

Effective Date: March 4, 2013

PURPOSE

The purpose of this Conflict of Interest Policy is to prohibit conflicts of interest in arrangements between Vatterott Education Centers, Inc. ("Vatterott"), or postsecondary institutions owned and operated by Vatterott, and education loan lenders. Individuals employed by Vatterott to administer student financial aid programs are required to perform their duties with exceptional professionalism, honesty, and integrity, and without conflict of interest, consistent with Vatterott's *Financial Aid Personnel Code of Conduct*.

This Policy supersedes all prior policies relating to conflicts of interest in education loan arrangements between Vatterott and education loan lenders.

DEFINITIONS

Conflict of Interest: A conflict of interest exists when an employee's financial interests or other opportunities for personal benefit may compromise, or reasonably appear to compromise, the independence of judgment with which the employee performs his or her responsibilities at Vatterott.

Opportunity pool loan: A private education loan made by a lender to a student attending Vatterott or the family member of such a student that involves a payment, directly or indirectly, by Vatterott of points, premiums, additional interest, or financial support to such lender for the purpose of such lender extending credit to the student or the family.

Private education lender: A financial institution, as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813) that solicits, makes, or extends private education loans; a Federal credit union, as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752) that solicits, makes, or extends private education loans; or any other person engaged in the business of soliciting, making, or extending private education loans.

Private education loan: A loan provided by a private educational lender that is not a Title IV loan and is issued expressly for postsecondary educational expenses to a borrower, regardless of whether the loan is provided through the educational institution that the student attends or directly to the borrower from the private educational lender. An extension of credit under an open end consumer credit plan, a reverse mortgage transaction, a residential mortgage transaction, or any other loan that is secured by real property or a dwelling is not considered a private education loan.

Revenue-sharing arrangement: An arrangement between Vatterott and a lender under which (a) a lender provides or issues a loan to students attending Vatterott or to their families; and (b) Vatterott recommends the lender or the loan products of the lender and in exchange, the lender pays a fee or provides other material benefits, including revenue or profit sharing, to Vatterott or its employees.

POLICY

Revenue-Sharing Arrangements

Vatterott will not enter into any revenue-sharing arrangement with any lender.

Interaction with Borrowers

In connection with the Federal Direct Loan Program, Vatterott may assign a first-time borrower's

federal loan to the Federal Government as the lender. Under no circumstances will Vatterott assign a student's private education loan to a particular lender, or refuse to certify or delay certification of any private loan, based upon the borrower's selection of lender.

Private Education Loans

Vatterott will not request or accept from any lender any offer of funds to be used for private education loans, including funds for an opportunity pool loan, to students in exchange for Vatterott providing concessions or promises regarding providing the lender with a preferred lender arrangement.

Private Education Loan Packaging

Vatterott will not permit the packaging of private educational loans in financial aid packages, unless the borrower is ineligible for financing, is not eligible for any additional funding, or has exhausted the limits of loan eligibility, under Title IV of the federal Higher Education Act of 1965, as amended, or has not filled out a Free Application for Federal Student Aid, and the packaging of the private educational loans is clearly and conspicuously disclosed to the borrower prior to acceptance of the package by the borrower. The provisions of this subsection shall not apply if the borrower does not desire or refuses to apply for a loan under Title IV of the federal Higher Education Act of 1965.

Co-Branding

Vatterott will not permit a private educational lender to use Vatterott's name, emblem, mascot, logo, or any other words, pictures, or symbols associated with Vatterott to imply endorsement of private educational loans by that lender.

Staffing Assistance

Vatterott will not request or accept from any lender any assistance with call center staffing or financial aid office staffing. Nothing in this section, however, prevents Vatterott from accepting assistance from a lender related to (i) professional development training for its staff; (ii) providing educational counseling materials, financial literacy materials, or debt management materials to borrowers, provided that such materials disclose to borrowers the identification of any lender that assisted in preparing or providing such materials; or (iii) staffing services on a short-term, nonrecurring basis to assist Vatterott with financial aid-related functions during emergencies, including State-declared or federally declared natural disasters, federally declared national disasters, and other localized disasters and emergencies identified by the Secretary of the U.S. Department of Education.