/or unsubsidized loans.

The lender will provide me with a repayment schedule that identifies my payment amounts and due dates. Except as otherwise provided in the Act, the minimum annual payment required on all my FFELP loans is \$600 or the amount of interest due and payable, whichever is larger. My lender must provide me with a choice of repayment plans consistent with the provisions of the Act.

If I am unable to make my scheduled loan payments, the lender may allow me to reduce my payment amount, to extend the time for making payments, or to temporarily stop making payments as long as I intend to repay my loan. Allowing me to temporarily delay or reduce loan payments is called forbearance. The lender may align payment dates on my loans or grant me a forbearance to eliminate a delinquency that persists even though I am making scheduled payments.

I may prepay all or any part of the unpaid balance on my loans at any time without penalty. If I do not specify which loans I am prepaying, the lender will determine how to apply the prepayment in accordance with the Act. Upon repayment in full of each loan under this MPN, I agree to accept written notification of such loan payoff in place of receiving the original MPN.

## Acceleration and Default

At the option of the lender, the entire unpaid balance of the applicable loan(s) made under this MPN will become immediately due and payable, (this is called "acceleration"), upon the occurrence of any one of the following events:

(i) I fail to enroll as at least a half-time student at the school that certified my loan eligibility, (ii) I fail to use the proceeds of the loan solely for educational expenses, (iii) I make a false representation(s) that results in my receiving a loan for which I am not eligible, or (iv) I default on the loan.

The following events shall constitute a default on my loan: (i) I fail to pay the entire unpaid balance of the applicable loans after the lender has exercised its option under items (i), (ii), or (iii) in the preceding paragraph; (ii) I fail to make installment payments when due, provided my failure has persisted for at least 270 days for payments due monthly or 330 days for payments due less frequently than monthly; or (iii) I fail to comply with other terms of the loans, and the lender or guarantor reasonably concludes I no longer intend to honor my repayment obligation. If I default, the guarantor may purchase my loans and capitalize all then-outstanding interest into a new principal balance, and collection fees will become immediately due and payable.

If I default, the default will be reported to all national credit bureaus and will significantly and adversely affect my credit history. I acknowledge that a default shall have additional adverse consequences to me as disclosed in the Borrower's Rights and Responsibilities Statement. Following default, the loans may be subject to income-contingent repayment (including potential collection of amounts in excess of the principal and interest) in accordance with the Act.

## Governing Law and Notices

The terms of this MPN will be interpreted in accordance with the applicable federal statutes and regulations, and the guarantor's policies. Applicable state law, except as preempted by federal law, may provide for certain borrower rights, remedies, and defenses in addition to those stated in this MPN.

If a particular loan under this MPN is made by the school, or if the proceeds of a particular loan made under this MPN are used to pay tuition and charges of a for-profit school that refers loan applicants to the lender, or that is affiliated with the lender by common control, contract, or business arrangement, any lender holding such loan is subject to all claims and defenses that I could assert against the school with respect to such loan. My recovery under this provision shall not exceed the amount I paid on such loan.

If I reside in the state in which the principal office of the guarantor is located, the guarantor may sue to enforce the applicable loans in the county in which the guarantor's office is located. However, if I object to being sued there and I mail a written objection to the guarantor that is postmarked no later than 30 days after I am served with the suit, the guarantor will either have the court transfer the suit to the county in which I live or will dismiss the lawsuit.

Any notice required to be given to me will be effective if sent by first class mail to the latest address the lender has for me or by electronic means to an electronic address that I have provided. I will immediately notify the lender of any change of address or status as specified in the Borrower's Rights and Responsibilities Statement. Failure by the lender to enforce or insist on compliance with any term on this MPN shall not be a waiver of any right of the lender. No provision of this MPN may be modified or waived except in writing. If any provision of this MPN is determined to be unenforceable, the remaining provisions shall remain in force.

## Notice About Subsequent Loans Made Under This Master Promissory Note

This Master Promissory Note authorizes the lender to disburse multiple loans during the multi-year term of this MPN upon my request and upon the school's certification of my loan eligibility. Subsequent loans may be made under this MPN for the same or subsequent periods of enrollment only at schools designated by the Secretary of the U.S. Department of Education.

I understand that no subsequent loans will be made under this MPN after the earliest of the following dates: (i) the date my lender receives my written notice that no further loans may be disbursed under the MPN; (ii) one year after the date of my signature on this MPN if no disbursement is made during such twelve month period; or (iii) ten years after the date of my signature on this MPN or the date the lender receives this MPN.

Any amendment to the Act governs the terms of any loans disbursed on or after the effective date of such amendment, and such amended terms are hereby incorporated into this MPN.

# EXHIBIT D





50 Years of Creative Education in Art & Communications  
10 BROOKLINE PLACE WEST, BROOKLINE, MA 02445  
800 903.4425 Fax: 617.582.4500  
e-mail: neiaadmin@nei.edu  
www.nei-artinstitute.edu

### ENROLLMENT AGREEMENT

Name Jacobson Jessica M  
(Last Name) (First Name) (Middle)  
Social Security # 021-66-2887  
Present Address 159 Howard St  
Lunenburg MA 01462  
(Street or PO Box) (City) (State) (Zip)  
Telephone: Home 978.345.1434 Business ( )  
Cell Phone: \_\_\_\_\_  
E-mail Address: blondy-311@yahoo.com

Check the major course for which you are applying

#### Associate of Science degree:

- ☐ Broadcasting / Radio or Television (61 credits)  
☐ Audio Production (61 credits)

#### Bachelor of Science degree:

- ☐ Multimedia & Web Design (120 credits)  
☐ Graphic Design (120 credits)  
☐ Audio & Media Technology (120 credits)  
☐ Digital Media Production (120 credits)  
☐ Interior Design (120 credits)  
☒ Media Arts & Animation (120 credits)

Start Date:

- ☐ September 7, 2004  
☒ January 10, 2005  
☐ May 16, 2005  
☐ September 6, 2005

#### Financial Information

For those who begin their program September 1, 2004 through May 31, 2005 tuition is charged at \$565 per credit [15 credits per semester]. Tuition increases with the start of each Fall Semester. Students enrolling or re-entering for semesters beginning after September 1, 2005 must confirm the tuition rate in effect at that time. Tuition and fees applicable to The New England Institute of Art programs are as follows:

	Graphic Design (120 credits)	Multimedia & Web Design (120 credits)	Audio & Media Technology (120 credits)	Broadcasting: Radio (61 credits)	Broadcasting: Television (61 credits)	Audio Production (61 credits)	Digital Media Production (120 credits)	Interior Design (120 credits)	Media Arts & Animation (120 credits)
Application Fee*	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
Enrollment Fee*	100	100	100	100	100	100	100	100	100
Tuition per semester [15 credits]	8,475	8,475	8,475	8,475	8,475	8,475	8,475	8,475	8,475
Activities and Technology Fee (per semester)	125	125	325	125	125	325	125	125	125
Supply Kit**	785	735	515	540	700	515	700	785	785
<b>TOTAL PROGRAM TUITION AND FEES</b>	<b>69,735</b>	<b>69,685</b>	<b>71,065</b>	<b>35,655</b>	<b>35,815</b>	<b>36,430</b>	<b>69,650</b>	<b>69,735</b>	<b>69,735</b>
Estimate of books and supplies cost per semester	350	300	225	225	225	225	225	350	350

\*The Application and Enrollment fees are paid by new and transfer students.

\*\*Supply Kit is charged only in the first semester.

The total tuition charged for any program will be increased from the above stated charges if a student is required to take transitional studies courses. Additional tuition for those courses can vary between \$1,614 and \$3,228, depending on the number of transitional studies courses required.

By this Enrollment Agreement, The New England Institute of Art agrees not to increase the per credit hour tuition charge for the duration of the program provided that the student does all of the following: submits the enrollment fee and signed enrollment agreement on or before the start date of this agreement; remains enrolled maintaining a minimum of 12 credits in the fall and winter semester; and 9 credits in the summer semester; completes their education within 150% of the standard program length in semesters [i.e. must complete an eight semester program within twelve semesters]; and completes their program without interruption, taking Fall, Winter and Summer semesters, without voluntary withdrawal, suspension or termination. Bachelor's degree students are allowed one semester of leave during their program without an increase in tuition. Reentering students will be subject to the per credit hour tuition charge in effect at the time of re-enrollment. Exceptions to this policy may only be made for emergencies, such as serious illness; school-controlled reasons, such as course availability; or major, unforeseen changes in a student's living situation, if these occurrences necessitate a student attending less than full-time or not at all. Exceptions must be requested in writing at the time of the occurrence and be approved by The New England Institute of Art's President.

#### Student's Right to Cancel without Penalty or Obligation

You, the student may cancel your enrollment without any penalty or obligation at any time prior to midnight of the fifth business day after signing this enrollment agreement. You may also cancel your enrollment if upon a doctor's order, you cannot physically receive the services, or you may cancel your enrollment if the service ceases to be offered by the institute. [See reverse side for refund policy prior to matriculation].

Please do not sign this Enrollment Agreement before you read it in its entirety. You will be given an exact copy of the agreement you sign. Please also note that the provisions of any attached rider[s] signed by you are also part of the Enrollment Agreement.

#### Student Acknowledgments

I have received and read a copy of The New England Institute of Art current catalog, the provisions of which I accept. I have read and understand all provisions of this Agreement, and I have been given a copy of it for my records. (Parents must also sign the enrollment agreement if you are under 18 years of age.) I understand that my enrollment and The New England Institute of Art's obligations under this Enrollment Agreement (except the cancellation and refund provisions) may be terminated by The New England Institute of Art if I fail to comply with The New England Institute of Art attendance, conduct, academic, financial or other requirements. I understand that The New England Institute of Art also reserves the right to cancel my enrollment if The New England Institute of Art determines (1) that I have demonstrated poor academic potential (as determined by evaluation of transcript records, or any other academic evaluations deemed appropriate for the program selected), and/or (2) that I do not meet all financial obligations related to enrollment and continuing enrollment. I understand that my financial obligations to The New England Institute of Art must be paid in full before a degree may be awarded and before transcripts will be issued.

Both sides of this agreement and the financial plan shall constitute the entire enrollment agreement. I understand and agree that they supersede any prior or contemporaneous oral or written agreements or statements and may not be modified without the written agreement of the President of The New England Institute of Art. I also understand that this agreement shall not be binding until it is accepted by The New England Institute of Art.

#### Student's Agreement

Now, having read and received a copy of this Enrollment Agreement and intending to be legally bound by it, the parties have signed this Enrollment Agreement on the dates below written.

Student's signature [Signature] Date 11/14/04  
Signature of accepting official from [Signature] Date 11-17-04  
The New England Institute of Art  
Title of accepting official Art Chair Date \_\_\_\_\_

Parent's (or Guardian's) signature  
(if applicant is under 18 years of age)

Date

Parent's (or Guardian's) address

Date

#### Further Financial Information

An application fee of \$50 is to be submitted with your application for admission. The enrollment fee of \$100.00 is due within 10 days after this Enrollment Agreement is signed. The tuition charge shown above is subject to adjustment each September. This adjustment will not be applied to continuing students as explained in the Financial Information section on page 1. Students are given a notice of 90 days in the event of an adjustment.

For any student enrolling on or after August 1, 2002, the student understands and agrees that s/he will be liable for interest charges that will be assessed on his/her account balance until the balance is paid in full. Interest will be charged at 12% per annum on the student's adjusted outstanding balance at the end of each month. The adjusted outstanding balance is defined as all charges incurred by the student for attendance at the school at the end of the prior month, including but not limited to tuition, fees, housing charges, late registration fees, fines, damages, etc., less the total amount paid to the student's account at the end of the current month including financial aid that the student has been awarded but has not been paid for the semester provided that the student and/or the student's parent(s) have completed all of the requirements for the award. The student understands and agrees that his/her adjusted outstanding balance is different from his/her student payment plan and that the student's financial aid award may be reduced or eliminated if the student does not complete all of the requirements for financial aid.

#### The Application Process

As part of the application process, applicants must independently conceive and write an essay of approximately 150 words stating how their education at The New England Institute of Art will help them to attain their career goals. Applicants must also present a record of accomplishment and core academic courses as evidences through high school transcript grade point average or upon evaluation of GED scores. Successful admission into The New England Institute of Art and a satisfactory program start is dependent on the level of accomplishment exhibited in the essay, all grade point averages, evaluation of GED scores, a personal interview with an admissions representative, and meeting all other requirements stated in this Agreement.

First semester tuition and fees for new students become due 30 days prior to entry. Thereafter, semester tuition for each succeeding semester is due upon registration, approximately two weeks prior to the end of each academic semester. Students may not register for any academic semester of study unless all tuition and fees that are due have been paid, or unless students have made arrangements for, and adhered to an approved alternative payment plan. Tuition is charged on a semester-by-semester basis. Students are not obligated beyond the semester they are currently attending. Tuition for repeat courses is charged on a per credit basis.

#### Refund Policy Prior to Matriculation

Applicants may cancel their enrollment in person or in writing before the beginning of classes. An applicant not requesting cancellation before the scheduled start date indicated on this Enrollment Agreement will be considered a student.

1. Enrollment fees paid by applicants will be refunded if they are not accepted for admission.
2. Applicants requesting cancellation before the first scheduled class date will receive a refund of all monies paid, less the \$50 application fee and \$100 enrollment fee.
3. All monies paid by applicants will be returned, if requested, within three business days after their first visit to The New England Institute of Art or within three business days of the regularly scheduled orientation program for their starting semester, whichever is sooner.
4. Refunds will be made within 30 calendar days after the applicant's/student's request or within 30 calendar days after his/her first scheduled class day.
5. The application and enrollment fee is valid for three consecutive semesters, including the original start date semester. Students wishing to reapply after three semesters will be required to submit a new application and enrollment fee.

#### Refund Policy After Matriculation - All Semesters

In the event of withdrawal by the student or suspension by The New England Institute of Art from all courses registered during any semester of study:

1. Prepaid tuition for any period beyond the student's current semester will be refunded in full.
2. The student may voluntarily withdraw from The New England Institute of Art by notifying their Department Chair in person or in writing.
3. Refunds due shall be paid within 30 days of the notification date, unless the student is withdrawing at the end of the semester. Refunds for a student notifying The New England Institute of Art prior to the end of a semester that s/he will be withdrawing at the end of that semester will be paid within 14 days of the last day of that semester.
4. Refunds for a student who completes a previous semester of study and does not notify The New England Institute of Art prior to the end of that semester that s/he will not be returning for the following semester will be paid within 30 days of the first day of that following semester in which the student was expected to return.
5. In the event of a fully documented extreme illness or personal emergency that makes it impractical for the student to complete the program, The New England Institute of Art may modify the tuition refund policy as deemed appropriate to the circumstances.
6. Each academic semester is 15 weeks in duration (summer semesters are 12 weeks in duration). The calculation of refunds is based upon the last day of attendance within the semester. Any portion of a week's attendance is considered a full week of attendance for refund purposes.

#### Refund policy - The New England Institute of Art

##### Return of Federal Title IV Aid:

A percentage of Federal Title IV Aid will be returned if the student withdraws during the first 60% of the semester. The amount returned will be based on the percentage of days remaining in the semester. The school will determine the calendar days completed in the semester divided by the total number of calendar days in the semester. If the amount is less than or equal to 60%, then that percent of the Federal Title IV Aid received is the amount that can be retained. The difference will be returned to the Federal Title IV Aid program from which funds were received in this order: Unsubsidized Stafford Loan, Subsidized Stafford Loan, Perkins Loan, PLUS Loan, Pell Grant, SEOG.

If Federal Title IV Aid funds have been given to the student, and if the student withdraws during the first 60% of the semester, the student may need to return some of those funds. If the student needs to return funds, the school will notify the student how much is owed, and how it is to be returned.

##### Adjustment of charges

In accordance with school policy, the school will earn tuition and fees as follows:

- Week One - 25%
- Week Two - 50%
- Week Three and Four - 75%
- After Week Four - 100%

The Art Institute will first calculate how much needs to be returned under the federal return of Title IV Aid Policy. The amount will then be subtracted from the amount that was paid for the quarter of withdrawal to get the adjusted amount paid. The Art Institute will then calculate how much of the charges can be retained based on the school's policy. The amount that can be retained will be subtracted from the adjusted amount paid. If there is additional money to be refunded from Federal funds after calculating the Return of Title IV formula and the refund policy, the refund will be made to the student, or with the student's authorization, to the federal loan program(s) in the following order: up to the amount received for the term of withdrawal: Unsubsidized Stafford Loan, Subsidized Stafford Loan, Perkins Loan, PLUS Loan. If there is an additional credit balance made up of non-Title IV funds, it will be refunded in the following order: up to the amount received for the term of withdrawal: Unsubsidized Stafford Loan, Subsidized Stafford Loan, Perkins Loan, PLUS Loan, other loans, other aid (if required), and student.

If kits, components of the kit, books, or supplies are returned to the book store in resalable condition within 21 days of withdrawal, a credit will be given.

All refunds or return of funds will be made within 30 days of the date that the student notifies the Art Institute of the withdrawal.

Examples of the calculations for this new policy are available in the Student Accounting office.

#### General Information and Understandings

##### Handling of Student Complaints

If a student feels that a concern or complaint has not been adequately resolved using the Student Grievance Procedure described in the Student Handbook, the student may direct his/her complaint or concern in writing to The New England Association of Schools and Colleges, 209 Burlington Road, Bedford MA 01730-1433 or to the Commonwealth of Massachusetts, Board of Higher Education, One Ashburton Place, Room 1401, Boston, MA 02108-1696.

##### Arbitration

Any dispute or civil claim (other than disputes or claims regarding non-payment, grades, or their academic evaluations) between the student and The New England Institute of Art or any company that is an affiliate of the College or any officer, director, trustee, employee or agent of the College or any such affiliated company not resolved with the College or regulatory officials shall be submitting to binding arbitration in the City of Boston, Massachusetts pursuant to the commercial arbitration rules of the American Arbitration Association. The parties acknowledge that this is a transaction in interstate commerce and that the Federal Arbitration Act will apply. Any award entered shall be final and binding on both parties. Information about the arbitration process is available in the Office of the President.

##### Housing

The New England Institute of Art offers limited housing opportunities. Please see Student Services for more information on housing assistance.

##### Transfer of Credits

The New England Institute of Art is licensed by the State of Massachusetts Board of Higher Education to confer the Bachelor of Science degree, Associate of Science degree, and Diploma and accredited by the New England Association of Schools and Colleges, an accrediting agency recognized by the United States Department of Education. However, the fact that a school is licensed and accredited is not necessarily an indication that credits earned at that school will be accepted by another school. In the U.S. higher education system, transferability of credit is determined by the receiving institution taking into account such factors as course content, grades, accreditation and licensing.

The mission of The New England Institute of Art is to help you to prepare for entry-level employment in your chosen field of study. The value of degree programs like those offered by The New England Institute of Art is their deliberate focus on marketable skills. The credits earned are not intended as a stepping-stone for transfer to another institution. For this reason, it is unlikely that the academic credits you earn at The New England Institute of Art will transfer to another school.

Programs offered by one school within the Art Institute system may be similar to but not identical to programs offered at another school within the system. This is due to differences

imposed by state law, use of different instructional models, and local employer needs. Therefore, if you decide to transfer to another school within The Art Institutes system, not all of the credits you earn at The New England Institute of Art may be transferable into that school's program.

If you are considering transferring to either another Art Institute or an unaffiliated school, it is your responsibility to determine whether that school will accept your Art Institute credits. We encourage you to make this determination as early as possible. The New England Institute of Art does not imply, promise, or guarantee transferability of its credits to any other institution.

#### Employment Assistance

The New England Institute of Art does not guarantee employment or any particular level of compensation following graduation. The Institute does, however, offer assistance in finding employment to all graduates at no additional charge. Graduates who confine employment considerations within the metropolitan area served by The New England Institute of Art may limit the particular employment opportunities available to them.

#### Policies and Procedures

Each student is enrolled on a continuing semester-by-semester basis and agrees to comply with all published Institute policies and procedures. The New England Institute of Art reserves the right to add, delete, or modify its policies and procedures without notice.

#### Student Withdrawal

A student may voluntarily withdraw from The New England Institute of Art by notifying their Department Chair in writing or in person. The refund policies outlined above shall apply in the event that a student withdraws, is suspended, or is terminated from the Institute.

#### Class Sessions

Classes are in session six (6) days a week, Monday through Saturday. Class sessions are normally between 9-11:50, 12:30-3:20, 4:00-6:50, 7:10-10:00.

The New England Institute of Art reserves the right to change a class session schedule from time to time, without notice, according to classroom, studio and/or lab availability, and academic and student distribution circumstances. From time to time, instructional activities may occur at an off campus location appropriate for the particular activity.

#### Instructional Equipment

Use of instructional equipment will be made available according to the program curriculum. Each student will be provided the opportunity to acquire an understanding of the fundamental principles that s/he would encounter in an entry-level position in the field. Such equipment must be shared by the students. Accordingly, The New England Institute of Art cannot guarantee hands-on usage of such equipment beyond that called for in the curriculum. To complete the requirements of the program, each student will likely find it necessary to schedule use of the equipment outside normal classroom hours.

#### Homework

In addition to regular attendance at scheduled classes each student will be required to devote additional time each week outside the classroom to study and work on assigned projects.

#### Curriculum

The New England Institute of Art reserves the right to revise course contents, course titles, and the sequence of classes subject to applicable regulator approval.

#### Cancellation of Start Date

Cancellation of a scheduled class start date for any program shall entitle the enrollee to elect either: (1) a guaranteed reservation in the next scheduled class for that program, or (2) cancellation of enrollment with a full refund of all monies paid.

#### Non-Discrimination

The New England Institute of Art does not discriminate on the basis of race, color, creed, religion, national origin, ancestry, sex, age, sexual orientation, or disability in the administration of any of its educational programs or activities, or with respect to admission or employment. For information on The New England Institute of Art's equal opportunity policy and grievance procedures, please contact the Dean of Education. The New England Institute of Art, 10 Brookline Place West, Brookline, MA 02445.

#### Sale, Discount, or Transfer of Agreement

The student consents to the sale, discount, or other transfer of this Agreement with the understanding that, in such event, the cancellation and refund policies would continue to apply.

#### Consent for publication of photograph, artwork, video tape, film, and/or verbal or written statements

I hereby give my consent to The New England Institute of Art (and to those whom it may authorize) to photograph, film, and/or videotape me, and/or to use a photographic reproduction of me or my work, to identify me by name, and/or with school and employment information, and/or to quote or record statements made by me, for any editorial, promotional, advertising trade, or other purpose on a royalty-free, perpetual, worldwide basis.

#### Requirements for Graduation

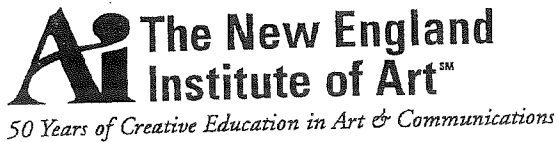
To be qualified to graduate, the student must:

1. Receive a passing grade or credit for all required course work.
2. Earn the required credits in each of the disciplines for their major.
3. Achieve a minimum CGPA of 2.0.
4. Satisfy all financial obligations with The New England Institute of Art.
5. Satisfy the residence requirements of 30 credits minimum for the Associate of Science degree and 60 credits for the Bachelor of Science degree at The New England Institute of Art.
6. Complete an internship.
7. Complete a loan counseling exit interview with Student Financial Services.

# EXHIBIT E



COPY



November 18, 2004

Jessica Jacobson  
189 Howard St.  
Lunenburg, MA 01462

Dear Jessica,

Congratulations! The Admissions Committee is very pleased to offer you admission to The New England Institute of Art.

You have been admitted to the Bachelor Degree program in Media Arts & Animation beginning 2005, Winter.

You will receive information about orientation and registration prior to your scheduled class start. In the meantime, if there is any way we can be of assistance to you, please call Meredith S. Seiberg, Assistant Director of Admissions.

We look forward to welcoming you to The New England Institute of Art. Again, congratulations!

Sincerely,

Deborah Brent  
Director of Admissions

# EXHIBIT F

COPY

Unofficial Transcript  
The New England Institute of Art  
10 Brookline Place West

Ms. Jessica Jacobson ID... 140456  
189 Howard St. Class..... Academic year 1  
Lunenburg, MA 01462 Major..... Media Arts & Animation  
Concentration.  
Degree Date...  
Start Date... 01/10/2005 Degree..... Bachelor of Science  
Major2..... Concen2....  
Minor1..... Minor2.....

----- Advanced Winter 2005 -----

Major: MAA

Course Code	Course Title	Credits	Grade
ENG011	English Fundamentals	3.0	WV
MAT011	Basic Mathematics	3.0	WV
SEM101	Freshman Seminar	3.0	P

\*\* Proficiency/Experience \*\*

Transfer work from Mount Wachusett Community Colleg

GD102	Fundamentals of Design	3.0	TR
GD101	Drawing and Perspective	3.0	TR
ENG101	English I	3.0	TR
ENG200	English II	3.0	TR
GD120	Digital Imaging	3.0	TR
GD230	Web Page Auth for Graphic Des.	3.0	TR
MM150	Survey of New Media	3.0	TR

	attempt	earn	pass	quality	points	gpa
ses	0.0	24.0	24.0	0.0	0.0	0.0
cum	0.0	24.0	24.0	0.0	0.0	0.0

=====

The Family Educational Rights and Privacy Act of  
1974 prohibits the release of this information  
without the student's written consent.

=====



# EXHIBIT G

Dear Stacy,

I am a fifth semester student in the new animation program here at AI. I am among the first group of students enrolled in this program and feel as though there are a few issues that should be brought to your attention in hopes to seek a resolution.

I enrolled in this school with high hopes of a great education. Sadly, I have had nothing but problems from my transfer credits, teachers, and now my classes. During admissions interviews I was told that I would be able to focus on digital special effects to lure me into this particular program. Since I was sure of the area that I wanted to focus on prior to coming to this school. I understand that it is a new program but sadly feel that I am not receiving the education that I was promised. I expected as the first set of students that you as the school would want (help us out more until the program gets on its feet) and not only to see your students do well but the program to do so as well. I feel that we are struggling....with no help insight.

I have had a few disappointing classes already, promised to learn something and the teachers not being able to follow through. Take for example, digital ink and paint I was told that I needed to take that class because I would be learning a program called ToonBoom but to my dismay we never touched that program. The class was just another intro class to Macromedia Flash. Which, I did not need since in my previous college I obtained a web design degree and already learned all the basics of Flash. Back ground

design layout another class where we should have focused on background designs that turned into a crash course of 3ds max. Which was not the point of this class to my understanding and had to relearn everything that had to do with 3Ds Max, since we learned the wrong way to do things in 3ds max in this crash course. But what really makes me feel cheated is that I was looking forward to taking this class called Digital Editing Video and Audio. This particular class pertains to what I want to concentrate on. My first disappointment was that the teacher taught him self the program that he was going to teach us three weeks before the class started. I don't know ~~weather~~ <sup>if</sup> he wanted to teach this class or was just thrown into it, but as a student I feel that I should be confident that my teacher knows what he is teaching. <sup>In</sup> This class the teacher could not really help me with many of the problems that I encountered and sent me to another fellow student to figure out the problem because he was also learning the program with us. Plus for a video and audio class we only went over editing audio one day out of the semester, two weeks before the final project was due. On top of it, I don't feel we learned real world practical techniques of learning how to do things or the right programs for editing and importing video. This school has so many programs for editing video and audio and he taught us to import it using window movie maker. I am scared to continue with this program but I have already put so much time into it and I am feeling too much like a test dummy ~~and~~ <sup>because</sup> ~~being~~ <sup>cheated</sup> out of my education that I am paying so much for.

I have gone to Jason Donati the head of our department (~~check spelling of his name~~) about these problems and have received no resolution. I have went to <sup>him</sup> twice with <sup>my</sup> concerns but I don't feel comfortable talking to him as a advisor and receive a unbiased opinion.



I am afraid you are stretching  
Donati's talents too far.

He is a very busy man being the head of the department and the advisor to all the animation student on top of writing a book and helping out in SIGGRAPH.

1 Understanding this is a new program and <sup>what</sup> he is doing the best he can and <sup>plus</sup> not all of it is bad. I must say that the class I took with Jason Donati was great. But you can stretch a man only so far and now has other priorities and duties. There is another teacher that is great Micheal McCarthy he knows what he is teaching and cares that we are learning real world techniques. I have also notice by sitting in on the other classes that were taught for a first time with me, that the teachers teaching the classes for a second time are getting a better grasp on the material and getting the hang of teaching but that doesn't help me and my situation.

This is my second college and I have had teachers that I just didn't like but I have never encounter<sup>ed</sup> this problem before. It has gotten so bad that I have stopped taking MAA classes that I don't know who the teacher is in fear that it is another class where the teacher is not prepared to teach or classes that have not been taught before in fear that I will not learn the proper ways of doing things. I was hoping that writing a letter to you being the president of this school would help me in deciding if it was worth continuing my education in this school. I would like to set up a meeting with you to further discuss these matters and seek some sort of resolution.

① Future Students ~ ways to make it better  
Digital Video Editing  
taught by a DMP teacher.  
until they have one suitable  
to teach that class. one who  
really know the programs for  
digital video editing + Audio!

② Digital Ink & Paint  
Intro Flash Class?  
or Toon Boon Class

③ Background Design Layout  
or 3Ds Max Class

~ As <sup>the</sup> president of the school  
- or tell the people who may be interested in  
would it matter or up to her <sup>it?</sup>  
to fix ~~Depression~~ ~~disaster~~  
~~students~~

● ~ transfer credit people  
have more on staff or have  
an advisor for each majors  
(your advisor be in charge of  
that?) - I heard alot of people have  
had transfer credit problems.

● ~ Donati just being the head  
of the department not both  
"or" "Class advisor"

(Don't make him look bad explain  
how both are big jobs 4/1 person!)

# EXHIBIT H



COPY



**The New England  
Institute of Art<sup>SM</sup>**

*50 Years of Creative Education in Art & Communications*

**2004/2005 Student Handbook**

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2004/2005 Student Handbook

## TABLE OF CONTENTS

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College Administration.....	5
Student Organizations.....	7
Information/Communication.....	9
Facilities.....	10
Transportation.....	14
Academic Support Services.....	14
Personal Support Services.....	15
Career Services.....	16
Policies and Procedures.....	18
Enrollment Policies.....	26
Student Rights and Responsibilities.....	29
Student Code of Conduct.....	42
Policy on Computing Ethics.....	45
Where to go for Assistance.....	47
2003/2005 Academic Calendar.....	49

letter from the Office of Student Affairs, explaining what accommodations are appropriate, will be given to the student to share with her/his instructors, department chair, and staff as deemed appropriate by the student. We support the concept of self-advocacy in all students and do not provide faculty or staff with prior notification of a student's disability. Since all accommodations are individualized to meet the needs of each student, they may vary depending upon the disability and/or course content. The Office of Student Affairs considers all information and documentation concerning a student's disability confidential and will not share the information without the permission of the student.

If you have a concern or complaint in this regard, please contact the Associate Dean of Student Affairs or Dean of Student Affairs. Complaints will be handled in accordance with the school's complaint procedures.

### **Health Information and Referrals**

Boston has long been known for its excellent health care facilities. The Student Affairs Department can help you locate an area facility for your health care needs. The Department maintains a referral list of local services including walk-in health centers, mental health clinics, and targeted services for substance abuse, nutrition, and many others. All referrals are confidential.

### **Emergency Medical Information Form**

All students are requested to complete and return the Emergency Medical Information Form to the Associate Dean of Student Affairs. Any information provided on this form will be relayed to emergency medical personnel in the event of illness in order to facilitate better medical treatment.

### **Health Insurance/Immunization**

Massachusetts law requires that all students must have health insurance and certain immunizations and provide proof of such insurance and immunization prior to class start. The New England Institute of Art makes available a health insurance package for any student who needs insurance. For more information on health insurance, please contact the Student Accounting Department on the second floor Administrative area. For more information on immunizations, please contact the Admissions Department. Please be aware that students will not be permitted to attend classes until proof of insurance and required immunizations is received.

## **CAREER SERVICES**

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We know that the vast majority of students, upon completion of their program, wish to secure professional employment in their field of study. Therefore, The New England Institute of Art offers many career-related



services designed to guide you during your time as a student and after graduation.

### **Internships**

At The New England Institute of Art we believe hands-on experience and internships are an integral part of how our students learn about the industry they plan to enter. Therefore, it is a requirement that all students complete at least 120 hours of internship experience prior to graduation. All students must register for this internship, complete all necessary documentation, and take this internship in conjunction with the Seminar Course. Students are welcome to take additional internships for experience earlier in their academic career as long as those internships are appropriately registered. Please be aware that some degree programs may require additional internships in order to graduate. Please refer to the college catalog or your academic advisor for more information. For more information and assistance with acquiring an internship, please contact the Career Services Office.

### **Career Advising/Placement Assistance**

Students are assigned a Career Advisor who works with all students in a particular program major. The Advisor provides career counseling and job placement assistance prior to and after graduation. These services are designed to assist each student with the job search process and identify appropriate employers and positions. Career Advisors are available for all students at any point in their academic career. During your last semester and after graduation, your Career Advisor will guide you and assist you as you search for your first job in your field of study. Some examples of career advising assistance include resume review, interview practice, an evaluation of career prospects, individual strengths, and job search techniques.

### **Career Workshops**

Career Advisors conduct workshops to assist students with job search skills. These workshops are given in the Seminar Course to prepare students for internships and the eventual job search. Workshop topics covered include resume and cover letter writing, interview techniques and researching the industry among others. For individual assistance, you may schedule an appointment with Career Services.

### **Student Employment**

A Student Employment Advisor is available to meet with all currently registered students regarding part time employment opportunities for students. There are a variety of employment opportunities including on and off campus jobs.

### **Career Fair/Career Events**

Each year, Career Services hosts a Career Fair and other career-related networking events for students and alumni. Students and alumni meet industry professionals and participate in panel discussions and seminars pertaining to careers and topics of relevance. Past guest speakers have included representatives from MTV Networks, Interactive Planet, ESPN, major record labels and design firms.

### **Alumni Services**

The New England Institute of Art has a full time Alumni Coordinator who works with graduates of the College. The Alumni Coordinator highlights alumni success and helps to establish and



maintain a cohesive alumni community. Alumni can take advantage of the system-wide alumni web site, graduate newsletters and events.

#### **Transfer of The New England Institute of Art Credits to other Institutions**

The New England Institute of Art is licensed by the Commonwealth of Massachusetts, Board of Higher Education to confer Bachelor and Associate of Science degrees and accredited by the New England Association of Schools & Colleges, Inc., an accrediting agency recognized by the United States Department of Education. However, the fact that a school is licensed and accredited is not necessarily an indication that credits earned at that school will be accepted by another school. In the U.S. higher education system, transferability of credit is determined by the receiving institution taking into account such factors as course content, grades, accreditation and licensing.

The mission of The New England Institute of Art is to help you to prepare for entry-level employment in your chosen field of study. The value of degree programs like those offered by The New England Institute of Art is their deliberate focus on marketable skills. The credits earned are not intended as a stepping stone for transfer to another institution. For this reason, it is unlikely that the academic credits you earn at The New England Institute of Art will transfer to another school.

Programs offered by one school within The Art Institutes system may be similar to but not identical to programs offered at another school within the system. This is due to differences imposed by state law, use of different instructional models, and local employer needs. Therefore, if you decide to transfer to another school within The Art Institutes system, not all of the credits you earn at The New England Institute of Art may be transferable into that school's program.

If you are considering transferring to either another Art Institute or an unaffiliated school, it is your responsibility to determine whether that school will accept your Art Institute credits. We encourage you to make this determination as early as possible. The New England Institute of Art does not imply, promise, or guarantee transferability of its credits to any other institution.

### **POLICIES AND PROCEDURES**

At The New England Institute of Art, we strive to provide a student-centered environment conducive to learning. We have created procedures and policies to ensure that all students have a safe, comfortable environment for learning, a support network, and access to services. Please review these policies and procedures and refer any questions to the appropriate department.

#### **Attendance**

Course work at The New England Institute of Art is very hands-on and students are expected to attend class on a regular basis. Poor attendance will affect a student's final grade in a class as follows:

## 2004/2005 Student Handbook

A student with more than 3 absences (2 during Summer Semester) will have their earned academic grade lowered one letter grade (ex: B+ to C+). More than 4 absences (3 during Summer Semester) will lower their grade to D.

If a student arrives late or leaves early from class, it is noted in the attendance roster. Four late arrivals/early departures count the same as a full absence. Further, if a student is more than 30 minutes late to a class or leaves more than 30 minutes before the conclusion of a class he or she will be marked with a one-half absence for that class. Two half absences count the same as missing an entire class.

Faculty members may set individual attendance policies that are stricter than the above policy. Their individual course syllabi will provide information on allowed absenteeism and the effects that absenteeism will have on a student's final grade if it is stricter than the standard. In no case can a student fail a course based on their attendance. Course failure is strictly based on academic performance.

Students are responsible for making up assignments and communicating with their instructors regarding missing classes. All faculty members have school voice mail and email to help students contact them.

The New England Institute of Art does not distinguish between excused or unexcused absences.

A student who misses all of his or her classes for two consecutive weeks will be withdrawn from the college.

### Grades

Grades for each course are issued at the conclusion of each semester. The numerical equivalent of grades is as follows:

<b>A</b>	4.0	93-100	<b>C+</b>	2.4	77-79
<b>A-</b>	3.7	90-92	<b>C</b>	2.0	73-76
<b>B+</b>	3.4	87-89	<b>C-</b>	1.7	70-72
<b>B</b>	3.0	83-86	<b>D</b>	1.0	60-69
<b>B-</b>	2.7	80-82	<b>F</b>	0.0	59 and below

### Additional Letter Codes

<b>I</b>	Incomplete
<b>NR</b>	No grade submitted
<b>W</b>	Withdrawal
<b>K</b>	External Transfer Credit
<b>P</b>	Proficiency Credit by Exam or Portfolio
<b>S</b>	Suspension from Course
<b>T</b>	Termination from College
<b>WV</b>	Waived Course
<b>WF</b>	Withdrawal Failing

# EXHIBIT I

<b>Creative Education Loan</b>		<b>SallieMae</b>		Academic Year 2006-2007	
Application and Promissory Note		1-800-984-2944		XS 9009510000	
For Loan Applications Received by May 31, 2007					
<b>Section A: Borrower Information</b> Please read instructions before completing this section.					
Social Security Number 021-66-2887		Last Name and Suffix JACOBSON		First Name JESSICA MI M	
Permanent Address (No P.O. Boxes) 189 HOWARD ST		City LUNENBURG		State MA ZIP Code 02467	
Permanent Phone Number (978) 582-7279		Cellular Phone Number		Time at Address (if less than one year, provide prior address) 23 Years 0 Months	
Prior Address		City		State ZIP Code	
Address While in School		City		State ZIP Code	
Phone Number While in School		Date of Birth (mm/dd/yy) 08/01/1983		Email Address NONE@SLMA.COM	
Citizenship (check one) a) U.S. Citizen <input checked="" type="checkbox"/> b) Non-Citizen Permanent Resident <input type="checkbox"/> c) Foreign Resident <input type="checkbox"/>		Have you ever defaulted on a student loan? (check one) Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		If yes, see instructions for required action	
Total Loan Amount Requested \$ 6,000.00 (see instructions)		Enrollment Period for which you want to borrow money (cannot exceed 12 months)		From (mm/yy) 09/06 To (mm/yy) 04/07	
School Name THE NEW ENGLAND INSTITUTE OF ART		City BROOKLINE		State MA	
Grade Level (refer to instructions) 03		Course of Study (refer to instructions) OTH		Current Outstanding Student Loan Debt (refer to instructions) \$	
<b>References—You must provide two (2) adult references other than the cosigner</b>					
1) Last Name and Suffix JACOBSON		First Name Donna		MI m Relationship to Borrower Mom	
Email Address		Permanent Phone Number 978-582-7279		Alternate Phone Number	
2) Last Name and Suffix Gray		First Name Judy		MI Relationship to Borrower Aunt	
Email Address		Permanent Phone Number 978-343-06284		Alternate Phone Number	
<b>Section B: Cosigner Information</b> Please read instructions before completing this section.					
Social Security Number		Last Name and Suffix		First Name MI	
Address (No P.O. Boxes)		City		State ZIP Code	
Permanent Phone Number		Cellular Phone Number		Time at Residence (if less than one year, provide prior address) Years Months	
Prior Address (No P.O. Boxes)		City		State ZIP Code	
Citizenship (check one) a) U.S. Citizen <input type="checkbox"/> b) Non-Citizen Permanent Resident <input type="checkbox"/>		Date of Birth (mm/dd/yy)		Have you ever defaulted on a student loan? (check one) Yes <input type="checkbox"/> No <input type="checkbox"/> If yes, see instructions for required action	
Present Employer Name		Employer Address (City, State, ZIP Code)		Work Phone Number	
Gross Monthly Income (see instructions) Note: You do not have to reveal alimony, child support or separate maintenance income unless you wish it to be considered as a basis for loan repayment. Salary \$ Other \$ Source		Monthly Mortgage/Rent Amount (check one) \$ Own <input type="checkbox"/> Rent <input type="checkbox"/>		Cosigner's Email Address	
<b>References—You must provide two (2) adult references other than the borrower</b>					
1) Last Name and Suffix		First Name MI		Relationship to Cosigner	
Email Address		Permanent Phone Number		Alternate Phone Number	
2) Last Name and Suffix		First Name MI		Relationship to Cosigner	
Email Address		Permanent Phone Number		Alternate Phone Number	
<b>Section C: Borrower and Cosigner Signature</b>					
CAUTION—IT IS IMPORTANT THAT YOU THOROUGHLY READ THE CONTRACT BEFORE YOU SIGN IT. I, THE COSIGNER, HAVE READ THE APPLICABLE COSIGNER NOTICE.		Notice to Customer (a) Do not sign this before you read the Promissory Note even if otherwise advised. (b) Do not sign this if it contains any blank spaces. (c) You are entitled to an exact copy of any agreement you sign. (d) You have the right at any time to pay in advance the unpaid balance due under this agreement and you may be entitled to a partial refund of the finance charge.		I declare that the information provided above is true and complete to the best of my knowledge and belief. I have read the Promissory Note accompanying this application and the Notice to Cosigner. Promise to pay: Jointly and severally with the other signers below, I promise to pay the lender or any other holder of this loan all sums disbursed under the terms of the Promissory Note, plus interest and all other charges that may become due. The terms and conditions set forth in the Promissory Note constitute the entire agreement between us.	
Borrower Signature		(seal) Date 10/19/06			
Cosigner Signature (if applicable)		(seal) Date			
<b>Section D: School Certification</b> Must be completed by an authorized school official.					
School Name THE NEW ENGLAND INSTITUTE OF ART		School Code/Branch 0074860000		Disbursement Date (mm/dd/yy)	
For the Enrollment Period (not to exceed 12 months) From Date (mm/dd/yy) 09/05/2006 To Date (mm/dd/yy) 04/28/2007		Grade Level (circle one) Please refer to instructions. Undergraduate 1 2 3 4 5 Graduate A B C D		Disbursement Amount	
Enrollment Status (check one) Full-time <input checked="" type="checkbox"/> Half-time <input type="checkbox"/>		Course of Study (refer to instructions) OTH		Anticipated Graduation Date (mm/dd/yy)	
				Total Certified Amount: \$	
I hereby certify that the Borrower is eligible for a Creative Education Loan; that the Total Certified Amount does not exceed the student's cost of attendance minus other financial aid; that the School will, at the request of the lender, provide the lender with subsequent information regarding the Borrower's whereabouts; that this School will comply with all applicable loan policies and provisions; and that information provided in Sections A and B is true, complete and correct to the best of my knowledge and belief.					
Authorized school official Sign and date:		Print or type name and title:		Phone (617) 582-4482	



# EXHIBIT J

## Tips for applying to a job from Craigslist.

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Reply to: [anon-101949754@craigslist.org](mailto:anon-101949754@craigslist.org)

Date: Tue Oct 04 18:51:46 2005

*Dear prospective job hunters.*

Thank you for taking the time to look at our site, and thank you for being interested in working with us.

Most applications I receive go straight to the deleted-items folder because of a few simple mistakes. I'm beginning to feel bad, so if you are going to make the effort to apply for a job here, or anywhere else, I'd like to offer you some advice.

To successfully interest me in hiring you, you need understand what we as business owners face on the other side of the fence. Hiring is the most important task I face, but it is also 76th on my list of a hundred other things to do today. When we put a posting on Craigslist, we usually get around 100 responses within 48 hours. They flood into my inbox, and I have to push them aside until I have time to give them the attention they deserve. In the meantime, I have phones ringing, deadlines to meet, problems with our systems, employees with questions, and much more to compete for the limited capacity of my brain.

But, don't let this put you off. It doesn't take much to distinguish yourself. Here's how :

### **1. YOUR COVER LETTER MUST ANSWER OUR NEEDS.**

When I do get round to your email, I do not have time to look at every detail. I make quick and rapid decisions about whether I will call you or not. I don't even get to most resume's because the cover letter is so drab. If you want to stand a chance at getting a response, you ABSOLUTLY MUST spend some time on this.

So, how should you write a cover letter? - Simple, read our post, and tell me quickly how you can meet the needs we have listed. Use examples wherever possible. Take a look at these two different letters....

# EXHIBIT K

## Federal Direct Consolidation Loan Application and Promissory Note

OMB No. 1845-0053  
Form Approved  
Exp. Date 02/28/2014

**WARNING:** Any person who knowingly makes a false statement or misrepresentation on this form or any accompanying documentation is subject to penalties that may include fines, imprisonment, or both, under the U.S. Criminal Code and 20 U.S.C. 1097.

Borrower's Name (please print) Jessica m Jacobson

Social Security Number 021662887

### Section E: Borrower Understandings, Certifications, and Authorizations

#### 22. I understand that:

- A. My Direct Consolidation Loan will, to the extent used to pay off loans made under the Federal Family Education Loan (FFEL), Direct Loan, and Federal Perkins Loan (Perkins Loan) programs, count against the applicable aggregate loan limits under the Act. The term "the Act" is defined under "Governing Law" on page 4 of this Note.
- B. The amount of my Direct Consolidation Loan is the sum of the balances of my outstanding eligible loans that I have chosen to consolidate. My outstanding balance on each loan to be consolidated includes unpaid principal, unpaid accrued interest and late charges as defined by federal regulations and as certified by the loan holder. Collection costs may also be included. For a Direct Loan Program or FFEL Program loan that is in default, the amount of any collection costs that may be included in the payoff balances of the loans is limited to a maximum of 18.5% of the outstanding principal and interest. For any other defaulted federal education loans, all collection costs that are owed may be included in the payoff balances of the loans.
- C. Applying for a Direct Consolidation Loan does not obligate me to agree to take the Direct Consolidation Loan. The U.S. Department of Education (ED) will provide me with: (1) a notice containing information about the loans and payoff amounts that ED has verified with the holders of my loans or through ED's National Student Loan Data System (NSLDS) before the actual payoffs occur; and (2) the deadline by which I must notify ED if I want to cancel the Direct Consolidation Loan, or if I do not want to consolidate any of the loans that ED has verified. The notice that ED sends will include information about loans eligible for consolidation that I listed in Section C1 of this Note ("Education Loan Indebtedness - Loans You Want to Consolidate"). It may also include information about additional loans eligible for consolidation that I did not list in Section C1, if I have additional eligible loans with a holder of a loan listed in Section C1. If I do not inform ED otherwise by the deadline specified in the notice that ED sends to me, all of the loans listed in the notice will be consolidated.
- D. If the amount ED sends to my loan holders is more than the amount needed to pay off the balances of the selected loans, the holders will refund the excess amount to ED and this excess amount will be applied against the outstanding balance of my Direct Consolidation Loan. If the amount that ED sends to my holders is less than the amount needed to pay off the balances of the loans selected for consolidation, ED will include the remaining amount in my Direct Consolidation Loan.
- E. Unless I am: (1) consolidating a delinquent Federal Consolidation Loan that the lender has submitted to the guaranty agency for default aversion; (2) consolidating a defaulted Federal Consolidation Loan; (3) consolidating a Federal Consolidation Loan to use the Public Service Loan Forgiveness Program; or (4) consolidating a Federal Consolidation Loan to use the no accrual of interest benefit for active duty service members, I may consolidate an existing Federal Consolidation Loan or Direct Consolidation Loan only if I include at least one additional eligible loan in the consolidation.
- F. If I am consolidating a delinquent Federal Consolidation Loan that the lender has submitted to the guaranty agency for default aversion or a defaulted Federal Consolidation loan, and I am not including another eligible loan, I must agree to repay my Direct Consolidation Loan under the ICR Plan or the IBR Plan.
- G. If I consolidate my loans, I may no longer be eligible for certain deferments, subsidized deferment periods, certain types of loan discharges or loan forgiveness, or reduced interest rates that were available on the loans I am consolidating.
- H. Any payments made prior to the date of consolidation on the loans I am consolidating will not count toward (1) the 25 years of repayment required for loan forgiveness under the IBR Plan or the ICR Plan (see Item 10 of the Borrower's Rights and Responsibilities Statement in this Note), or (2) the 120 qualifying payments required for Public Service Loan Forgiveness (see Item 17 of the Borrower's Rights and Responsibilities Statement).
- I. If I am consolidating a Perkins Loan: (1) I will no longer be eligible for interest-free periods while I am enrolled in school at least half time, in the grace period on my loan, and during deferment periods; and (2) I will no longer be eligible for full or partial loan cancellation under the Perkins Loan Program based on years of service in one of the following occupations: teacher in a low-income elementary or secondary school; staff member in a eligible preschool program; special education teacher; member of the Armed Forces who qualifies for special pay; Peace Corps volunteer or volunteer under the Domestic Volunteer Service Act of 1973; law enforcement or corrections officer; attorney in an eligible defender organization; teacher of mathematics, science, foreign languages, bilingual education or any other high-need field; nurse or medical technician providing health care services; employee of a public or private nonprofit child or family service agency that services high-risk children from low-income families and their families; fire fighter; faculty member at a Tribal College or University; librarian; or speech language pathologist.
- J. If I am consolidating a Direct PLUS Loan or a Federal PLUS Loan that I obtained to help pay for my dependent child's undergraduate education, I will not be eligible to repay my Direct Consolidation Loan under the IBR Plan. However, I may repay my Direct Consolidation Loan under the ICR Plan.
- K. If I am consolidating any Direct Loan Program loans on which I received an up-front interest rebate, and I have not yet made the first 12 required on-time payments on those loans at the time the loans are consolidated, I must make the first 12 required monthly payments on my Direct Consolidation Loan on time to keep the interest rebate (see Item 9 of the Borrower's Rights and Responsibilities Statement).

#### 23. Under penalty of perjury, I certify that:

- A. The information that I have provided on this Note is true, complete, and correct to the best of my knowledge and belief and is made in good faith.
- B. All of the loans selected for consolidation have been used to finance my education or the education of my dependent child(ren).
- C. All of the loans selected for consolidation are in a grace period or in repayment ("in repayment" includes loans in deferment or forbearance).
- D. If I owe an overpayment on a Federal Perkins Loan, Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, Academic Competitiveness Grant (ACG), National Science and Mathematics Access to Retain Talent (SMART) Grant, or Leveraging Educational Assistance Partnership Grant, I have made satisfactory arrangements with the holder to repay the amount owed.
- E. If I am in default on any loan I am consolidating (except as provided above in Item 22.F.), I have either made a satisfactory repayment arrangement with the holder of that defaulted loan, or I will repay my Direct Consolidation Loan under the ICR Plan or the IBR Plan.
- F. If I have been convicted of, or pled *nolo contendere* or guilty to, a crime involving fraud in obtaining federal student aid funds under the Act, I have completed the repayment of those funds to ED, or to the loan holder in the case of a Title IV federal student loan.

#### 24. I make the following authorizations:

- A. I authorize ED to contact the holders of the loans selected for consolidation to determine the eligibility for consolidation and the payoff amounts of the loans listed in Section C1 of this Note and any of my other federal education loans that are held by a holder of a loan listed in Section C1. I further authorize release to ED or its agent of any information required to consolidate my education loans in accordance with the Act.
- B. I authorize ED to issue the proceeds of my Direct Consolidation Loan to the holders of the selected loans to pay off the debts.
- C. I authorize ED to investigate my credit record and report information about my loan status to persons and organizations permitted by law to receive that information.
- D. I authorize my school(s) and ED to release information about my Direct Consolidation Loan to the references on the loan and to members of my immediate family, unless I submit written directions otherwise.
- E. I authorize my school(s), ED, or their agents to verify my Social Security Number with the Social Security Administration (SSA) and, if the number on my loan record is incorrect, then I authorize SSA to disclose my correct Social Security Number to these parties.
- F. I authorize my schools, ED, and their respective agents and contractors to contact me regarding my loan request or my loan, including repayment of my loan, at the current or any future number that I provide for my cellular telephone or other wireless device using automated dialing equipment or artificial or prerecorded voice or text messages.

### Section F: Promissory Note (continued on page 4) - to be completed and signed by the borrower.

**25. Promise to Pay.** I promise to pay to the ED all sums disbursed under the terms of this Note to pay off my prior loan obligations, plus interest and other charges and fees that may become due as provided in this Note. Unless I make interest payments, interest that accrues on my loan during forbearance periods and on the unsubsidized portion of my loan during deferment periods may be added, as provided under the Act, to the principal balance of my loan. If I do not make payments on this Note when due, I will also pay reasonable collection costs, including but not limited to attorney's fees, court costs, and other fees.

If ED accepts my application, I understand that ED will send funds to the holders of the loans that I want to consolidate to pay off those loans. I further understand that the amount of my Direct Consolidation Loan will equal the sum of the payoff balances on the loans selected for consolidation. My signature on this Note serves as my authorization to pay off the balances of the loans selected for consolidation as provided by the holders of the loans.

**Promissory Note – continued from page 3**

The payoff amount may be greater than or less than the estimated total balance I have indicated in Section C1. Further, I understand that if any collection costs are owed on the loans selected for consolidation, these costs may be added to the principal balance of my Direct Consolidation Loan.

I will not sign this Note before reading the entire Note, even if I am told not to read it. I am entitled to an exact copy of this Note and the Borrower's Rights and Responsibilities Statement. My signature certifies that I have read, understand, and agree to the terms and conditions of this Note, including the Borrower Understandings, Certifications, and Authorizations in Section E, and the Borrower's Rights and Responsibilities Statement.

I UNDERSTAND THAT THIS IS A LOAN THAT I MUST REPAY.

26. Borrower's Signature Jessica m Jacobson  
(Electronic Signature)

Today's Date (mm-dd-yyyy) 08/30/2013

**Governing Law**

The terms of this Federal Direct Consolidation Loan Application and Promissory Note (Note) will be interpreted in accordance with the Higher Education Act of 1965, as amended (20 U.S.C. 1070 *et seq.*), the U.S. Department of Education's (ED's) regulations, as they may be amended in accordance with their effective date, and other applicable federal laws and regulations (collectively referred to as the "Act"). Applicable state law, except as preempted by federal law, may provide for certain borrower rights, remedies, and defenses in addition to those stated in this Note.

**Disclosure of Loan Terms**

This Note applies to a Federal Direct Consolidation Loan (Direct Consolidation Loan). Under this Note, the principal amount that I owe and am required to repay will be equal to all sums disbursed to pay off my prior loan obligations, plus any unpaid interest that is capitalized and added to the principal amount.

My Direct Consolidation Loan may have up to two separate loan identification numbers depending on the loans I choose to consolidate. These loan identification numbers will represent prior subsidized loans and prior unsubsidized loans. Each applicable loan identification number is represented by this Note.

When the loans that I am consolidating are paid off, a disclosure statement will be provided to me. The disclosure will identify the amount of my Direct Consolidation Loan, the associated loan identification number(s), and additional terms of the loan, such as the interest rate and repayment schedule. If I have questions about the information disclosed, I may contact my servicer. Important additional information is also contained in the Borrower's Rights and Responsibilities Statement. The Borrower's Rights and Responsibilities Statement and any disclosure I receive in connection with the loan made under this Note are hereby incorporated into this Note.

I understand that ED may use a servicer to handle billing and other communications related to my loan.

**Interest**

Interest will be calculated using a formula provided for by the Act. Unless ED notifies me in writing of a lower rate, the interest rate on my Direct Consolidation Loan will be based on the weighted average of the interest rates on the loans being consolidated, rounded to the nearest higher one-eighth of one percent, but will not exceed 8.25%. This is a fixed interest rate, which means that the rate will remain the same throughout the life of the loan.

I agree to pay interest on the principal amount of my Direct Consolidation Loan from the date of disbursement until the loan is paid in full or discharged, except for interest ED does not charge me during a deferment period on the subsidized portion of my Direct Consolidation Loan. ED may add interest that accrues but is not paid when due to the unpaid principal balance of this loan, as provided under the Act. This is called capitalization.

**Late Charges and Collection Costs**

ED may collect from me: (1) a late charge of not more than six cents for each dollar of each late payment if I fail to make any part of a required installment payment within 30 days after it becomes due, and (2) any other charges and fees that are permitted by the Act related to the collection of my Direct Consolidation Loan. If I default on my loan, I will pay reasonable collection costs, plus court costs and attorney fees.

**Repayment**

I must repay the full amount of the Direct Consolidation Loan made under this Note, plus accrued interest. I will repay my loan in monthly installments during a repayment period that begins on the date of the first disbursement of the loan, unless it is in a deferment or forbearance period. Payments made by me or on my behalf will be applied first to late charges and collection costs that are due, then

to interest that has not been paid, and finally to the principal amount of the loan, except during periods of repayment under the Income-Based Repayment (IBR) Plan. Under the IBR Plan, payments will be applied first to interest that is due, then to fees that are due, and then to the principal amount.

ED will provide me with a choice of repayment plans. Information on these plans is included in the Borrower's Rights and Responsibilities Statement. I must select a repayment plan. If I do not select a repayment plan, ED will choose a plan for me in accordance with the Act.

ED will provide me with a repayment schedule that identifies my payment amounts and due dates. My first payment will be due within 60 days of the first disbursement of my Direct Consolidation Loan unless it is in a deferment or forbearance period. If I am unable to make my scheduled loan payments, ED may allow me to temporarily stop making payments, reduce my payment amount, or extend the time for making payments, as long as I intend to repay my loan. Allowing me to temporarily delay or reduce loan payments is called forbearance.

ED may adjust payment dates on my Direct Consolidation Loan or may grant me forbearance to eliminate a delinquency that remains even though I am making scheduled installment payments.

I may prepay any part of the unpaid balance on my loan at any time without penalty. After I have repaid my Direct Consolidation Loan in full, ED will send me a notice telling me that I have paid off my loan.

**Acceleration and Default**

At ED's option, the entire unpaid balance of the Direct Consolidation Loan will become immediately due and payable (this is called "acceleration") if either of the following events occurs: (1) I make a false representation that results in my receiving a loan for which I am not eligible; or (2) I default on the loan.

The following events will constitute a default on my loan: (1) I fail to pay the entire unpaid balance of the loan after ED has exercised its option under the preceding paragraph; (2) I fail to make installment payments when due, provided my failure has persisted for at least 270 days; or (3) I fail to comply with other terms of the loan, and ED reasonably concludes that I no longer intend to honor my repayment obligation. If I default, ED may capitalize all outstanding interest. This will increase the principal balance, and the full amount of the loan, including the new principal balance and collection costs, will become immediately due and payable.

If I default, the default will be reported to national consumer reporting agencies and will significantly and adversely affect my credit rating. I understand that a default will have additional adverse consequences to me as disclosed in the Borrower's Rights and Responsibilities Statement. Following default, I may be required to repay the loan (including potential collection of amounts in excess of the principal and interest) under the Income Contingent Repayment (ICR) Plan or the IBR Plan in accordance with the Act.

**Legal Notices**

Any notice required to be given to me will be effective if sent by first class mail to the most recent address that ED has for me, by electronic means to an address I have provided, or by any other method of notification permitted or required by applicable statute or regulation. I will immediately notify ED of a change of contact information or status, as specified in the Borrower's Rights and Responsibilities Statement.

If ED fails to enforce or insist on compliance with any term on this Note, this does not waive any right of ED. No provision of this Note may be modified or waived except in writing by ED. If any provision of this Note is determined to be unenforceable, the remaining provisions will remain in force.

Information about my loan will be submitted to the National Student Loan Data System (NSLDS). Information in NSLDS is accessible to schools, lenders, and guarantors for specific purposes as authorized by ED.



## Borrower's Rights and Responsibilities Statement

**Important Notice:** This Borrower's Rights and Responsibilities Statement provides additional information about the terms and conditions of the loan you will receive under the accompanying Federal Direct Consolidation Loan (Direct Consolidation Loan) Application and Promissory Note (Note). Please keep a copy of the Note and this Borrower's Rights and Responsibilities Statement for your records.

In this document, the words "we," "us," and "our" refer to the U.S. Department of Education.

**1. The William D. Ford Federal Direct Loan Program.** The William D. Ford Federal Direct Loan (Direct Loan) Program includes the following types of loans, known collectively as "Direct Loans":

- Federal Direct Stafford/Ford Loans (Direct Subsidized Loans)
- Federal Direct Unsubsidized Stafford/Ford Loans (Direct Unsubsidized Loans)
- Federal Direct PLUS Loans (Direct PLUS Loans)
- Federal Direct Consolidation Loans (Direct Consolidation Loans)

The Direct Loan Program is authorized by Title IV, Part D, of the Higher Education Act of 1965, as amended, 20 U.S.C. 1070 *et seq.* (HEA).

Direct Loans are made by the U.S. Department of Education. We contract with servicers to service, answer questions about, and process payments on Direct Loans. We will provide you with the address and telephone number of the servicer for your loan.

**2. Laws that apply to this Note.** The terms and conditions of loans made under this Note are determined by the HEA and other applicable federal laws and regulations. These laws and regulations are referred to as "the Act" throughout this Borrower's Rights and Responsibilities Statement. State law, unless it is preempted by federal law, may provide you with certain rights, remedies, and defenses in addition to those stated in the Note and this Borrower's Rights and Responsibilities Statement.

**NOTE:** Any change to the Act applies to loans in accordance with the effective date of the change.

**3. Direct Consolidation Loan identification numbers.** Depending on the type(s) of federal education loan(s) that you choose to consolidate, your Direct Consolidation Loan may have up to two individual loan identification numbers. However, you will have only one Direct Consolidation Loan and will receive only one bill.

**3a. The subsidized portion of your Direct Consolidation Loan ("Direct Subsidized Consolidation Loan")** will have one loan identification number representing the amount of the following types of loans that you consolidate:

- Subsidized Federal Stafford Loans
- Direct Subsidized Loans
- Subsidized Federal Consolidation Loans
- Direct Subsidized Consolidation Loans
- Federal Insured Student Loans (FISL)
- Guaranteed Student Loans (GSL)

**3b. The unsubsidized portion of your Direct Consolidation Loan ("Direct Unsubsidized Consolidation Loan")** will have one identification number representing the amount of the following types of loans that you consolidate:

- Unsubsidized and Nonsubsidized Federal Stafford Loans
- Direct Unsubsidized Loans
- Unsubsidized Federal Consolidation Loans
- Direct Unsubsidized Consolidation Loans
- Federal PLUS Loans (for parents or for graduate and professional students)
- Direct PLUS Loans (for parents or for graduate and professional students)
- Direct PLUS Consolidation Loans
- Federal Perkins Loans
- National Direct Student Loans (NDSL)
- National Defense Student Loans (NDSL)
- Federal Supplemental Loans for Students (SLS)
- Parent Loans for Undergraduate Students (PLUS)
- Auxiliary Loans to Assist Students (ALAS)
- Health Professions Student Loans (HPSL)
- Health Education Assistance Loans (HEAL)
- Nursing Student Loans (NSL)
- Loans for Disadvantaged Students (LDS)

**4. Adding eligible loans to your Direct Consolidation Loan.** You may add eligible loans to your Direct Consolidation Loan by submitting a request to us within 180 days of the date your Direct Consolidation Loan is made. (Your Direct Consolidation Loan is "made" on the date we pay off the first loan that you are consolidating.) After we pay off any loans that you add during the 180-day period, we will notify you of the new total amount of your Direct Consolidation Loan and of any adjustments that must be made to your monthly payment amount and/or interest rate.

If you want to consolidate any additional eligible loan(s) after the 180-day period, you must apply for a new Direct Consolidation Loan.

**5. Loans that may be consolidated.** *General.* Only the federal education loans listed in Items 3a. and 3b. of this Borrower's Rights and Responsibilities Statement may be consolidated into a Direct Consolidation Loan. You may only consolidate loans that are in a grace period or in repayment (including loans in deferment or forbearance). At least one of the loans that you consolidate must be a Direct Loan Program loan or a Federal Family Education Loan (FFEL) Program loan.

*Defaulted loans.* You may consolidate a loan that is in default if (a) you first make satisfactory repayment arrangements with the holder of the defaulted loan, or (b) you agree to repay your Direct Consolidation Loan under the Income Contingent Repayment (ICR) Plan or the Income-Based Repayment (IBR) Plan (see Item 10).

*Existing consolidation loans.* Generally, you may consolidate an existing Direct Consolidation Loan or Federal Consolidation Loan into a new Direct Consolidation Loan only if you include at least one additional eligible loan in the consolidation. However, you may consolidate a Federal Consolidation Loan into a new Direct Consolidation Loan without including an additional loan if the Federal Consolidation Loan is delinquent and has been submitted by the lender to the guaranty agency for default aversion, or if the Federal Consolidation Loan is in default. In such cases, you must agree to repay the new Direct Consolidation Loan under the ICR Plan or the IBR Plan. You may also consolidate a single Federal Consolidation Loan into a new Direct Consolidation Loan to use the Public Service Loan Forgiveness program described in Item 17 of this Borrower's Rights and Responsibilities Statement, or the no accrual of interest benefit for active duty service members described in Item 8.

**6. Information you must report to us.** Until your loan is repaid, you must notify your servicer if you:

- Change your address or telephone number;
- Change your name (for example, maiden name to married name);
- Change your employer or your employer's address or telephone number changes; or
- Have any other change in status that would affect your loan (for example, if you receive a deferment while you are unemployed, but you find a job and therefore no longer meet the eligibility requirements for the deferment)

**7. Interest rate.** The interest rate on your Direct Consolidation Loan will be the lesser of the weighted average of the interest rates on the loans being consolidated, rounded to the nearest higher one-eighth of one percent, OR 8.25%. We will send you a notice that tells you the interest rate on your loan.

The interest rate on a Direct Consolidation Loan is a fixed rate. This means that the interest rate will remain the same throughout the life of your loan.

If you qualify under the Servicemembers Civil Relief Act, the interest rate on your loans obtained prior to military service may be limited to 6% during your military service. To receive this benefit, you must contact your servicer for information about the documentation you must provide to show that you qualify.

**8. Payment of interest.** Except as provided below for borrowers who serve in the military, interest accrues on a Direct Consolidation Loan from the date the loan is made until it is paid in full or discharged, including during periods of deferment or forbearance. You are responsible for paying all interest that accrues, except for interest that accrues on the subsidized portion of a Direct Consolidation Loan ("Direct Subsidized Consolidation Loan" – see Item 3a.) during deferment periods.

If you do not pay the interest as it accrues during the periods described above, we will add the interest to the unpaid principal amount of your loan at the end of the deferment or forbearance period. This is called "capitalization." Capitalization increases the unpaid principal balance of your loan, and interest will then accrue on the increased principal amount.

The chart below shows the difference in the total amount you would repay on a \$15,000 Direct Unsubsidized Consolidation Loan if you pay the interest as it accrues during a 12-month deferment or forbearance period, compared to the amount you would repay if you do not pay the interest and it is capitalized.

	If you pay the interest as it accrues...	If you do not pay the interest and it is capitalized...
Loan Amount	\$15,000	\$15,000
Capitalized interest for 12 Months (at the maximum rate of 8.25%)	\$0	\$1,238
Principal to be Repaid	\$15,000	\$16,238
Monthly Payment (Standard Repayment Plan)	\$146	\$158
Number of Payments	180	180
Total Amount Repaid	\$26,209	\$28,359

In this example, you would pay \$12 less per month and \$2,150 less altogether if you pay the interest as it accrues during a 12-month deferment or forbearance period.

You may be able to claim a federal income tax deduction for interest payments you make on Direct Loans. For further information, refer to IRS Publication 970, which is available at <http://www.irs.ustreas.gov>.

Under the no interest accrual benefit for active duty service members, during periods of qualifying active duty military service interest does not accrue on the portion of a Direct Consolidation Loan that repaid a Direct Loan Program or FFEL Program loan first disbursed on or after October 1, 2008 (for up to 60 months).

**9. Repayment incentive programs.** A repayment incentive is a benefit that we offer to encourage you to repay your loan on time. Under a repayment incentive program, the interest rate we charge on your loan may be reduced. Some repayment incentive programs require you to make a certain number of payments on time to keep the reduced interest rate. For Direct Consolidation Loans, the following repayment incentive program may be available to you:

*Interest Rate Reduction for Automatic Withdrawal of Payments*

Under the automatic withdrawal option, your bank automatically deducts your monthly loan payment from your checking or savings account and sends it to us. Automatic withdrawal helps to ensure that your payments are made on time. In addition, you receive a 0.25% interest rate reduction while you repay under the automatic withdrawal option. We will include information about the automatic withdrawal option in your first bill. You can also get this information on your servicer's web site, or by calling your servicer. Your servicer's web site address and toll-free telephone number are provided on all correspondence that your servicer sends you.

Your servicer can provide you with more information on other repayment incentive programs that may be available.

**Note:** Another repayment incentive program, the up-front interest rebate, is available on Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans that were first disbursed before July 1, 2012. The rebate is equal to a percentage of the loan amount, and is the same amount that would result if the interest rate on the loan were lowered by a specific percentage. To permanently keep an up-front interest rebate, a borrower must make each of the first 12 required monthly payments on time when the loan enters repayment. If you consolidate a Direct Loan on which you received an up-front interest rebate before you permanently earn the rebate (the correspondence you received about your loan will tell you if you received a rebate), you will have to make the first 12 required monthly payments on your Direct Consolidation Loan on time to keep the interest rebate. "On time" means that we must receive each payment no later than 6 days after the due date. You will lose the rebate if you do not make all of

your first 12 required monthly payments on your Direct Consolidation Loan on time. If you lose the rebate, we will add the rebate amount back to the principal balance on your loan account. This will increase the amount that you must repay.

**10. Repaying your loan.** Unless you receive a deferment or forbearance on your loan (see Item 16), your first payment will be due within 60 days of the first disbursement of your Direct Consolidation Loan. Your servicer will notify you of the date your first payment is due.

You must make payments on your loan even if you do not receive a bill or repayment notice.

Generally, you must repay all of your Direct Loans under the same repayment plan. You may choose one of the following repayment plans to repay any Direct Consolidation Loan:

- **Standard Repayment Plan** – Under this plan, you will make fixed monthly payments and repay your loan in full within 10 to 30 years (not including periods of deferment or forbearance) from the date the loan entered repayment, depending on the amount of your Direct Consolidation Loan and the amount of your other student loan debt (not to exceed the amount you are consolidating) as listed in Section C2 of your Note (see the chart below). Your payments must be at least \$50 a month (\$600 a year) and will be more, if necessary, to repay the loan within the required time period.
- **Graduated Repayment Plan** – Under this plan, your payments will be lower at first and will then increase over time, usually every two years. You will repay your loan in full within 10 to 30 years (not including periods of deferment or forbearance) from the date the loan entered repayment, depending on the total amount of your Direct Consolidation Loan and the amount of your other student loan debt (not to exceed the amount you are consolidating) as listed in Section C2 of your Note (see the chart below). No single payment under this plan will be more than three times greater than any other payment.

Maximum Repayment Periods Under the Standard and Graduated Repayment Plans	
Total Education Loan Indebtedness	Maximum Repayment Period
Less than \$7,500	10 years
\$7,500 to \$9,999	12 years
\$10,000 to \$19,999	15 years
\$20,000 to \$39,999	20 years
\$40,000 to \$59,999	25 years
\$60,000 or more	30 years

- **Extended Repayment Plan** – You may choose this plan only if: (1) you had no outstanding balance on a Direct Loan Program loan as of October 7, 1998, or on the date you obtained a Direct Loan Program loan on or after October 7, 1998; and (2) you have an outstanding balance on Direct Loan Program Loans that exceeds \$30,000. Under this plan, you may choose to make either fixed or graduated monthly payments and will repay your loan in full over a repayment period not to exceed 25 years (not including periods of deferment or forbearance) from the date your loan entered repayment. If you choose to make fixed monthly payments, your payments must be at least \$50 a month (\$600 a year) and will be more, if necessary, to repay the loan within the required time period. If you choose to make graduated monthly payments, your payments will start out lower and will then increase over time, generally every two years. Under a graduated repayment schedule, your monthly payment must at least be equal to the amount of interest that accrues each month, and no single payment will be more than three times greater than any other payment.
- **Income Contingent Repayment (ICR) Plan** – Under this plan, your monthly payment amount will be based on your adjusted gross income (and that of your spouse if you are married), your family size, and the total amount of your Direct Loans. Until we obtain the information needed to calculate your monthly payment amount, your payment will equal the amount of interest that accrues

monthly on your loan unless you request a forbearance. As your income changes, your payments may change. If you do not repay your loan after 25 years under this plan, the unpaid portion will be forgiven. You may have to pay income tax on any amount forgiven.

In addition to the repayment plans listed above, you may also choose the following repayment plan to repay a Direct Consolidation Loan if you are not consolidating a parent Direct PLUS Loan or a parent Federal PLUS Loan (see Note below):

- **Income-Based Repayment (IBR) Plan** – Under this plan, your required monthly payment amount will be based on your income. To initially qualify for this plan and to continue to make income-based payments, you must have a partial financial hardship. Your monthly payment amount may be adjusted annually. The maximum repayment period under this plan may exceed 10 years. If your loan is not repaid in full after you have made the equivalent of 25 years of qualifying payments and at least 25 years have elapsed, you may qualify for forgiveness of any outstanding balance on your loans. You may have to pay income tax on any amount forgiven.

**NOTE:** A parent PLUS loan is a PLUS loan that you obtained to help pay for your dependent child's undergraduate education. Direct Consolidation Loans that repaid parent Direct PLUS Loans or parent Federal PLUS Loans may not be repaid under the IBR Plan. However, such loans may be repaid under the ICR Plan.

If you can show to our satisfaction that the terms and conditions of these repayment plans are not adequate to meet your exceptional circumstances, we may provide you with an alternative repayment plan.

If you do not choose a repayment plan, we will choose a plan for you in accordance with the Act.

You may change repayment plans at any time after you have begun repaying your loan. There is no penalty if you make loan payments before they are due, or pay more than the amount due each month.

Except for payments made under the IBR Plan, we apply your payments in the following order: (1) late charges and collection costs, (2) outstanding interest, and (3) outstanding principal. For payments made under the IBR Plan, we apply your payments in the following order: (1) outstanding interest, (2) late charges and collection costs, and (3) outstanding principal.

When you have repaid your loan in full, your servicer will send you a notice telling you that you have paid off your loan. You should keep this notice in a safe place.

**11. Transfer of loan.** We may transfer one or all of your loans to another servicer without your consent. If the address to which you must send payments or correspondence changes, you will be notified of the new servicer's name, address and telephone number, the effective date of the transfer, and the date when you must begin sending payments or directing communications to that servicer. Transfer of a loan to a different servicer does not affect your rights and responsibilities under that loan.

**12. Late charges and collection costs.** If you do not make any part of a payment within 30 days after it is due, we may require you to pay a late charge. This charge will not be more than six cents for each dollar of each late payment. If you do not make payments as scheduled, we may also require you to pay other charges and fees involved in collecting your loan.

**13. Demand for immediate repayment.** The entire unpaid amount of your loan becomes due and payable (this is called "acceleration") if you:

- Make a false statement that causes you to receive a loan that you are not eligible to receive; or
- Default on your loan.

**14. Defaulting on your loan.** Default (failing to repay your loan) is defined in detail under "Acceleration and Default" on page 4 of this Note. If you default:

- You will be required to immediately repay the entire unpaid amount of your loan.
- We may sue you, take all or part of your federal tax refund or other federal payments, and/or garnish your wages so that your employer is required to send us part of your wages to pay off your loan.
- You will be required to pay reasonable collection fees and costs, plus court costs and attorney fees.
- You will lose eligibility for other federal student aid and assistance under most federal benefit programs.
- You will lose eligibility for loan deferments.
- We will report your default to national consumer reporting agencies (see Item 15).

**15. Consumer reporting agency notification.** We will report information about your loan to each national consumer reporting agency on a regular basis. This information will include the disbursement dates, amount, and repayment status of your loan (for example, whether you are current or delinquent in making payments). Your loan will be identified as an education loan.

If you default on a loan, we will report the default to national consumer reporting agencies. We will notify you at least 30 days in advance that we plan to report default information to a consumer reporting agency unless you resume making payments on the loan within 30 days of the date of the notice. You will be given a chance to ask for a review of the debt before we report it.

If a consumer reporting agency contacts us regarding objections you have raised about the accuracy or completeness of any information we have reported, we are required to provide the consumer reporting agency with a prompt response.

**16. Deferment and forbearance (postponing payments).** If you meet certain requirements, you may receive a deferment that allows you to temporarily stop making payments on your loan. If you cannot make your scheduled loan payments, but do not qualify for a deferment, we may give you a forbearance. A forbearance allows you to temporarily stop making payments on your loan, temporarily make smaller payments, or extend the time for making payments.

#### Deferment

You may receive a deferment:

- While you are enrolled at least half time at an eligible school;
- While you are in a full-time course of study in a graduate fellowship program;
- While you are in an approved full-time rehabilitation program for individuals with disabilities;
- While you are unemployed (for a maximum of three years; you must be diligently seeking, but unable to find, full-time employment); or
- While you are experiencing an economic hardship (including Peace Corps service), as determined under the Act (for a maximum of three years).
- While you are serving on active duty during a war or other military operation or national emergency, or performing qualifying National Guard duty during a war or other military operation or national emergency, and if you were serving on or after October 1, 2007, for an additional 180-day period following the demobilization date for your qualifying service; or
- If you are a member of the National Guard or other reserve component of the U.S. Armed Forces (current or retired) and you are called or ordered to active duty while enrolled at an eligible school, or within 6 months of having been enrolled at least half time, you are eligible for a deferment during the 13 months following the conclusion of the active duty service, or until you return to enrolled student status on at least a half-time basis, whichever is earlier.

You may be eligible to receive additional deferments if, at the time you received your first Direct Loan, you had an outstanding balance on a loan made under the Federal Family Education Loan (FFEL) Program before July 1, 1993. If you meet this requirement, contact your servicer about additional deferments that may be available.

You may receive a deferment while you are enrolled in school on at least a half-time basis if: (1) you submit a deferment request form to your servicer along with documentation of your eligibility for the deferment; or (2) your servicer receives information from the school you are attending that indicates you are enrolled at least half time. If your servicer processes a deferment based on information received from your school, you will be notified of the deferment and will have the option of canceling the deferment and continuing to make payments on your loan.

For all other deferments, you (or, for a deferment based on active military duty or qualifying National Guard duty during a war or other military operation or national emergency, your representative) must submit a deferment request form to your servicer, along with documentation of your eligibility for the deferment. In certain circumstances, you may not be required to provide documentation of your eligibility if your servicer confirms that you have been granted the same deferment for the same period of time on a FFEL Program loan. Your servicer can provide you with a deferment request form that explains the requirements for the type of deferment you are requesting. You may also obtain deferment request forms and information on deferment eligibility requirements from your servicer's web site.



If you are in default on your loan, you are not eligible for a deferment.

You are responsible for paying the interest that accrues on a Direct Unsubsidized Consolidation Loan during a deferment period. You are not responsible for paying the interest that accrues on a Direct Subsidized Consolidation Loan during a deferment period.

#### Forbearance

We may give you a forbearance if you are temporarily unable to make your scheduled loan payments for reasons including, but not limited to, financial hardship and illness.

We will give you a forbearance if:

- You are serving in a medical or dental internship or residency program, and you meet specific requirements;
- The total amount you owe each month for all of the student loans you received under Title IV of the Act is 20% or more of your total monthly gross income (for a maximum of three years);
- You are serving in a national service position for which you receive a national service education award under the National and Community Service Act of 1990 (AmeriCorps). In some cases, the interest that accrues on a qualified loan during the service period will be paid by the Corporation for National and Community Service;
- You qualify for partial repayment of your loans under the Student Loan Repayment Program, as administered by the Department of Defense;
- You are performing service that would qualify you for loan forgiveness under the teacher loan forgiveness program that is available to certain Direct Loan and FFEL program borrowers; or
- You are a member of the National Guard who qualifies for a post-active duty student deferment but not for a military service deferment or other deferment, and you are engaged in active state duty for a period of more than 30 consecutive days.

To request a forbearance, contact your servicer. Your servicer can provide you with a forbearance request form that explains the requirements for the type of forbearance you are requesting. You may also obtain forbearance request forms and information on forbearance eligibility requirements from your servicer's web site. Under certain circumstances, we may also give you a forbearance without requiring you to submit a request or documentation. These circumstances include, but are not limited to, the following:

- Periods necessary for us to determine your eligibility for a loan discharge;
- A period of up to 60 days for us to collect and process documentation related to your request for a deferment, forbearance, change in repayment plan, or consolidation loan (we do not capitalize interest charged during this period); or
- Periods when you are involved in a military mobilization or are affected by a local or national emergency.

You are responsible for paying the interest that accrues on your entire Direct Consolidation Loan during a forbearance period.

**17. Discharge (having your loan forgiven).** We will discharge (forgive) your Direct Consolidation Loan if:

- Your servicer receives acceptable documentation of your death. We will also discharge the portion of a Direct Consolidation Loan that repaid one or more Direct PLUS Loans or Federal PLUS Loans obtained on behalf of a student who dies.
- Your loan is discharged in bankruptcy. However, federal student loans are not automatically discharged if you file for bankruptcy. To have your loan discharged in bankruptcy, you must prove to the bankruptcy court in an adversary proceeding that repaying the loan would cause undue hardship.
- You become totally and permanently disabled (as defined in the Act) and meet certain other requirements.

In certain cases, we may also discharge all or a portion of your Direct Consolidation Loan if:

- One or more Direct Loan Program, FFEL Program, or Federal Perkins Loan Program loans that you consolidated was used to pay for a program of study that you (or the dependent student for whom you borrowed a PLUS loan) were unable to complete because the school closed;
- Your eligibility (or the eligibility of the dependent student for whom you borrowed a PLUS loan) for one or more of the Direct Loan Program or FFEL Program loans that you consolidated was falsely certified by the school;
- Your eligibility for one or more of the Direct Loan Program or FFEL Program loans that you consolidated was falsely certified as a result of a crime of identity theft; or

- The school did not pay a required refund of one or more Direct Loan Program or FFEL Program loans that you consolidated.

We may forgive a portion of your Direct Consolidation Loan that repaid Direct Subsidized or Direct Unsubsidized Loans you received after October 1, 1998, or subsidized or unsubsidized Federal Stafford Loans you received under the FFEL program after October 1, 1998 if you: (1) teach full time for five consecutive years in certain elementary and/or secondary schools or educational service agencies that serve low-income families; (2) meet certain other qualifications; and (3) did not owe a Direct Loan or a FFEL Program loan as of October 1, 1998, or as of the date you obtain a loan after October 1, 1998.

A Public Service Loan Forgiveness program is available that provides for the cancellation of the remaining balance due on your eligible Direct Loan Program loans after you have made 120 full, on-time, scheduled monthly payments (after October 1, 2007) on those loans under certain repayment plans while you are employed full-time by certain public service organizations.

The Act may provide for certain loan forgiveness or repayment benefits on your loans in addition to the benefits described above. If other forgiveness or repayment options become available, your servicer will provide information about these benefits.

To request a loan discharge based on one of the conditions described above (except for discharges due to death or bankruptcy), you must complete an application that you may obtain from your servicer.

In some cases, you may assert, as a defense against collection of your loan, that the school did something wrong or failed to do something that it should have done. You can make such a defense against repayment only if the school's act or omission directly relates to your loan or to the educational services that the loan was intended to pay for, and if what the school did or did not do would give rise to a legal cause of action against the school under applicable state law. If you believe that you have a defense against repayment of your loan, contact your servicer.

We do not guarantee the quality of the academic programs provided by schools that participate in federal student financial aid programs. You must repay your loan even if you do not complete your education, are unable to obtain employment in your field of study, or are dissatisfied with, or do not receive, the education you paid for with the loan.

**18. Department of Defense and other federal agency loan repayment.** Under certain circumstances, military personnel may have education loans repaid by the Secretary of Defense. This benefit is offered as part of a recruitment program that does not apply to individuals based on their previous military service or to those who are not eligible for enlistment in the U.S. Armed Forces. For more information, contact your local military service recruitment office.

Other agencies of the federal government may also offer student loan repayment programs as an incentive to recruit and retain employees. Contact the agency's human resources department for more information.

#### END OF BORROWER'S RIGHTS AND RESPONSIBILITIES STATEMENT

**IMPORTANT NOTICES****Gramm-Leach-Bliley Act Notice**

In 1999, Congress enacted the Gramm-Leach-Bliley Act (Public Law 106-102). This Act requires that lenders provide certain information to their customers regarding the collection and use of nonpublic personal information.

We disclose nonpublic personal information to third parties only as necessary to process and service your loan and as permitted by the Privacy Act of 1974. See the Privacy Act Notice below. We do not sell or otherwise make available any information about you to any third parties for marketing purposes.

We protect the security and confidentiality of nonpublic personal information by implementing the following policies and practices. All physical access to the sites where nonpublic personal information is maintained is controlled and monitored by security personnel. Our computer systems offer a high degree of resistance to tampering and circumvention. These systems limit data access to our staff and contract staff on a "need-to-know" basis, and control individual users' ability to access and alter records within the systems. All users of these systems are given a unique user ID with personal identifiers. All interactions by individual users with the systems are recorded.

**Privacy Act Notice**

The Privacy Act of 1974 (5 U.S.C. 552a) requires that the following notice be provided to you:

The authority for collecting the requested information from and about you is §451 et seq. of the Higher Education Act (HEA) of 1965, as amended (20 U.S.C. 1087a et seq.) and the authorities for collecting and using your Social Security Number (SSN) are §484(a)(4) of the HEA (20 U.S.C. 1091(a)(4)) and 31 U.S.C. 7701(b). Participating in the William D. Ford Federal Direct Loan (Direct Loan) Program and giving us your SSN are voluntary, but you must provide the requested information, including your SSN, to participate.

The principal purposes for collecting the information on this form, including your SSN, are to verify your identity, to determine your eligibility to receive a loan or a benefit on a loan (such as a deferment, forbearance, discharge, or forgiveness) under the Direct Loan Program, to permit the servicing of your loan(s), and, if it becomes necessary, to locate you and to collect and report on your loan(s) if your loan(s) become delinquent or in default. We also use your SSN as an account identifier and to permit you to access your account information electronically.

The information in your file may be disclosed, on a case-by-case basis or under a computer matching program, to third parties as authorized under routine uses in the appropriate systems of records notices. The routine uses of this information include, but are not limited to, its disclosure to federal, state, or local agencies, to private parties such as relatives, present and former employers, business and personal associates, to consumer reporting agencies, to financial and educational institutions, and to guaranty agencies in order to verify your identity, to determine your eligibility to receive a loan or a benefit on a loan, to permit the servicing or collection of your loan(s), to enforce the terms of the loan(s), to investigate possible fraud and to verify compliance with federal student financial aid program regulations, or to locate you if you become delinquent in your loan payments or if you default. To provide default rate calculations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to state agencies. To provide financial aid history information, disclosures may be made to educational institutions. To assist program administrators with tracking refunds and cancellations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal or state agencies. To provide a standardized method for educational institutions to efficiently submit student enrollment status, disclosures may be made to guaranty agencies or to financial and educational institutions. To counsel you in repayment efforts, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal, state, or local agencies.

In the event of litigation, we may send records to the Department of Justice, a court, adjudicative body, counsel, party, or witness if the disclosure is relevant and necessary to the litigation. If this information, either alone or with other information, indicates a potential violation of law, we may send it to the appropriate authority for action. We may send information to members of Congress if you ask them to help you with federal student aid questions. In circumstances involving employment complaints, grievances, or disciplinary actions, we may disclose relevant records to adjudicate or investigate the issues. If provided for by a collective bargaining agreement, we may disclose records to a labor organization recognized under 5 U.S.C. Chapter 71. Disclosures may be made to our contractors for the purpose of performing any programmatic function that requires disclosure of records. Before making any such disclosure, we will require the contractor to maintain Privacy Act safeguards. Disclosures may also be made to qualified researchers under Privacy Act safeguards.

**Financial Privacy Act Notice**

Under the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401-3421), ED will have access to financial records in your student loan file maintained in compliance with the administration of the Direct Loan Program.

**Paperwork Reduction Notice**

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless the collection displays a valid OMB control number. Public reporting burden for this collection of information is estimated to average 1.0 hour (60 minutes) per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The obligation to respond to this collection is required to obtain a benefit in accordance with 34 CFR 685.201(c)(1). Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the U.S. Department of Education, 400 Maryland Ave., SW, Washington, DC 20210-4537 or e-mail [ICDocketMgr@ed.gov](mailto:ICDocketMgr@ed.gov) and reference OMB Control Number 1845-0053. **Note: Please do not return the completed Federal Direct Consolidation Loan Application and Promissory Note to this address.**

If you have any questions regarding the status of your individual submission of this form, write directly to:

U.S. Department of Education  
Consolidation Department  
P.O. Box 242800  
Louisville, KY 40224-2800



#### Transaction History

Below is a summary of actions that you completed during the electronic consolidation application and promissory note process:

Your identity was confirmed by the PIN web site on	08/30/2013 at 13:32:20 CT
You agreed to use an electronic consolidation application and promissory note on	08/30/2013 at 15:32:53 ET
You confirmed that you read, understood, and agreed to the statement of Borrower's Rights and Responsibilities on	08/30/2013 at 15:33:23 ET
You reviewed your draft consolidation application and promissory note and confirmed that you read, understood, and agreed to the Certification and Authorization, Promise to Pay, Disclosure of Terms, and Important Notices on	08/30/2013 at 15:33:50 ET
You signed your consolidation application and promissory note on	08/30/2013 at 15:34:21 ET
You reviewed your signed consolidation application and promissory note and entered your Confirmation Code on	08/30/2013 at 15:37:23 ET
You confirmed your acceptance of the terms and conditions of this consolidation application and promissory note and submitted it to us on	08/30/2013 at 15:37:30 ET

**Your consolidation application and promissory note Confirmation Code is: 29D**

# ATTACHMENT 2



THE SECRETARY OF EDUCATION  
WASHINGTON, DC 20202

August 4, 2014

Elizabeth Warren  
United States Senate  
Washington, DC 20510

Dear Senator Warren:

Thank you for your letter of June 25, 2014, concerning Corinthian Colleges, Inc. (Corinthian). The U.S. Department of Education (Department) is doing everything it can to protect students as a result of the sale or closure of Corinthian's institutions of higher education, including seeking to avoid or minimize the disruption to students' lives and educational aspirations that you note could otherwise result from their abrupt closure. At the same time, we are continuing to perform our important oversight work of Corinthian and will hold the company accountable for compliance with the requirements of the Higher Education Act of 1965, as amended (HEA) and our regulations.

I am pleased to report that on July 9, 2014, the Department reached an agreement with Corinthian on a process to govern the eventual closure and sale of its institutions. The Operating Agreement covers certain issues that are directly responsive to some of the issues you raised in your letter, and I appreciate the opportunity to provide further detail. However, please note that the recent events unfolded at an accelerated pace; that the scope of potential institutional closures and sales associated with a single corporate entity is unprecedented; and that circumstances remain quite fluid and will continue to evolve. As a result, we will continue to review our plans and processes going forward to ensure that we are continuing to do all we can to protect both students' and taxpayers' interests as Corinthian's participation in the Federal Student Aid programs ends.

The agreement reached with Corinthian includes features that your letter urged the Department to consider. For example, Corinthian will cease to enroll new students in certain circumstances described below, and will make disclosures to affected students concerning their options and the status of their respective institutions. In particular, and with respect to your specific questions:

- As of July 9, 2014, Corinthian has identified those institutions it plans to sell, as well as those institutions it plans to close *after* providing students who are already enrolled with time to complete their educational programs ("teach-out" institutions). Corinthian is required, under the Operating Agreement, to cease enrollment of new students at teach-out institutions. In some cases, Corinthian may work with another institution so that an enrolled student would complete his/her educational program at such other institution.
- Under the Operating Agreement, certain students in a teach-out school may have options that vary depending on their date of enrollment.

Page 2

- Students who enrolled prior to June 23, 2014—the date the Department placed Corinthian on heightened financial oversight—will be able to either (1) continue and complete their educational program or (2) withdraw and obtain a full refund of all tuition and other fees paid for their program. Under the agreement, Corinthian will determine whether to provide these students the option of a full refund of tuition and charges paid or the ability to complete their education as originally intended. Students who complete their education under this option would not be eligible for a closed school loan discharge. Students who qualify for a Corinthian refund will have the refund applied to their Federal loan balances, and may qualify for a closed school loan discharge of the remaining amount owed, if any. Students will have an opportunity to appeal Corinthian’s decision regarding the option they may pursue.
- Students who enrolled on or after June 23, 2014, and before July 8, 2014, have the option to choose to (1) continue and complete their educational program or (2) withdraw and obtain a full refund of all tuition and other fees paid for their program. Under the Operating Agreement, Corinthian must provide these students the ability to choose whichever option benefits them the most. Further, under the agreement, students who fail to make a choice will be withdrawn from their program and provided a full refund. Students who complete their education would not qualify for a closed school loan discharge of their Federal loans. Students who qualify for a Corinthian refund will have the refund applied to their Federal loan balances, and may qualify for a closed school discharge of the remaining amount owed, if any.
- Under the Operating Agreement, Corinthian is also required to disclose to students enrolled at those institutions it plans to sell information regarding the status of the institutions and the options and protections afforded to those students. In addition to specific disclosures drafted for use for students at teach-out institutions discussed above, the Department has drafted disclosures for Corinthian to provide to prospective students enrolling in institutions identified as being for sale. The disclosures inform prospective students that certain Federal and State authorities are investigating the institution and that these investigations could result in future enforcement actions that might negatively affect students’ ability to complete their educational programs. The disclosure further informs prospective students that if a school is sold, any new owner might make changes to their educational program, and that it is possible that any credits they earn at a Corinthian institution may not transfer to another school. Further, the Operating Agreement requires Corinthian to obtain signed acknowledgments from new students that they have received the disclosure prior to enrollment to ensure, to the best of the Department’s ability, that students are fully aware of the pending sale of the school and what that could mean for their studies.

Please note that the Operating Agreement contemplates that the status of any particular Corinthian institution could change as a result of the Department’s ongoing review of Corinthian’s compliance with statutory and regulatory requirements. In January, the Department

Page 3

denied Corinthian's request for approval to add certain new locations and programs at selected institutions because it had admitted to falsifying placement rates and/or grade and attendance records at various institutions and because of ongoing State and Federal investigations into serious allegations with respect to Corinthian's administration of the Federal Student Aid programs. Because these issues suggested systemic deficiencies in the operations of Corinthian as a parent corporation of its individual institutions, the Department instructed the company to provide certain required documentation and information with respect to placement rate percentages, and grade and attendance record changes at all Corinthian institutions. Corinthian's failure to substantially comply with our request is what led the Department to place it on a heightened level of Departmental financial oversight and precipitated the establishment of the Operating Agreement.

Under the Operating Agreement, if the Department finds, based on its reviews, that certain Corinthian institutions are ineligible for recertification to participate in Federal Student Aid programs, or are otherwise determined to be ineligible to participate, Corinthian is required to provide students their choice of whether to (1) continue and complete their educational program in accordance with regulations that govern school closures, as in the case that institutions are found to be ineligible, or (2) withdraw from school and receive a full refund of all tuition and other fees paid for their program. In addition, in these circumstances, students may be eligible for closed school loan discharges of any Federal student loans they took out for attendance at the formerly eligible institution. The conditions and qualifications pertaining to closed school discharges are different from those for the refund Corinthian is obligated to provide under the Operating Agreement; an affected student borrower may qualify for both, either, or neither.

You also asked how the Department will seek to ensure relief for Corinthian students with private student loan debt. In the Operating Agreement, we require Corinthian to include private student loans within the refunds that the company provides to students. In particular, we defined refunds in such cases to include repaying any private student loan or debt to any other lender from whom Corinthian received direct disbursements for such student's cost of attendance at Corinthian the amount of such disbursements, including reimbursing the student for any origination and other fees incurred by the student in obtaining a private student loan. Absent this explicit provision in the Operating Agreement, the HEA does not otherwise authorize the Department to seek such relief, and closed school loan discharges pertain only to Federal, not private, student loans. As to other relief that may be available for students who have obtained private loans, the terms of the loan agreement may permit the borrower to assert, as defenses to repayment, claims that the borrower has against the school. Borrowers should review their private loan agreements to determine whether they include a provision allowing such defenses.

The Operating Agreement makes no distinction between students enrolled in online-only programs and students who enroll in programs that require physical attendance.

In addition, you ask how the Department plans to ensure that students are properly notified of their options in cases of school closures and sales, and the consequences for students in cases of program changes by a new owner of a school consequent to a sale. A number of the disclosure requirements within the Operating Agreement are outlined above, and the Department is currently developing a more detailed plan to ensure it is prepared for both an entirely orderly



Page 4

closure and transition of all Corinthian's institutions, as well as a precipitous closure of all of its institutions, should either occur.

School closures and sales are not uncommon. However, the simultaneous closure and sale of as many institutions as comprise Corinthian, and that affect as large a student population, is without precedent. The Department is building upon and modifying existing plans for school closures and sales to bring them into line with the scale of Corinthian's operations. These plans include how the Department will coordinate with accrediting agencies and State authorizing agencies that, under the HEA, have principal roles and authorities in these cases. For example, the potential consequences and options for students as the result of any particular change in ownership will depend on, among other things, the interest and willingness of a buyer to accept and comply with any particular condition, the particular requirements or conditions that an accrediting agency may impose, and the conditions a State may require, given that the HEA does not generally preempt State law or override States' responsibilities for authorizing institutions that operate within their borders. As a result, the features and conditions of any particular sale, and the consequences and options for students, could vary on a case-by-case basis. In the end, however, the Department's concerns and interests are the concerns and interests of students and taxpayers, and the Department will strive to ensure their welfare in the subsequent closure and sale of Corinthian's institutions. To be clear, the Department will not approve a sale to another entity if that entity is currently under State and/or Federal investigation or is unable to meet the qualifications established under the HEA to qualify for Federal Student Aid.

With respect to your question about borrowers' right to present claims to the Department, the Department recognizes as a defense to repayment of Direct Loans a claim that the borrower has against the school that is based on the making of the loan or the provision of educational services, if State law recognizes such a claim and if the borrower proves the elements required to establish the claim.

A borrower or class of borrowers who obtain a judgment against a school upholding a claim can more readily establish that claim as a defense to repayment, but the borrower is not required to sue or obtain a judgment against the school in order to assert the claim against the school as a defense to repayment of a Direct Loan. Department regulations explicitly provide that a defaulted borrower may assert that the defaulted loan is not legally enforceable, but a borrower who is not in default can also assert a claim that the loan is not legally enforceable on the basis of a claim against the school. To do so, the borrower should present the claim to the servicer handling the Direct Loan for the Department.

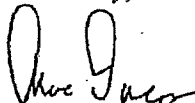
Finally, as part of the Operating Agreement, the Department required that an independent monitor would be appointed to oversee Corinthian's actions. I am pleased to report that Skadden, Arps, Slate, Meagher & Flom LLP & Affiliates, under the leadership of former U.S. Attorney Patrick Fitzgerald, has been selected to take on this monitoring role. The Department is confident that Mr. Fitzgerald and his team will strengthen our efforts to oversee this process.

I appreciate your recommendations to the Department as we move forward in addressing issues arising from matters related to Corinthian's decision to wind down and cease operations. We continue to analyze how we can best protect students and taxpayers, and in so doing, will

Page 5

continue to actively consider your recommendations. If you have additional questions, please have your staff contact Lloyd Horwich, Acting Assistant Secretary, Office of Legislation and Congressional Affairs, at (202) 401-0020.

Sincerely,



Arne Duncan

# ATTACHMENT 3



10 Brookline Place West, Brookline, MA 02445  
617.739.1700 • 800.903.4425 • [www.artinstitutes.edu/boston](http://www.artinstitutes.edu/boston)

**Disclosure Required by Massachusetts Regulation 940 CMR 31.00**  
**Media Arts & Animation – Bachelor of Science**

**Program cost:**

Average program tuition is \$92,700  
Average cost of books and digital resources is \$3,000  
Average cost of program fees is \$430  
Average cost of program room and board is \$72,900\*  
The average total cost of the program is \$169,030

30% of students graduated from the program during 2012 – 2013 calendar years. \*\*

The average student graduates in 43 months.

50% of The New England Institute of Art students defaulted on, or failed to repay, their loans during the period of cohort year 2010. The official federal cohort default rate is 17.10%. The U. S. Department of Education does not officially calculate an institution's deferment or forbearance rate and, thus, The New England Institute of Art internally calculated the total percentage of student borrowers who had at least one of their federal loans in deferment or forbearance to be 32.9%. In general terms, a deferment or forbearance is a temporary suspension of payment of up to 12 months, approved by a borrower's federal loan servicer, due to a student's economic hardship, unemployment, continuing education, or military status.\*\*\*

You must repay money that you borrow as student loans to pay for this program, including interest. You must repay any portion of the money you borrow to pay for this program, even if you fail to complete or drop out of the program. Failure to repay student loans is likely to have a serious negative effect on your credit, future earnings, and your ability to obtain future student loans.

22% of graduates during 2012 - 2013 calendar years obtained full-time, non-temporary jobs in their field of study. 7% of students who enrolled in the program during 2012 - 2013 calendar years obtained full-time, non-temporary jobs in their field of study. \*\*\*\*

Employment statistics substantiating these placement rates are available for inspection on request.

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Signature of prospective student

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Date

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Parent/guardian (if prospective student is under the age of 18)

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Date

\* Transportation between student housing and the campus is included in the cost of student housing.

\*\* The New England Institute of Art provides this graduation rate in compliance with Massachusetts 940 CMR 31.00. The Massachusetts graduation rate is a specific calculation based on the number of students who received certificates, diplomas, or degrees in the program during the last two calendar years, divided by the number of students who enrolled in the program during the last two calendar years. Students are included in the calculation based strictly on whether they enrolled in the program in the last two calendar years; the rate does not take into consideration whether the student has been enrolled long enough to complete the program.

\*\*\* The federal FY10 cohort default rate is calculated by dividing the number of student borrowers who entered repayment between October 1, 2009 and September 30, 2010 and defaulted by September 30, 2011 by the number of student borrowers who entered repayment during that same period. (Generally the borrowers are students who left school between April 1, 2009 through March 31, 2010.)

\*\*\*\* The New England Institute of Art provides this placement rate in compliance with Massachusetts 940 CMR 31.00. The Massachusetts graduate placement rate is a specific calculation based on the number of students obtaining full time (at least 32 hours per week) and non-temporary employment in the field of study during the latest two calendar years for which the institution has obtain verification, divided by the number of all students graduating from the program during the latest two calendar years, as determined within 180 days from the end of each calendar year. The Massachusetts total placement rate is the product of the graduate placement rate and the graduation rate determined within 180 days from the end of each calendar year. There is no minimum period of time that a graduate must work in order to be included in the statistic. Graduates who were employed prior to or during their enrollment who remain in the same position after graduation are included if their employment relates to their field of study.

For additional information, visit: <http://www.artinstitutes.edu/boston/student-consumer-information/overview.aspx>.

# ATTACHMENT 4

# Evolve

from student to →

COPY

**The New England  
Institute of Art™**  
10 Brookline Place West  
Brookline, MA 02445-7295  
www.neia.edu  
1.617.739.1700 or 1.800.903.4425



## Evolve your talent. Your thinking. Yourself.

Personal and professional growth are the hallmarks of an Art Institutes education in the creative and applied arts. Your talent evolves. Your thinking evolves. Even your career plans can evolve, once you know what opportunities exist out there in the real world. Preparing you for that real world is what Career Services is all about. Résumé writing, networking, and keeping you abreast of what employers are looking for are just a few of our services. But, as they say, proof is in the numbers. Below you'll find detailed information about our graduates' performance in the workplace. Careers begin here. You'll see.

	Number of Graduates Available for Placement Within Six Months of Graduation	Number of Graduates Employed	Percentage of Graduates Employed in Related Field	Average Starting Salary
<b>Bachelor's Degree Program</b>				
Multimedia & Web Design	2	2	100.0%	\$43,050
<b>Total Bachelor's Degree Program</b>	<b>2</b>	<b>2</b>	<b>100.0%</b>	<b>\$43,050</b>
<b>Associate's Degree Programs</b>				
Audio Production	105	94	89.5%	\$25,615
Broadcasting	68	58	85.3%	\$25,106
Graphic Design	15	13	86.7%	\$29,471
Multimedia & Web Design	15	13	86.7%	\$28,438
<b>Total Associate's Degree Programs</b>	<b>203</b>	<b>183</b>	<b>88.0%</b>	<b>\$25,827</b>
<b>Totals</b>	<b>210</b>	<b>185</b>	<b>88.1%</b>	<b>\$26,014</b>

## Doing Our Homework: Successful Career Planning at The Art Institutes

The Art Institutes are known as leaders in career-oriented education in design, media arts, fashion, and the culinary arts. Our partnership with local and national employers helps us to deliver industry-relevant education and curricula that benefit both students and employers. This means that students develop practical skills, using the technology that's recognized in the workplace. What's more, our faculty includes award-winning and industry-recognized professionals who train students in the fundamental skills required for success in their field. Many of our students gain on-the-job skills through participation in internship or externship programs at local companies and nationally-recognized corporations. And our concern for employer satisfaction and awareness of industry trends allows us to provide employers with candidates who fulfill their needs and leads to graduates' career success, both now and in the future.

## Where Our Graduates Are Working

The New England Institute of Art graduates have been employed by some of the most prominent companies in the United States and beyond, such as:

- Cramer Productions
- Tweeter Center
- Pro Audio Design
- Universal Music Group
- Bose Corporation
- Greater Boston Radio Group
- WHDH-TV NBC
- Boston Common Press
- FastChannel Network
- The Gillette Company
- Comcast

## How Our Graduates Measure Up

Of all 2003 New England Institute of Art graduates available for employment, 88.1% were working in a field related to their program of study within six months of graduation and earning an average salary of \$26,014. The chart at left reflects employment statistics for all 2003 calendar year New England Institute of Art graduates available for placement.



# → graduate and make an impact with your creative ideas.



## What Our Graduates Are Doing

The New England Institute of Art prepares students to launch their careers with entry-level positions such as:

- Web/Graphic Designer
- Recording Studio Assistant
- Live Sound Technician
- Web Developer
- Television Production Assistant
- Air Talent
- Assistant Multimedia Producer
- Promotions Assistant

## Partners Working Together

Dedicated Career Services staff offer a range of services that support your efforts as you plan for your career. Our experience and employer contacts in this community, in addition to the resources of The Art Institutes across the country, give us (and therefore you) an edge. There are proven tips and techniques that can help you begin your job search. That's why we provide the following support:

- Instruction in job search skills, résumé writing, interviewing, and networking.
- Job search assistance for full-time employment in your field and a part-time job while you complete your program of study.
- Participation in career days, internships, and job fairs that enable you and employers to interact.
- Insight into what employers are looking for when it comes to skill set and portfolio content.

## Contact the Director of Career Services at the following locations:

This Art Institute of Atlanta® GA  
770.394.8300 or 1.800.275.4242

The Art Institute of California™ —  
Los Angeles  
1.310.752.4700 or 1.888.646.4610

The Art Institute of California™ —  
Orange County  
1.714.830.0200 or 1.888.548.3055

The Art Institute of California™ —  
San Diego  
1.858.598.1399 or 1.800.591.2422

The Art Institute of California™ —  
San Francisco  
1.415.865.0198 or 1.888.493.3261

The Art Institute of Charlotte® NC  
1.704.357.8020 or 1.800.872.4417

The Art Institute of Colorado® (Denver)  
303.837.0825 or 1.800.275.2420

The Art Institute of Dallas® TX  
1.214.692.8080 or 1.800.275.4243

The Art Institute of Fort Lauderdale® FL  
1.954.463.3000 or 1.800.275.7603

The Art Institute of Houston® TX  
1.713.523.2040 or 1.800.275.4244

The Art Institute of Las Vegas® NV  
1.702.369.9944 or 1.800.833.2578

The Art Institute of New York City® NY  
1.212.228.5500 or 1.800.654.2433

The Art Institute of Ohio™ —  
Cincinnati®  
1.513.771.2821 or 1.866.613.5184

The Art Institute of Philadelphia® PA  
1.215.567.7090 or 1.800.275.2474

The Art Institute of Phoenix® AZ  
1.602.231.7500 or 1.800.474.2479

The Art Institute of Pittsburgh® PA  
1.412.251.6200 or 1.800.275.2470

The Art Institute of Portland® OR  
1.503.228.6528 or 1.888.228.6528

The Art Institute of Seattle® WA  
1.206.448.8600 or 1.800.275.2471

The Art Institute of Tampa™ FL  
A branch of Miami International University  
of Art & Design  
1.813.873.2112 or 1.866.703.3277

The Art Institute of Toronto™ ON  
1.416.351.8400 or 1.866.202.0481

The Art Institute of Vancouver™ BC  
1.604.683.9200 or 1.866.717.8080

The Art Institute of Vancouver™ — Burnaby, BC  
1.604.298.5400 or 1.800.861.1885

The Art Institute of Washington®  
A branch of The Art Institute of Atlanta, GA  
(Arlington, VA)  
1.703.358.9560 or 1.877.303.3771

The Art Institute Online®  
A Division of The Art Institute of Pittsburgh, PA  
1.412.281.5100 or 1.877.872.8869

The Art Institutes International Minnesota™  
(Minneapolis)  
1.612.352.3361 or 1.800.777.3643

Bradley Academy for the Visual Arts™  
(York, PA)  
1.717.765.2300 or 1.800.864.7725

California Design College™  
(Los Angeles — Wilshire Blvd.)  
1.213.251.8695 or 1.877.468.6232

The Illinois Institute of Art® — Chicago  
1.312.280.3500 or 1.800.351.3450

The Illinois Institute of Art® — Schaumburg™  
1.847.519.3450 or 1.800.314.3450

Miami International University of Art & Design™ FL  
1.305.428.5700 or 1.800.225.9023

The New England Institute of Art™ (Boston, MA)  
1.617.789.1700 or 1.800.903.4425

\* The Art Institute of Ohio — Cincinnati, 1011 Bendale-Milford Road, Cincinnati, OH 45215-1107, OH Reg # 04-07-16988

\*\* The Illinois Institute of Art — Schaumburg is accredited by ACCSCT as a branch of The Illinois Institute of Art — Chicago.

A range of online course opportunities is available.

Want to learn online and in the classroom? Explore our Plus program that lets you do both.

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**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA**

THERESA SWEET, CHENELLE  
ARCHIBALD, DANIEL DEEGAN, SAMUEL  
HOOD, TRESA APODACA, ALICIA DAVIS,  
and JESSICA JACOBSON on behalf of  
themselves and all others similarly situated,

*Plaintiffs,*

v.

ELISABETH DEVOS, in her official  
capacity as Secretary of the United States  
Department of Education,

And

THE UNITED STATES DEPARTMENT OF  
EDUCATION,

*Defendants.*

Case No.: 19-cv-03674-WHA

**AFFIDAVIT OF ROLAND CARDOZA**

I, Roland Cardoza, state as follows:

1. I am submitting this affidavit in relation to the above-captioned case.
2. I borrowed federal student loans in order to attend ITT Technical Institute (“ITT Tech”) in West Covina, CA.
3. On December 31, 2017, I submitted a borrower defense application to the United States Department of Education, asking for these loans to be cancelled. A copy of that application is attached as Exhibit A.
4. On June 10, 2020, I received correspondence from the Department of Education, stating that my claim had been denied. A copy of that correspondence is attached as Exhibit B.
5. In between the time that I first submitted an application for loan cancellation and when I received the notification of denial, my federal student loans have been in forbearance.

1           6.       The denial notice says that I failed to state a legal claim in alleging that ITT Tech  
2 engaged in misconduct by misrepresenting my employment prospects. I do not understand how  
3 this is not a valid legal claim for borrower defense.

4           7.       The denial notice says that I failed to state a legal claim in alleging that ITT Tech  
5 engaged in misconduct by misrepresenting its program costs and the nature of my loans. I do not  
6 understand how this is not a valid legal claim for borrower defense.

7           8.       The denial notice says that I provided insufficient evidence that ITT Tech  
8 engaged in misconduct by misrepresenting the transferability of its credits. I do not understand  
9 how the evidence I provided was insufficient.

10          9.       The denial notice says that I provided insufficient evidence that ITT Tech  
11 engaged in misconduct related to its career services. I do not understand how the evidence I  
12 provided was insufficient.

13          10.      The denial notice says that I provided insufficient evidence that ITT Tech  
14 engaged in misconduct related to its educational services. I do not understand how the evidence I  
15 provided was insufficient.

16          11.      I do not understand how all of the evidence that I submitted was insufficient or  
17 how I failed to state a legal claim. My application was long and detailed and included substantial  
18 evidence, and the denial notice I received doesn't respond to any of it.

19          12.      The notification of denial states that I may ask for reconsideration. I am unsure of  
20 what additional information I could possibly submit.

21  
22               I swear under penalty of perjury that the foregoing is true and correct.

23  
24               Executed on: August 13, 2020

25                       Temecula, Riverside County, California

26  
27                               *R. Cardoza*

28                               — Roland Cardoza —

# Exhibit A

## U.S. DEPARTMENT OF EDUCATION

### APPLICATION FOR BORROWER DEFENSE TO LOAN REPAYMENT

UNITED STATES DEPARTMENT OF EDUCATION  
APPLICATION FOR BORROWER DEFENSE TO LOAN REPAYMENT  
FORM APPROVED OMB NO: 1845-0146 Exp. 12/31/2019

If your school misled you or engaged in other misconduct, you may be eligible for “borrower defense to repayment,” which is the forgiveness of some or all of your federal student loan debt.

FORM INSTRUCTIONS: To apply, you must complete, sign, and submit this form to the U.S. Department of Education for review.

You may attach additional documents, such as transcripts, enrollment agreements, and promotional materials from your school. Once completed, please submit this form and any additional documents you believe will help us review your application by email to [FSAOperations@ed.gov](mailto:FSAOperations@ed.gov) or by mail to: U.S. Department of Education, PO Box 429060, San Francisco, CA 94142.

Fields marked with an asterisk (\*) are required for your application to be considered complete.

### SECTION I: BORROWER INFORMATION

Please provide contact information for the borrower:

\*First Name: **Roland**

\*Middle Name: **Gume**

\*Last Name: **Cardoza**

\*Date of Birth: [REDACTED]

\*Social Security Number: [REDACTED]

\*Telephone Number: [REDACTED]

\*Email Address: [REDACTED]

\*Street Address: [REDACTED]

\*City: [REDACTED]

\*State: **California**

\*Zip code: [REDACTED]

\* Are you a PARENT who took out a federal loan on behalf of the student? **No**

\* If yes, please enter the full name of the student (Last, First, Middle):

## SECTION II: PROGRAM INFORMATION

\*School: **ITT Technical Institute**

Campus: **West Covina/San Dimas**

\*Location: **West Covina, California**

\*Enrollment Dates at this school

\*From: **May, 2000**

\*To: **May, 2002**

(If you are still attending this school/campus, please indicate "still enrolled")

\_\_\_ Check if the enrollment dates above are approximate, or if you are unsure of them.

If your attendance at the school listed above was not or has not been continuous (for example, from October 2015 to March 2016, then again from August 2016 to November 2016), please describe all dates that you attended:

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\* Program Name or Major: **Information Technology / Computer Networking Systems**

Credential/Degree Sought: **Associates of Science**

If you enrolled in multiple programs at the school listed above, please describe all programs that you were enrolled in:

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\* Current Status at school listed above: **Graduated**

## SECTION III. OTHER LOAN REDUCTION OR TUITION RECOVERY REQUESTS

\* Have you made any other requests to have your Federal loans forgiven (for example, under a closed school discharge or false certification discharge from the U.S. Department of Education)? **Yes**

In 2015 I submitted a (TPD) Discharge Application which was Denied. (Please see attached pdf document, 2015 (TPD) Discharge Application (Denied) & SSDI Review letters from 2002, 2007, 2014

\* Have you made any requests to anyone else to recover tuition amounts that you paid to your school (for example, a lawsuit against the school or a claim made to a tuition recovery program)? **No**

\* If yes, please describe these other request(s), including the amount of the payment that you received (if any), and attach any documentation about the requests, if available:



## SECTION IV. BASIS FOR BORROWER DEFENSE

Answer the questions for each section below that applies to you.

For each section below that applies to you, please provide a detailed description of why you believe you are entitled to borrower defense, including the following information:

1. What the school told you or failed to tell you.
2. How the school communicated with you, whether in a brochure, by email, or in person.
3. The name/title of people who you believe misled you (if known).
4. Why you believe you were misled.

### **Attached are supporting documents to my claim:**

1. Official ITT Technical Institute transcripts, Associate of Science, IT/Computer Networking Systems.
2. Student Loans, Total loan amounts from the National Student Loan Data System.
3. California State Laws Violated by ITT Technical Institute / California Enforcement Actions.
4. 2015 (TPD) Discharge Application (Denied) & SSDI Review letters from 2002, 2007, 2014
5. 2017, 2018 SSDI Benefits Income Documentation.
6. 2012 Senate Investigation-ITT Technical Institute.
7. Screenshots from the ITT Technical Institute website from 1999, 2001, & 2007.

## EMPLOYMENT PROSPECTS

*Did the school mislead you (or fail to tell you important information) about promises of future employment, likelihood of finding a job, eligibility for certification or licensure in your field of study, how many students graduate, and/or earnings after graduation? **Yes***

In May of 2000, I was receiving SSI benefits and was directed by the local Social Security Administration office to meet with someone in their "Return to Work Program" in the City of West Covina. I caught the bus to the address I was given, and after speaking with the counselor about the "Return to Work Program", I returned to the bus stop and waited for the bus to return home.

A man came out from the office building and started talking to me. The bus stop happened to be in front of the ITT Technical Institute, West Covina Campus. The man, Jim Elder, was a "recruiter" for the school. Jim asked me if I had an interest in computers, and if I wanted to take a tour of the campus. I had seen so many commercials on TV about ITT Technical Institute, so I agreed.

I was shown the different classrooms, and the next thing I know I was sitting in Jim's office. Jim asked if I was currently working. I told him I was not working, but I was receiving SSDI benefits. Immediately his eyes lit up and he took a folder out of his drawer. It contained the school's program brochure and he began showing me different pages from the ITT Technical Institute website.

Jim told me that those who graduated from ITT Technical Institute Computer Network Systems Technology program were in high demand from fortune 500 companies, and that local companies would contact career services every time they have new positions available. Jim pulled out a list of local employers that he said recruited ITT Technical Institute students right after graduation.

I was also told that the school held career fairs on a regular basis and that employer's line up to be included in the ITT Technical Institute career fairs. I told Jim I needed to go, and he asked for my phone number and email, so he could send me more information. I gave it to him out of courtesy. Prior to this tour, I had no plans to pursue a higher education since I was receiving SSDI benefits, not working, and I could not afford to pay for school.

That was the beginning of countless phone calls and emails asking me if I would come in on Friday to go over the Information Technology program. I felt pressured by the recruiter, but because he was persistent, and I had a follow-up appointment with the "Return to Work" counselor, I agreed and met with him the following Friday.

Jim asked me if I had seen any of the ITT commercials and began telling me how an ITT Technical Institute education would help me obtain a better job. Jim kept repeating, "We are educators helping people build a foundation for their lives."

Jim took me to the ITT website, (See attached document #7 Screenshots from ITT website), where it said, "In 2002, the Information Technology Association of America projected that hiring managers expected 1.1 million technology job openings for that year, and that these managers would not be able to fill almost 600,000 of those jobs due to a shortage in qualified workers."

Jim also said that **90% of graduating students of the Information Technology were placed in positions after graduation and that last graduating class, 100 % of the student that began the program graduated.** Jim took me over to career services and introduced me to someone in the department that said that if I enrolled and completed the ITT Technical Institute Computer Network Systems Technology program I would be placed in a position with a starting salary of 50k per year. I told Jim that I did not have the money to attend school, I was receiving SSDI benefits that barely kept a roof over my head. I told Jim that I wanted to talk to my family about it, I didn't want to commit to anything.

Jim said that because I was receiving SSDI benefits that there are grants and student aid that would cover the tuition. He said I should at least take the exam and see how I do. Jim said while I took the exam, he would find out how much "aid" I qualified for. I didn't realize that the information I was giving him would be used to enroll me in the program. The next thing I know Jim said that I passed the entrance exam and he would take care of the paperwork for the student aid for me, **(which turned out to be student loans).**

I was pressured into taking the exam, which led to my enrollment in the Computer Network Systems Technology program. I was misled by the false statistics/statements made prior to my being enrolled. I now realize all the false and misleading statements made by the recruiter, Jim Elder, the Assistant Dean, Gary Timbs, the Dean, Michelle Haggard, and the Director of Career Service.

**I would have NEVER enrolled if I was told the truth about the program dropout rate, employment placement, and the true value of this degree from ITT Technical Institute.**

I feel I was misled about the employment prospects because the ITT business model relied on convincing consumers to obtain federal aid, mostly loans, to pay for ITT Technical Institute programs, which comprised the overwhelming majority of ITT's revenue.

**Financially, I have been harmed** due to the bad reputation of ITT Technical Institute and its programs. I would apply for positions that I thought I was qualified and I couldn't get an interview. I came to learn that specific potential employers have or had a policy against hiring graduates of ITT,

including U.S. Government entities such as the FBI and Homeland Security. I graduated with a mountain of student loan debt, and no job.

\* Did you choose to enroll in your school based in part on the issues you describe above? **Yes**

## **PROGRAM COST AND NATURE OF LOANS**

*Did the school mislead you (or fail to tell you important information) about how much your classes would cost, how you would pay for your education, the terms of loan repayment, and/or other issues about the cost of your education?* **Yes**

If yes, you must provide detailed information about how the school misled you. Please also describe any financial harm to you as a result of the school's conduct.

During my campus visits I explained that I was receiving SSDI benefits and I could not afford the cost of tuition. I asked if I was eligible to receive any scholarships to help cover the cost of my education? The financial aid advisor said, "Yes. Most of our students receive aid, don't worry, you qualify for student aid". **Which turned out to be student loans.**

I relied on what I was being told by the financial aid advisor to be the truth, and I based my decisions on ITT Technical Institute's misrepresentation of the facts. That reliance resulted in a detriment to me, and to my career goals. I entered loans that I could not afford, I did not want, and I did not understand. I would have never enrolled in the Computer Network Systems Technology program at ITT Technical Institute had I known the true cost of the program and that I would be incurring such high debt.

I believe I was misled about the Program Cost and Nature of the loans because the tuition cost was 4x's higher than the same degree at a community college. I would have never agreed to enrolling if I was told the truth about the program cost and nature of the loans.

The 2012 Senate Investigation Documents, (See attached) indicated that, "**at least during the period reviewed**, ITT recruiters were trained to mislead prospective students about the cost of attending the school. When potential students inquire about the cost of tuition at ITT, recruiters are trained to answer with responses like:

- Do you want a discount education, or a valuable one that will give you a return in the future?
- Education is an investment in you and an investment in yourself is never a bad investment.
- Could you share with me your thoughts or ideas as to why you think it might be too expensive?

As a result of the conduct by ITT Technical Institute, it's management, recruiting staff, directors, campus dean, assistant dean, and others, I have been financially harmed by taking on student loan debt for a degree that is not recognized by employers and essentially is worthless.

I could have gone to a community college and earned a degree that is recognized and accepted by employers, for a fraction of the cost, and that the credits could have been transferred to a regionally accredited university.

\* Did you choose to enroll in your school based in part on the issues you describe above? **Yes**

## TRANSFERRING CREDITS

*Did the school mislead you (or fail to tell you important information) about transferring your credits from this school to other schools? **Yes***

I was told during my campus visits, and I read on the ITT Technical Institute website, that ITT Technical Institute was "Nationally Accredited". When I asked about what "Nationally Accredited" meant, I was told that it was better than being "Regionally Accredited ". Again, I relied on what I was being told by the ITT Technical Institute admission representative to be the truth, and I based my decision to enroll on ITT's misrepresentation of the facts.

I was told repeatedly that the credits earned at ITT Technical Institute for my A.S. Degree in Computer Network Systems were transferable to other institutions, when in fact they were not. I remember writing down what the recruiter told me, "that ITT's accreditation was the same as any traditional college or university,"

After graduating with a 3.45 GPA, I called over 20 community colleges and State Universities and each of them told me the same thing, the credits were not transferable. I couldn't believe what was happening. I specifically asked the representative that if I wanted to pursue my Bachelor Degree would these credits count. I was told that they would be transferable.

I relied on what I was being told by the school admission representative to be the truth, and I based my decision to enroll on misrepresentation of the facts. That reliance resulted in a detriment to me, and to my career goals. I would have never enrolled in ITT had I known the truth. NEVER.

ITT exploited my lack of understanding regarding the distinction between types of accreditation and transferability of credits. I couldn't believe that I had put so much time and effort into my classes and I didn't know what to do. I asked to speak to someone about my concerns and was directed to the Assistant Dean, Gary Timbs. He was filling in for the Dean Michelle Haggard, who was no longer there.

I believe I was misled because if ITT Technical Institute, told the truth about the credits not transferring **I would not enroll in their programs.**

Financially, I have been harmed due to ITT Technical Institute misrepresenting the transferability of credits earned from their programs, and when I decided to continue my education, I had to retake all of the courses in order to earn a bachelor's degree, which was more student loan debt I incurred.

\* Did you choose to enroll in your school based in part on the issues you describe above? **Yes**

## CAREER SERVICES

*Did the school mislead you (or fail to tell you important information) about the availability or quality of job placement, career services assistance, or the school's connections to employers within your field of study? **Yes***

I was told that by enrolling in the Computer Network Systems Technology program at ITT Technical Institute I would be eligible for a lifetime of job placement assistance from the Career Services Department at ITT Technical Institute. I never received any assistance from ITT finding a job in my related field of study as promised. And now that ITT Technical Institute has been closed down, it is another breach of contract by ITT Technical Institute.

During my campus visits I was shown statistics on the shortage of IT professionals, and that I would be making 50k+ after I completed the Computer Networking Systems program at ITT Technical Institute.

Jim showed me a list of IT positions, with salaries, and said that with the degree from ITT Technical Institute I could apply for many different positions, and that the Career Service would help me with my resume and prepare me for interviewing for these positions. I never received that promised help from Career Services, in fact, they did not have anyone in that department.

He pulled out a long list of local companies and told me that these companies specifically look to hire graduating students to fill the open IT positions. I was shown a chart entitled "Projected Future Earnings," which showed that earnings over time would increase into the six figures, even with only an Associate's degree. I remember the chart said in large letters, **"25% Annual Return on Investment."**

As it turned out, there were no career fairs, and when I asked for help with my resume I was told that they were in the process of hiring two new people in career services. I never received help with my resume and never got any information from that "long list" of companies about open positions. I was lied to again.

Again, I relied on what I was being told by the ITT Technical Institute representatives was the truth and I based my decision to enroll on misrepresentation of the facts. I believe I was misled because if ITT Technical Institute told the truth people would not enroll in their programs.

As a result of the conduct by ITT Technical Institute, it's career service management, recruiting staff, directors, campus dean, assistant dean, and others, I have been financially harmed due to the fact that the degree is not recognized by employers, and because of the bad reputation of ITT Technical Institute and its programs, employers have or had a policy against hiring graduates of ITT Technical Institute. In fact, I have been told to leave ITT off of my resume if I expect to be considered for an interview for ANY position.

I was promised placement assistance from ITT Technical Institute's Career Services Department and never received ANY help resulting in never finding work in my field of study. What a waste of time and money.

Also, when I decided to continue my education, I had to retake all of the courses in order to earn a bachelor's degree, which was more student loan debt I incurred.

\* Did you choose to enroll in your school based in part on the issues you describe above? **Yes**

## **EDUCATIONAL SERVICES**

*Did the school mislead you (or fail to tell you important information) about educational services, such as the availability of externships, qualifications of teachers, instructional methods, or other types of educational services? **Yes***

The ITT Technical Institute website stated that the programs offered were a "hands on" learning environment using equipment that is similar to what is used in the industry.



The West Covina Campus where I attended did not have a computer lab for its students to study in, and students were made to work in groups of 4-6 students and sometimes even more. Because of not getting the hands-on training that I was promised, I was not prepared to even get an entry level position in the field of study.

The ITT Technical Institute website stated, "EQUIPMENT "We understand the importance of each student being able to benefit from a hands-on learning environment by using equipment that is similar to what is used in industry."

(See actual screen-shots from the ITT Technical Institute website from 1999, 2001, & 2007)

Several times during my enrollment at ITT Technical Institute the software programs used in the classroom did not work because the software licenses had not been updated. One instructor, Mr. Michael Knopf, brought in copies of pirated software, and wanted us to use the software to complete our work assignments. I refused to use pirated software.

When I went to the assistant dean's office to complain, I was told that the software license issue was being taken care of, but I went the remaining 1/3 of the semester without the proper tools to complete the course and I received a (D+) in the IT300 course. The West Covina campus did not have qualified instructors for the courses, and on multiple occasions we had random office workers fill-in to teach the class.

Fall Semester (Sept.2001-Dec.2001) I had another bad experience while taking GE267, a contemporary art class. The instructor brought into class examples of her work. One particular piece was a 3-foot drawing of a male penis with an embryo in the middle. I was shocked, embarrassed & upset. When I questioned the instructor on why she brought inappropriate examples of her work as opposed to using examples from our textbook, I was told I was out of line and sent to the Dean's office. I was terminated from the course (W), & I received a (D) when I retook the course. **(See transcripts GE267).**

I had a Mr. Nathan Zebzdyr for five of my courses and he would come to class unprepared and preoccupied with his ongoing divorce. In my IT307 Network Development Management course, he played videos of The Matrix, Matrix Reloaded, & Matrix Revolutions for the entire course and passed the class with an (A) for the course.

This was not the education that I was told I would receive and did not prepare me for even an entry level position in my field of study. When I complained to the Dean, Mr. Gary Timbs, I was reminded of the pre-dispute arbitration agreement, I signed, and nothing was done about it.

I relied on what I was being told by the school admission representative to be the truth and I based my decisions on misrepresentation of the facts. I enrolled at ITT, based on the misinformation I was given about the educational services, which turned out to be all lies.

I believe I was misled by ITT Technical Institute because they were not interested in the wellbeing of the students that took their programs, they were interested in filling their pockets with the profit made by their misinformation and misrepresentation of the facts.

The **2012 Senate investigation** also found ITT Technical Institute spent a large majority of its revenue on profit and marketing, rather than investing it into the curriculum, which was a red flag for federal investigators.

In 2009, ITT Technical Institute spent \$2,839 per student on instruction, compared to \$3,156 per student on marketing, and \$6,127 per student on profit. The **company's 37 percent profit margin was the highest of any for-profit college** investigated by the feds. In short: ITT Technical Institute executives made it a point to funnel money from tuition revenue into their private accounts. The CEO was taking millions of dollars in salary and only cared about profit. (See chart below)

Executive	Title	2009 Compensation	2010 Compensation
Kevin M. Modany	Chairman and CEO	\$7,628,172	\$6,745,967
Clark D. Elwood	Executive VP and CAO	\$1,827,591	\$1,425,939
Daniel M. Fitzpatrick	Executive VP and CFO	\$1,794,617	\$1,429,072
Eugene E. Feichtner	Executive VP and President, ITT Tech	\$1,601,380	\$1,327,513
June M. McCormack	Executive VP and President, Online Division	\$1,512,783	\$1,239,303
<b>Total</b> <sup>2092</sup>		\$14,364,543	\$12,167,794

As a result of the conduct by ITT Technical Institute, it's CEO, management, recruiting staff, directors, campus dean, assistant dean, and others, I have been financially harmed because I was not taught what I was promised and the necessary skills to be competitive in the job market. I have never found a job in my related field and I tried and tried. I did not receive value for the time, effort and money invested in earning my degree at ITT Technical Institute.

\* Did you choose to enroll in your school based in part on the issues you describe above? **Yes**

## ADMISSIONS AND URGENCY TO ENROLL

*Did the school mislead you (or fail to tell you important information) about the importance of enrolling immediately, the consequences of failure to enroll, how difficult it was to be admitted, or anything else about the admission process?* **Yes**

After my initial campus visit, I was bombarded with emails and phone calls from the ITT Technical Institute representative and felt extremely pressured to decide "right now" about enrolling in the degree program at ITT Technical Institute. I was told, "the longer I waited, I was taking the risk that the tuition would increase, the opportunity for scholarships and the availability of the program I wanted may not be there if I waited." He said that the program I was interested was filling up fast and I would be a fool if I didn't act fast.

Jim, the ITT Technical Institute Admissions Advisor told me that he needed to get a few more enrollments and that he wanted to win some contest for the most enrollment for this semester, and that there was a prize if he won.

Jim brought up a web page and showed me statistics on the shortage of IT professionals, and that I could be making a six-figure income after I graduated. He showed me salaries on a website and said that with the degree from ITT Technical Institute I could apply for many different positions, and that the Career Service would help me with my resume and prepare me for interviewing for these positions. He pulled out a long list of local companies and told me that these companies specifically look to hire graduating students to fill the open IT positions. I felt so much pressure.

Even after I told the representative I wanted to discuss the information with my family and get their opinion whether to enroll at ITT Technical Institute, I continued to be pressured to enroll. He said what else did I need to know?

Since no one in my family had ever gone to college, I didn't know what questions to ask. I knew nothing except what I had been told by the representatives of ITT Technical Institute and I based my decisions on that misinformation.

Financially, I have been harmed by an admissions urgency to enroll due to fact that the quality of the educational services provided were not what I was promised. I was extremely pressured about enrolling, I could not make an informed decision. Because of the lies and misrepresentation of the facts, I now have a degree from ITT Technical Institute that is worthless.

\* Did you choose to enroll in your school based in part on the issues you describe above? **Yes**

## **OTHER**

*Do you have any other reasons relating to your school that you believe qualify you for borrower defense, such as your school failing to perform its obligations under its contract with you, or that there is a judgment against your school in a Federal court, a State court, or in front of an administrative board or that you believe that you have a state law cause of action against the school? Is there some other reason you feel your school misled you? **Yes!***

Since earning my degree in Information Technology Computer Network Systems from ITT Technical Institute in 2002, **I have not benefited financially in any way.** I have not held a position at any time in a related field. In fact, due to the actions of ITT Technical Institute and its subsidiaries, including but not limited to the CEO Kevin Modany and CFO Daniel Fitzpatrick, my degree is not recognized by employers and have prevented me from even getting an interview from the company's offering entry level positions.

HR managers, hiring managers, and recruiting firms I have spoken with recommend that I remove the ITT Technical Institute degree from my resume, LinkedIn profile and all online job searching accounts to even be considered for an interview.

My last position in 2011 was with ARAMARK UNIFORM SERVICES. I was released from that position after 2 months of employment. I will never forget the parting words from the VP of Sales Operations, Thomas Maloney before I left, "I knew I should not have hired you with those worthless degrees from ITT Technical Institute and DeVry University"

Not only did I lose time and money from the substantial misrepresentation of the above-mentioned actions of the management, advisors, and financial aid employees of ITT Technical Institute, but the degree is worthless. Any connection with ITT Technical Institute has been, and will always be a detriment to my career goals.

## **ITT TECHNICAL INSTITUTE'S BREACH OF CONTRACT**

ITT committed a breach of its contracts with students by failing to provide educational services, entirely or substantially. Further, ITT violated the express and implied terms of its contracts with students by knowingly depriving students of the benefit of their bargain with ITT, and by imposing unconscionable one-sided contractual terms on students.

The actions outlined in my claim regarding the acts or omissions by ITT Technical Institute would constitute a substantial misrepresentation as they relate to the nature of the educational program, the nature of financial charges, and the employability of graduates.

In conclusion, I believe that the facts contained in my Borrowers Defense claim surrounding my 2000-2002 have been proven according to regulations in the Student Assistance General Provisions (34 CFR 668 subpart F) that address misrepresentation.

I ask that the student loans associated with my Associate of Science degree from the now closed ITT Technical Institute, be discharged in accordance with the Borrowers Defense Against Repayment provision of the Higher Education Act of 1965.

**Enforcement Actions (Please see the attached document, California State Laws Violated by ITT Technical Institute / California Enforcement Actions.)**

It wasn't until the 2012 Senate investigation that the above facts became clear to me that I was defrauded by ITT Technical Institute. Since that time, I have been gathering information to support my claim. Here is a portion of the 2012 Senate Investigation that sheds light on exactly how ITT Technical Institute conducted business.

In 2005, ITT paid \$730,000 to settle a lawsuit with the State of California in which employees charged that the company had inflated students grade point averages so that they qualified for more financial aid from the State of California. California's Cal Grant program requires students to have a certain grade point average to be eligible for financial aid. ITT acknowledged that their actions resulted in 49 students receiving larger financial aid awards through the State Cal Grant program than they otherwise would have received.

On May 18, 2012, ITT received a Civil Investigative Demand from the U.S. Consumer Financial Protection Bureau. The purpose of the investigation is, in part, "to determine whether for-profit postsecondary companies, student loan origination and servicing providers, or other unnamed persons have engaged or are engaging in unlawful acts or practices relating to the advertising, marketing, or origination of private student loans."

ITT is one of the most expensive companies examined by the committee, and it is not clear that the value of the education justifies the cost. The cost of attending ITT is so high that the company has created its own loan program to enable students to borrow money in excess of Federal lending limits.

While the retention rates for both the Associate and the Bachelor's program are slightly better than average, the company has a high rate of student loan default, with 26 percent of students defaulting within 3 years of entering repayment. This likely reflects the high cost of the programs offered, and an inability on the part of some students to find jobs that allow them to repay the debt they incur.

The company makes this work by utilizing some of the most disturbing recruiting tactics among the companies examined, and by taking very creative approaches to complying with the 90/10 limitation on revenue received from Federal financial aid programs.

Meanwhile, the company devotes the largest share of revenue to profit of any company analyzed at 37 percent. Taken together, these issues cast serious doubt on the notion that ITT's students are receiving an education that affords them adequate value relative to the cost, and calls into question the \$1.1 billion investment American taxpayers made in the company in 2010. **(2012 Senate investigation)**

\* Did you choose to enroll in your school based in part on the issues you describe above? **Yes**

## SECTION V. FORBEARANCE/STOPPED COLLECTIONS

If you are not currently in default on your federal student loans, you may request to have them placed into forbearance status while your application is under review. Forbearance means that you do not have to make loan payments and your loans will not go into default. Forbearance will continue until the borrower defense review process of your application is completed. Your servicer will notify you when your loans have been placed into forbearance status.

If your federal student loans are in default, you may request to have debt collection on your loan stopped ("stopped collections status"). This means that the federal government or debt collection companies will stop attempting to collect on the loans, including by not withholding money from your wages or income tax refunds. Stopped collections status will continue until the borrower defense review process of your application is completed.

Please see the "Common Questions and Answers Regarding Forbearance/Stopped Collections" section on the Borrower Defense website (<https://studentaid.ed.gov/borrower-defense>) if you have any questions regarding choosing to enter forbearance or stopped collections.

Note that interest will continue to accumulate on federal loans regardless of what status they are in, including subsidized loans. If your application for borrower defense is denied, or partially approved, the total amount you owe on those loans may be higher.

PLEASE NOTE: You do not have to place your loans in forbearance or stopped collections to apply for borrower defense relief.

For the most current information with regard to your rights and obligations regarding forbearance and stopped collections, please visit the Borrower Defense website at <https://studentaid.gov/borrower-defense>.

\* Are you requesting forbearance/stopped collections?

**Yes**, I want all of my federal loans currently in repayment to be placed in forbearance and for collections to stop on any loans in default while my borrower defense application is reviewed. During this time period, I understand that interest will continue to accrue.

☐ No, I do not want all of my federal loans currently in repayment to be placed in forbearance and for collections to stop on any loans in default while my borrower defense application is reviewed. During this time period, I understand that interest will continue to accrue and that I must continue to make loan payments.

If you do not select one of the options immediately above, your federal loans currently in repayment will automatically be placed into forbearance and collections will stop for any defaulted loans, and the Department will request forbearance for any commercially held Federal Family Education Loan (FFEL) program loans currently in repayment and for debt collection to stop for any defaulted, commercially held FFEL program loans that you have currently (as applicable).



## SECTION VI. CERTIFICATION

By signing this attestation, I certify that:

All of the information I provided is true and complete to the best of my knowledge. Upon request, I agree to provide to the U.S. Department of Education information that is reasonably available to me that will verify the accuracy of my completed attestation.

I agree to provide, upon request, testimony, a sworn statement, or other documentation reasonably available to me that demonstrates to the satisfaction of the U.S. Department of Education or its designee that I meet the qualifications for borrower defense.


I certify that I received proceeds of a federal loan, in whole or in part, to attend the school/campus identified in Section II (above).

I understand that if my application is approved and some or all of my loans are forgiven, I am assigning to the U.S. Department of Education any legal claim I have against the school for those forgiven loans. By assigning my claims, I am effectively transferring my interests in any claim that I could make against the school relating to the forgiven loans (including the ability to file a lawsuit over those forgiven loans and any money ultimately recovered in compensation for those forgiven loans in court or other legal proceedings) to the U.S. Department of Education. I am not assigning any claims I may have against the school for any other form of relief—including injunctive relief or damages related to private loans, tuition paid out-of-pocket, unforgiven loans, or other losses.

I understand that the U.S. Department of Education has the authority to verify information reported on this application with other federal or state agencies or other entities. I authorize the U.S. Department of Education, along with its agents and contractors, to contact me regarding this request at the phone number above using automated dialing equipment or artificial or prerecorded voice or text messages.

I understand that any rights and obligations with regard to borrower defense to repayment are subject to the provisions currently in effect under Title 34 of the Code of Federal Regulations.

I understand that if I purposely provided false or misleading information on this application, I may be subject to the penalties specified in 18 U.S.C. § 1001, including fines. I understand that I may be asked to confirm the truthfulness of the statements in this application to the best of my knowledge under penalty of perjury.

Signature 

Date: **December 31, 2017**

Submit this form and any additional documents you believe will help us review your application by email to [FSAOperations@ed.gov](mailto:FSAOperations@ed.gov) or by mail to: U.S. Department of Education, PO Box 429060, San Francisco, CA 94142.

## Privacy Act Notice

The Privacy Act of 1974 (5 U.S.C. 552a) requires that the following notice be provided to you: The authorities for collecting the requested information from and about you are §421 et seq., §451 et seq. and §461 et seq. of the Higher Education Act of 1965, as amended (20 U.S.C. 1071 et seq., 20 U.S.C. 1087(a) et seq., and 20 U.S.C. 1087(a) et seq., and the authorities for collecting and using

your Social Security Number (SSN) are §428B(f) and §484(a)(4) of the HEA (20 U.S.C. 1078-2(f) and 20 U.S.C. 1091(a)(4) and 31 U.S.C. 7701(b). Participating in the William D. Ford Federal Direct Loan (Direct Loan) Program, the Federal Family Education Loan (FFEL) Program, or the Federal Perkins Loan (Perkins Loan) Program, and giving us your SSN are voluntary, but you must provide the requested information, including your SSN, to participate. The principal purposes for collecting the information on this form, including your SSN, are to verify your identity, to determine your eligibility to receive a loan or a benefit on a loan (such as a deferment, forbearance, discharge, or forgiveness) under the Direct Loan Program, FFEL, or Perkins Loan Programs, to permit the servicing of your loan(s), and, if it becomes necessary, to locate you and to collect and report on your loan(s) if your loan(s) becomes delinquent or defaults. We also use your SSN as an account identifier and to permit you to access your account information electronically. The information in your file may be disclosed, on a case-by-case basis or under a computer matching program, to third parties as authorized under routine uses in the appropriate systems of records notices. The routine uses of this information include, but are not limited to, its disclosure to federal, state, or local agencies, to private parties such as relatives, present and former employers, business and personal associates, to consumer reporting agencies, to financial and educational institutions, and to guaranty agencies in order to verify your identity, to determine your eligibility to receive a loan or a benefit on a loan, to permit the servicing or collection of your loan(s), to enforce the terms of the loan(s), to investigate possible fraud and to verify compliance with federal student financial aid program regulations, or to locate you if you become delinquent in your loan payments or if you default. To provide default rate calculations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to state agencies. To provide financial aid history information, disclosures may be made to educational institutions. To assist program administrators with tracking refunds and cancellations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal or state agencies. To provide a standardized method for educational institutions to efficiently submit student enrollment statuses, disclosures may be made to guaranty agencies or to financial and educational institutions. To counsel you in repayment efforts, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal, state, or local agencies. In the event of litigation, we may send records to the Department of Justice, a court, adjudicative body, counsel, party, or witness if the disclosure is relevant and necessary to the litigation. If this information, either alone or with other information, indicates a potential violation of law, we may send it to the appropriate authority for action. We may send information to members of Congress if you ask them to help you with federal student aid questions. In circumstances involving employment complaints, grievances, or disciplinary actions, we may disclose relevant records to adjudicate or investigate the issues. If provided for by a collective bargaining agreement, we may disclose records to a labor organization recognized under 5 U.S.C. Chapter 71. Disclosures may be made to our contractors for the purpose of performing any programmatic function that requires disclosure of records. Before making any such disclosure, we will require the contractor to maintain Privacy Act safeguards. Disclosures may also be made to qualified researchers under Privacy Act safeguards.

## **Paperwork Reduction Act Notice**

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless such collection displays a valid OMB control number. The valid OMB control number for this information collection is 1845-0146. Public reporting burden for this collection of information is estimated to average 1 hour per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The obligation to respond to this collection is required to obtain or retain a benefit (20 U.S.C. 1087e(h)). If you have comments or concerns regarding the status of your individual submission of this application, please contact [FSASOperations@ed.gov](mailto:FSASOperations@ed.gov).

# Exhibit B

[REDACTED]

[REDACTED]

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To: [REDACTED]

11/11/2016

Dear ROLAND Cardoza:

The U.S. Department of Education (ED) has completed its review of your application under the applicable Borrower Defense to Repayment regulations for discharge of your William D. Ford Federal Direct Loans (Direct Loans) made in connection with your or your child's enrollment at ITT Technical Institute. "You" as used here should be read to include your child if you are a Direct PLUS Loan borrower who requested a discharge for loans taken out to pay for a child's enrollment at ITT Technical Institute. ED has determined that your application is ineligible for relief based on review of the facts of your claim and the regulatory criteria

for relief; this decision means that your Direct Loans will not be discharged. ED explains the reasons below.

### **Applicable Law**

For Direct Loans first disbursed prior to July 1, 2017, a borrower may be eligible for a discharge (forgiveness) of part or all of one or more Direct Loans if the borrower's school engaged in acts or omissions that would give rise to a cause of action against the school under applicable state law. See § 455(h) of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1087e(h), and 34 C.F.R. § 685.206(c) and 685.222 (the Borrower Defense regulations). ED recognizes a borrower's defense to repayment of a Direct Loan only if the cause of action directly relates to the Direct Loan or to the school's provision of educational services for which the Direct Loan was provided. 34 C.F.R. §§685.206(c)(1), 685.222(a)(5); U.S. Department of Education, Notice of Interpretation, 60 Fed. Reg. 37,769 (Jul. 21, 1995).

### **Why was my application determined to be ineligible?**

ED reviewed your borrower defense claims based on any evidence submitted by you in support of your application, your loan data from National Student Loan Data System (NSLDS®), and evidence provided by other borrowers.

#### **Allegation 1: Employment Prospects.**

You allege that ITT Technical Institute engaged in misconduct related to Employment Prospects. This allegation fails for the following reason(s): Failure to State a Legal Claim.

Your claim for relief on the basis therefore is denied.

#### **Allegation 2: Program Cost and Nature of Loan.**

You allege that ITT Technical Institute engaged in misconduct related to Program Cost and Nature of Loan. This allegation fails for the following reason(s): Failure to State a Legal Claim.

Your claim for relief on the basis therefore is denied.

#### **Allegation 3: Transferring Credits.**

You allege that ITT Technical Institute engaged in misconduct related to Transferring Credits. This allegation fails for the following reason(s): Insufficient Evidence.

Your claim for relief on the basis therefore is denied.

#### **Allegation 4: Career Services.**

You allege that ITT Technical Institute engaged in misconduct related to Career Services. This allegation fails for the following reason(s):  
Insufficient Evidence.

Your claim for relief on the basis therefore is denied.

Allegation 5: Educational Services.

You allege that ITT Technical Institute engaged in misconduct related to Educational Services. This allegation fails for the following reason(s):  
Insufficient Evidence.

Your claim for relief on the basis therefore is denied.

**What evidence was considered in determining my application's ineligibility?**

We reviewed evidence provided by you and other borrowers who attended your school. Additionally, we considered evidence gathered from the following sources:

Consumer Financial Protection Bureau (CFPB)  
Evidence obtained by the Department in conjunction with its regular oversight activities  
IA Attorney General's Office  
MA Attorney General's Office  
NM Attorney General's Office

Transcript of Testimony of ITT Tech Recruiter before the National Advisory Council on Institutional Quality and Integrity (NACIQI) (June 23, 2016).

Materials compiled by ITT Tech's accreditor, the Accrediting Council for Independent Colleges and Schools (ACICS).

Materials compiled by non-profit group, Veterans Education Success (VES).

Materials prepared by ITT Educational Services, Inc.

**What if I do not agree with this decision?**

If you disagree with this decision, you may ask ED to reconsider your application. To submit a request for reconsideration, please send an email with the subject line "Request for Reconsideration [REDACTED]" to [BorrowerDefense@ed.gov](mailto:BorrowerDefense@ed.gov) or mail your request to U.S. Department of Education, P.O. Box 1854, Monticello, KY 42633. In your Request for Reconsideration, please provide the following information:

1. Which allegation(s) you believe that ED incorrectly decided;
2. Why you believe that ED incorrectly decided your borrower defense to repayment application; and
3. Identify and provide any evidence that demonstrates why ED should approve your borrower defense to repayment claim under the applicable law set forth above.



ED will not accept any Request for Reconsideration that includes new allegations. If you wish to assert allegations that were not included in your application, please see the following section. Additionally, your loans will not be placed into forbearance unless your request for reconsideration is accepted and your case is reopened. Failure to begin or resume repayment will result in collection activity, including administrative wage garnishment, offset of state and federal payments you may be owed, and litigation. For more information about the reconsideration process, please contact our borrower defense hotline at 1-855-279-6207 from 8 a.m. to 8 p.m. Eastern time (ET) on Monday through Friday.

### **Can I apply for borrower defense if I have additional claims?**

If you wish to file a new application regarding acts or omissions by the school other than those described in borrower defense application [Case Number], please submit an application at [StudentAid.gov/borrower-defense](https://StudentAid.gov/borrower-defense). In the new application, you should explain in the relevant section(s) the basis for any new borrower defense claim(s) and submit all supporting evidence.

### **What should I do now?**

Because your borrower defense to repayment application was found to be ineligible, you are responsible for repayment of your loans. ED will notify your servicer(s) of the decision on your borrower defense to repayment application within the next 15 calendar days, and your servicer will contact you within the next 30 to 60 calendar days to inform you of your loan balance. Further, if any loan balance remains, the loans will return to their status prior to the submission of your application. If your loans were in forbearance as a result of your borrower defense to repayment application, the servicer will remove those loans from forbearance. **\*See COVID-19 Note below.**

If your loans are in default and are currently in stopped collections, your loans will be removed from stopped collections. Failure to begin or resume repayment could result in collection activity such as administrative wage garnishment, offset of state and federal payments that you may be owed, and litigation. **\*See COVID-19 Note below.**

While normally interest would not be waived for unsuccessful borrower defense applications, given the extended period of time it took ED to complete the review of this application, the Secretary is waiving any interest that accrued on your Direct Loans from the date of the filing of your borrower defense application to the date of this notification. Your servicer will provide additional information in the coming months regarding the specific amount of interest adjusted. **\*See COVID-19 Note below.**

**\*COVID-19 Note:** On March 27, 2020, the president signed the *CARES Act*, which, among other things, provides broad relief in response to the coronavirus disease 2019 (COVID-19) for federal student loan borrowers whose loans are owned by ED. For the period March 13, 2020, through September 30, 2020, the interest rate on the loans will be 0% and no payments will be required. During this same period for defaulted borrowers, all proactive collection activities, wage garnishments, and Treasury offsets will be stopped. Your federal loan servicer will answer any questions you have about your specific situation. In addition, Federal Student Aid's COVID-19 information page for students, borrowers, and parents is located at [StudentAid.gov/coronavirus](https://StudentAid.gov/coronavirus). Please visit the page regularly for updates.

### **What if I have another pending borrower defense application?**

If you have additional pending borrower defense to repayment applications, this information applies to you:

- If your loans associated with an additional borrower defense to repayment application that is still pending are in forbearance or another status that does not require you to make payments, your loans will remain in forbearance or that other status. Similarly, if your loans associated with that borrower defense application are in default and you are currently in stopped collections, those loans will remain in stopped collections.
- If you are unsure if you have additional pending applications, or if you would like to check on the status of your loans associated with an additional application, contact our borrower defense hotline at 1-855-279-6207 from 8 a.m. to 8 p.m. ET on Monday through Friday.

ED offers a variety of loan repayment options, including the standard 10-year repayment plan, as well as extended repayment, graduated repayment, and income-driven repayment plans. For more information about student loan repayment options, visit [StudentAid.gov/plans](https://studentaid.gov/plans). If you have questions about the status of your loans or questions about repayment options, please contact your servicer(s). If you do not know the name of your federal loan servicer, you may go to [StudentAid.gov](https://studentaid.gov) to find your servicer and view your federal loan information.

Sincerely,

U.S. Department of Education  
Federal Student Aid