

1 KAMALA D. HARRIS
Attorney General of California
2 NICKLAS A. AKERS
Senior Assistant Attorney General
3 NICHOLAS G. CAMPINS (SBN 238022)
DAVID A. JONES (SBN 250287)
4 Deputy Attorneys General
1515 Clay Street, Suite 2100
5 Oakland, CA 94612
Telephone: (510) 622-2060
6 Fax: (510) 622-2270
E-mail: Nicholas.Campins@doj.ca.gov
7 *Attorneys for* THE PEOPLE OF THE STATE OF
CALIFORNIA
8

**ELECTRONICALLY
FILED**
*Superior Court of California,
County of San Francisco*
03/15/2016
Clerk of the Court
BY: CAROL BALISTRERI
Deputy Clerk

9 SUPERIOR COURT OF THE STATE OF CALIFORNIA
10 COUNTY OF SAN FRANCISCO
11
12

13 THE PEOPLE OF THE STATE OF
14 CALIFORNIA,

Plaintiff,

15 v.
16

17 HEALD COLLEGE, LLC; Et. Al.
18

Defendants.
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Case No. CGC-13-534793

**EXHIBITS 158-166 TO
DECLARATION OF NANCY QUACH,
AGPA, IN SUPPORT OF
PLAINTIFF'S APPLICATION FOR
ENTRY OF DEFAULT JUDGMENT
AGAINST ALL DEFENDANTS**

Assigned to Hon. Curtis E.A. Karnow

Department 304

Hearing Date/Time: March 22, 2016 at 9:00
AM

Date Action Filed: October 10, 2013

Trial Date: None Set

EXHIBIT 158

1 BEFORE THE DEPARTMENT OF JUSTICE

2 OFFICE OF THE ATTORNEY GENERAL - STATE OF CALIFORNIA

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5 In the Matter of the)
6 Investigation of:)
7 FOR-PROFIT EDUCATIONAL)
8 INSTITUTIONS.)
9)
10)

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14 CONFIDENTIAL SWORN WITNESS STATEMENT

15 PAULA RAMIREZ

16 Salinas, California

17 Tuesday, November 12, 2013

18
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23
24 Reported by: Judie A. Nicholas
25 CSR No. 12229
NDS Job No.: 158837

1 Q. Was this at that first meeting you had at
2 Heald?

3 A. Yeah.

4 Q. Did you ever receive as much they told you you
5 would receive?

6 A. I waited about another six months before they
7 gave me a check for \$3,000, which I ended up buying my
8 glasses with, because I could never see the board, I
9 could never see anything. I was pretty much blinder
10 than a bat.

11 Q. Did you have a loan through Genesis?

12 A. Yes, now I do. It's about 1,026 and some
13 cents.

14 Q. When did you sign up for that loan?

15 A. About a month and a half ago, so it would be
16 before October -- September.

17 Q. And why did you get that loan?

18 A. They told me that because I had left before, I
19 had an outstanding balance of almost a thousand dollars.

20 Q. Who was they?

21 A. The financial advisors.

22 Q. How did they tell you this? Was it in person
23 or not?

24 A. They locked me out and forced me to go upstairs
25 to speak with them.

1 Q. They locked you out of what?

2 A. The computers, which is very important to use
3 in school.

4 Q. Were you an online student at the time?

5 A. I was an on-campus student with online classes
6 as well.

7 Q. When you were locked out at the -- out of the
8 computer system, could you use any online services?

9 A. Not in campus -- on campus, but I could at home
10 for the online classes. That was it.

11 Q. Did they tell you anything about interest rates
12 for the Genesis loan?

13 A. They said if I had good enough credit, or if I
14 had added a co-signer, the interest rate would be a lot
15 lower, but because of all of the previous debt, I'm
16 paying 8.9 in interest.

17 Q. Did they tell you the interest rate would be
18 8.9 at the time you signed up for the loan?

19 A. Actually, if -- I would have horrible credit,
20 yes, it would be a 9.1, but nobody has horrible credit,
21 which I was lied to, because later other that day I
22 figured out I really did.

23 Q. I'm sorry, so they told you if you have
24 horrible credit it could be 9.1, but that nobody has --

25 A. Nobody has such horrible credit.

1 Q. You mentioned co-signers.

2 A. Yes. She asked me how I wanted to pay for the
3 outstanding balance, if I had a credit card with me, and
4 I kind of laughed and said "You're kidding." She asked
5 me why. I said, "I can't afford a credit card."

6 I was -- I hadn't even gone back to work yet.
7 My son had just barely been born, and I thought that
8 getting a career would be better, but it turned out --
9 she said if I wanted a lower interest rate, that I had
10 to get my boyfriend or my mom or a family member to
11 co-sign for me, that I had to do it if I wanted to get a
12 lower interest.

13 Q. And did you get a co-signer for the loan?

14 A. No.

15 Q. Were there other instances where anyone at the
16 school pressured you to get a co-signer for the loan?

17 A. They're still pressuring for it.

18 Q. How so?

19 A. Because a thousand dollars out of my pocket
20 immediately is very difficult for me to get. They said
21 the financial advisors told me you need a co-signer.
22 You want this to go lower, you need a co-signer. I
23 repeatedly told them I did not have a co-signer. I was
24 not going to attach anybody to my personal debt, and
25 they kept asking me why, why do I want to put myself

1 through this.

2 Q. When you signed up for this Genesis loan, did
3 they tell you about payments you have to make in school
4 versus out of school?

5 A. Actually, no. They never told me anything --
6 if I had to do -- on campus or out of campus. They just
7 told me go to a website, it will tell you where to go.
8 Never told me where to go, never told me where on the
9 website.

10 Q. Were you ever pulled out of class to deal with
11 billing or financial aid issues?

12 A. They would lock me out to pull me out of class.
13 They would leave a message on there saying --

14 Q. I'm sorry, on where?

15 A. When I would try to log onto the computer, it
16 would let me in -- into the system, a window would pop
17 up on the screen, it would say "Go to Financial Aid. Go
18 speak to" somebody. It could be anybody.

19 When I was locked out -- this happened actually
20 six times within this last quarter.

21 Q. How long ago was that?

22 A. Last quarter, which was the April quarter
23 actually. April quarter I kept constantly getting
24 locked out.

25 Q. This is April 2013?

1 A. 2013, yes, sir.

2 Q. How much do you currently owe for your
3 education right now?

4 A. Previously about 40. Now it's another 40.

5 Q. I'm sorry?

6 A. I would say maybe about 60 to 80 grand. That's
7 a lot. I'm not proud of it.

8 Q. Did you ever have any issues with Heald telling
9 you you owed more money than you thought you did?

10 A. One more time.

11 Q. Did you ever have any issues with Heald saying
12 that you owed more money than you thought you did?

13 A. Well, the tuition is continuously rising. It
14 goes up and down, which is really confusing because
15 they're requesting that we give more money -- that we
16 ask for more money.

17 Considering I have to take out a personal loan,
18 it is becoming more of a debt to me, so, yes, when they
19 do ask me for more money, tell me I owe more money, they
20 just lock the computer and request more money from the
21 personal loan.

22 Q. Have you ever had to pay for fees that you did
23 not expect?

24 A. They said they would attach it, which is the
25 financial aid people, that they would attach it over to

EXHIBIT 159

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5 In the Matter of the)
Investigation of:)
6)
FOR-PROFIT EDUCATIONAL)
7 INSTITUTIONS.)
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14 CONFIDENTIAL SWORN WITNESS STATEMENT

15 SUSAN RODRIGUEZ

16 Salinas, California

17 Wednesday, November 13, 2013

18
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23
24 Reported by: Katherine E. Lauster
CSR No. 1894
25 NDS Job No.: 158656

1 jobs?

2 A. About a year.

3 Q. So you were unemployed, looking for work for
4 one year after you graduated from the business and
5 accounting. During this time you were also pursuing
6 your AA. Then you worked for about one year in temp
7 jobs, making about \$9 to \$11 an hour in short-term --

8 A. Correct.

9 Q. And then what happened next?

10 A. Then I -- a friend of mine who is -- who does
11 medical billing and coding, she told me that that's a
12 good career to go for, because you would be making a lot
13 of money.

14 So I said okay, I looked into it, and it
15 sounded interesting to me, and I went for it. I went
16 and I enrolled in the medical billing and coding.

17 Q. How long after you completed your AA did you
18 re-enroll in the medical billing and coding program?

19 A. I would say maybe two, three months later.

20 Q. And did you sign up for financial aid?

21 A. Yes, I did.

22 Q. Did you take out a Genesis loan at any time?

23 A. Yes, I did.

24 Q. How many Genesis loans do you have?

25 A. One.

1 Q. And can you tell me how you came to sign up
2 for that loan?

3 A. What had happened was it -- my student loan
4 basically got maxed out. And so I had one quarter left,
5 you know, in order for me to graduate, and so I didn't
6 have money. So my advisor said -- I told her, "Well,
7 I'm going to have to drop out, because I don't have the
8 money to continue."

9 Q. And at this time you were in the medical
10 billing program?

11 A. Correct. So she suggested that I do what is
12 called Genesis. And so I was a grand short, so that's
13 how much the Genesis loan was for. It was for \$1,000.

14 Q. And were you ever pulled out of class or have
15 your computer access shut down because you owed money to
16 the school?

17 A. Yes.

18 Q. Can you tell me about that?

19 A. I had owed money to the school, and I for- --
20 I had forgotten about it. And so when I didn't pay it,
21 they told me -- they locked me out, basically. So
22 basically what I had to do was -- I didn't owe very
23 much.

24 Q. Do you remember how much you owed?

25 A. I think it was, like, 100 bucks.

1 Q. Do you remember when this was?

2 A. No, I don't remember. But I went ahead and I
3 paid it, and then they reinstated me.

4 Q. Did that disrupt your education at all?

5 A. Yeah. Well, for one day. For one day.

6 Q. What sorts of jobs and what amount of salary
7 were you expecting to make, having graduated from the
8 medical billing and coding program?

9 A. I was expecting to work in the hospital. I
10 was expecting to work in a hospital. The amount of
11 money, I don't know. Maybe \$20 an hour.

12 Q. And did an enrollment advisor or any Heald
13 representative help you understand that?

14 A. No.

15 Q. Did a Heald representative say that you would
16 be able to work in a hospital? Making that kind of
17 money?

18 A. Yes.

19 Q. Do you remember who?

20 A. No, I don't remember who. I've talked to so
21 many people that I don't remember who.

22 Q. And have you been -- you've graduated from
23 that program?

24 A. Correct.

25 Q. And have you been able to find a job in a

EXHIBIT 160

GENESIS LOANS

Creating a financial plan for school
designed for you!



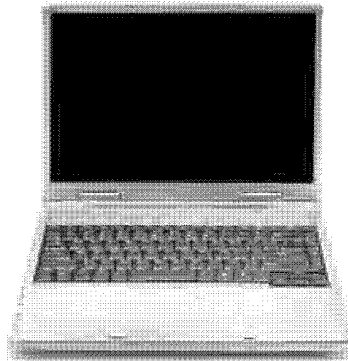
What is a Genesis Loan?

- A Genesis Loan is a private bank loan used to help you finance your remaining balance after you have applied for federal financial aid funding.
 - It is used to help you pay for your direct costs such as tuition, books and fees.
 - *Not used for personal expenses.*



How do I qualify for a Genesis Loan?

- We will walk you through the on-line application process during your financial aid appointment.
- It is beneficial to the student to apply with a co-signer.
 - Applying with a co-signer GUARANTEES a lower interest rate!



Benefits of applying with a co-signer

- A better (lower) interest rate is guaranteed with a co-signer.
- A credit-worthy co-signer could cut in-school payments, in some cases, by more than half.
- Any co-signer will improve a student's credit limit by at least \$500. A credit worthy co-signer may qualify a student for even higher credit limits.

What are the interest rates and fees?

FICO SCORE	Interest Rate Student Only	Interest Rate With Co-signer
775+	4.90%	2.90%
725 - 774	6.90%	4.90%
640 - 724	7.90%	5.90%
525 - 639	8.90%	6.90%
<525	9.90%	7.90%

ORIGINATION FEES	LOAN AMOUNT
3.0%	All Loans

What will my payments look like?

\$3500 Genesis Loan

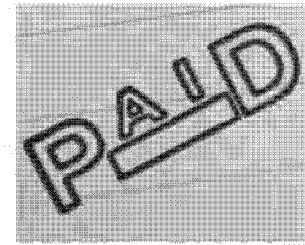
FICO SCORE	Interest Rate Student Only	In-School Interest Only Payment	Interest Rate With Co-signer	In-School Interest Only Payment
775+	4.90%	\$15	2.90%	\$8.88
725 - 774	6.90%	\$21.13	4.90%	\$15
640 - 724	7.90%	\$24.19	5.90%	\$18.06
525 - 639	8.90%	\$27.25	6.90%	\$21.13
<525	9.90%	\$30.31	7.90%	\$24.19

\$7000 Genesis Loan

FICO SCORE	Interest Rate Student Only	In-School Interest Only Payment	Interest Rate With Co-signer	In-School Interest Only Payment
775+	4.90%	\$30.01	2.90%	\$17.76
725 - 774	6.90%	\$42.25	4.90%	\$30.01
640 - 724	7.90%	\$48.38	5.90%	\$36.13
525 - 639	8.90%	\$54.50	6.90%	\$42.25
<525	9.90%	\$60.62	7.90%	\$48.38

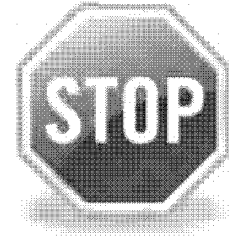
- Sample in-school repayment schedules
- What will your payment be after you leave school?
 - Payment estimator

How do payments work?



- Interest-only payments are due while you are in-school, and for a 90-day grace period after you finish school or leave.
- Principal and interest payments begin after the 90-days grace period.
- Monthly statements without payment coupon books.
- 24/7 online account access and online payments.
- Monthly reporting to all major credit bureaus of your credit history.
 - Paying your Genesis Loan on-time can help build good credit or help rehabilitate lower credit scores.

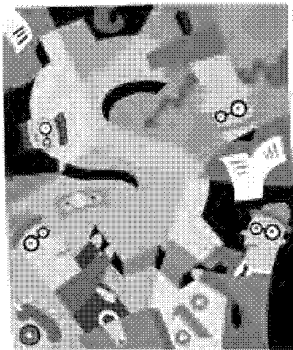
What happens if I don't pay?



- Negative affect on your credit score.
- \$25 fee for payments that are more than 10 days late
- \$25 fee for returned payments (non-sufficient funds, NSF)
- ***IF YOU HAVE PROBLEMS WITH YOUR PAYMENTS HEALD COLLEGE WANTS TO HELP YOU!!***

Who can help me if I have questions about or can't pay my Genesis Loan?

- If you have questions about your Genesis Loan account you may visit the Business Office or the Financial Aid Office for help.
- If you are having trouble paying your Genesis Loan, you may visit the Business Office.
- You will get to see where the Business Office is today and meet with one of their team members!



***WE ARE HERE TO HELP YOU! LET'S
GET STARTED!***

EXHIBIT 161

Private Education Loan Approval Disclosure

BORROWER:

CREDITOR:

REDACTED

Liberty Bank, N.A.
25201 Chagrin Blvd, Ste 120
Beachwood, OH 44122
(888) 711-4307

Loan Rates & Estimated Total Costs

Total Loan Amount

\$4,235.70

The total amount you are borrowing.

Interest Rate

10.90 %

Your current Interest rate.

Finance Charge

\$1,612.45

The estimated dollar amount the credit will cost you.

Total of Payments

\$5,646.45

The estimated amount you will have paid when you have made all payments.

ITEMIZATION OF AMOUNT FINANCED

Amount paid to you	\$0.00
Amount paid to others on your Behalf: Wyotech - 274	+ \$4034.00
Amount Financed (total amount provided)	= \$4034.00
Initial finance charge Loan Origination Fee Not included in Amount Financed	+ \$201.70
Total Loan Amount	= \$4235.70

ABOUT YOUR INTEREST RATE

Your rate is fixed. This means that your rate will not change for the entire life of the loan.

Your Annual Percentage Rate (APR) is **12.82 %**

The APR is typically different than the Interest Rate since it considers fees and reflects the cost of your loan as a yearly rate. For more information about the APR, see reference notes.

FEES

Loan Origination Fee: 5.00 % of the loan amount

Late Charge: \$25 for each payment that is more than 10 days late.

Returned Payment Fee: \$25.

Estimated Repayment Schedule & Terms

LOAN TERM	MONTHLY PAYMENTS
	10.90 % the current interest rate of your loan
08/31/2012 - 07/14/2013 10 monthly payment(s) Enrollment Period Payment	\$40.07 * Your first payment may be higher to reflect interest accrued from the Loan Start Date to the first payment due date.
07/15/2013 - 07/13/2017 47 monthly payment(s) Post Enrollment Payment	\$109.29
07/14/2017 1 monthly payment Maturity Date	\$109.10

* While enrolled in school and at least 90 days following separation, monthly payments will be billed based on accrued interest at the time of billing and the projected interest through your payment due date. Payments received will be applied first to outstanding accrued interest as of the date your payment is posted, then to billed principal, then to any outstanding unpaid fees and then to outstanding principal. Payments posted to your account before or after your stated monthly due date may result in different monthly payment amounts.

Federal Loan Alternatives

Loan Program	Current Interest Rates by Program Type	
PERKINS for Students	5% fixed	
STAFFORD for Students	3.4% fixed	Undergraduate subsidized
	6.8% fixed	Undergraduate unsubsidized & Graduate
PLUS for Parents and Graduate / Professional Students	7.9% fixed	Federal Direct Loan

You may qualify for Federal education loans.

For additional information, contact your school's financial aid office or the Department of Education at:

www.federalstudentaid.ed.gov

Next Steps & Terms of Acceptance

This offer is good until:

08/22/2012

1. Find Out About Other Loan Options.

Contact your school's financial aid office for more information.

2. You Have Until **08/22/2012** to Accept this Offer

The terms of this offer will not change except as permitted by law.

To accept the Terms of this loan sign below or contact Liberty Bank's Service Provider at Genesis Lending Services, PO Box 460, Beaverton OR 97075-0460 or (888) 711-4307

X

(Signature)

(Date)

I have the right to accept the terms of this offer until the date listed above. By accepting this offer now, I understand and agree that I am waiving my right to the acceptance period. The terms of this offer will not change except as permitted by law.

REFERENCE NOTES

Fixed Interest Rate:

- * Your loan has a fixed Interest Rate of 10.90 %
- * The Interest Rate may be higher or lower than your Annual Percentage Rate (APR) because the APR considers certain fees you pay to obtain this loan, the Interest Rate, and whether you defer (postpone) payments while in school.

Bankruptcy Limitations

If you file for bankruptcy you may still be required to pay back this loan.

Repayment Options:

- * Make interest only payments but defer payments on the principal amount while enrolled in school and during the 90 day period immediately following separation from the School (the grace period).
- * You may elect to make payments greater than any monthly billed amount which may result in less finance charges being assessed over the life of the loan. More information about repayment deferral or forbearance options is available in your Liberty Bank Master Promissory Note.

Prepayments:

- * You may, at your option, prepay all or any part of the principal, interest and other charges early without penalty. You will not be entitled to a refund of part of the finance charge.

Please see your Liberty Bank Master Promissory Note for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

Liberty Bank, N.A. Credit Application and Promissory Note

Liberty Bank, N.A. Credit Application and Promissory Note			
*Requested Loan Amount:		\$4,034.00	
*Citizenship Status:	<input checked="" type="checkbox"/> U.S. Citizen / Eligible Non-citizen <input type="checkbox"/> Neither	Note ID:	962483
APPLICANT INFORMATION			
*Last Name	vidales	*First Name	antonio MI
*Date of Birth	11/08/1993	*Social Security Number	619681498
*Personal Reference	REDACTED	*Relationship	Other Relative
*Personal Reference		*Relationship	Other Relative
*Personal Reference		*Relationship	
*Contact Number		3106797199	
*Contact Number		8054444505	
*Contact Number			
Driver's License Number		Driver's License State	
ADDRESS INFORMATION			
<input type="checkbox"/> Own <input type="checkbox"/> Rent Does Applicant: <input checked="" type="checkbox"/> Other			
*Address	REDACTED	City	REDACTED
		State	DACT
		Zip	EDACTE
E-mail Address	REDACTED		
*Rent Amount	(Only disclose the amount you are responsible to pay) \$0.00 per month		
Landlord/Mortgage Holder		Landlord/Mortgage Holder Phone Number	
Mailing Address Apt. City State Zip (if different from above)			
EMPLOYMENT INFORMATION			
Current Employer	Phone Number	Occupation	From/To
	Monthly Income	Supervisor	-
** Additional Monthly Income (Any form or monthly benefit payments may be included. Spousal income may or may not be included.)** Income from alimony, child support, or separate maintenance payments need not be revealed if you do not want us to consider it as a basis for repayment.			
\$0.00			
Previous Employer	Phone Number	Occupation	From/To
	Monthly Income	Supervisor	-
Previous Employer	Phone Number	Occupation	From/To
	Monthly Income	Supervisor	-
* indicates required information.			
For California Applicants: If you are married, you may apply for a separate account.			
For Ohio Applicants: The Ohio laws against discrimination require that all creditors make credit equally available to all creditworthy customers and that credit reporting agencies maintain separate credit histories on each individual upon request. The Ohio civil rights commission administers compliance with this law.			
For Oregon Applicants: This is to notify you that a service charge will be computed on the outstanding balance for each period agreed upon. We will provide you the schedule or rate by which the service charge will be computed in your credit installment contract. You may at any time pay the total unpaid balance.			
For New York Applicants: This is to notify you that (i) a consumer report may be requested in connection with such application, and (ii) the applicant upon request will be informed whether or not a consumer report was requested, and if such report was requested, informed of the name and address of the consumer reporting agency that furnished the report.			

The School has informed the Student Applicant, and the Student Applicant is aware, that federal financial assistance (including grants and loans under Title IV) may be available and that federal loans may provide more advantageous terms to the Student Applicant than private loans and the credit sought in this application. Additionally, the School has informed the Student Applicant, and the Student Applicant is aware, that the Student Applicant should seek all available sources of financial aid, including financial aid from private sources and family, before applying for the credit sought in this application.

I understand and agree that when you receive my signed Note, you are not agreeing to lend me money. If you decide to make a loan to me, you will electronically transfer the loan funds to my School for me or mail a loan check made payable to my School for me. You have the right to (1) not make a Loan, (2) not make a disbursement on a Loan, or (3) lend an amount less than the Loan Amount Requested. I agree to accept an amount less than the Loan Amount Requested and to repay that portion of the Loan Amount Requested that you actually lend to me.

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT: AUTHORIZATION

I understand that in order to help the government fight the funding of terrorism and money laundering activities, federal law requires you to obtain, verify, and record information that identifies each person who opens an account. What this means for me: When I open an account, you will ask for my name, address, date of birth, and other information that will allow you to identify me. If I am submitting an account application in person, you may also ask to see my driver's license or other identifying documents. I hereby acknowledge that the above information is true and accurate to the best of my knowledge. I understand that you will retain this application whether or not it is approved. You or your assignees are authorized to check my credit history with any credit reporting agency or other creditor at the time of initial application and periodically after the approval of the application until full repayment of the loan. You may also check my employment history and answer questions about your credit experience with me. This authorization extends to any holder of the loan agreement if transferred in the future or any servicing agent as assigned by you. I authorize you to communicate the status of my credit application with the School, including without limitation, the approval or other action taken in response to my application. I agree that you may monitor and record telephone calls regarding my account to assure the quality of your service or for other reasons. Also expressly consent to you using prerecorded/artificial voice messages, text messages and/or automatic telephone dialing systems while servicing or collecting my account, as the law allows. In doing so, I agree that you may use any telephone number I provide you, even if that number is for a cellular telephone and/or your using the number results in charges to me.

Signature:

Date:

FOR SCHOOL USE ONLY

School Name: Wyotech - 274 School Number: 274 Program: Automotive, Diesel and Aircraft Technology

Type of payment plan requested: PLANC

Academic Year Charges \$: \$18,990.00 Anticipated Aid \$: \$14,956.00

Anticipated Enrollment Status: ☒ Full Time ☐ Half Time ☐ Less than Half Time

Years in School: ☒ 1st ☐ 2nd ☐ 3rd ☐ 4th

NSLDS Cleared ☒ Yes ☐ No Dependency Status ☐ Dependent ☒ Independent

Applicable Award Year Tax Return Filed ☐ Yes ☐ No ☒ NA Award Year: 0

Selective Service: (Males Only) ☒ Yes ☐ No ☐ N/A, Female ☐ N/A, Born prior to 1/1/1960

Student Start Date: 12/31/9999 Loan Start Date: 7/18/2012 Estimated Grad Date: 3/26/2013

I hereby certify that the student named in this application is attending this institution during the academic year for which this payment plan is applied. I further certify that, based upon our records available at this institution, the applicant is not in default on any student loan, and that the information provided above is true and accurate to the best of our knowledge and belief. I certify that the sum of all loans and financial aid, including this payment plan, does not exceed the cost of education at the institution.

Signature of School Official

Title

Print Name

Date

Phone Number

CO-SIGNER INFORMATION

*Last Name	REDACTED	*First Name	REDACTED	MI
*Date of Birth	REDACTED	*Social Security Number	REDACTED	
*Personal Reference	REDACTED	*Relationship	Other Relative	*Contact Number
*Personal Reference		*Relationship		*Contact Number
*Personal Reference		*Relationship		*Contact Number
Driver's License Number		Driver's License State		

CO-SIGNER ADDRESS INFORMATION

Does Applicant:	<input type="checkbox"/>	Own			
	<input type="checkbox"/>	Rent			
	<input checked="" type="checkbox"/>	Other			
*Address	REDACTED		City	REDACTED	
E-mail Address	REDACTED			*Alternate Phone No.	
*Rent Amount (Only disclose the amount you are responsible to pay) \$0.00 per month					
Landlord/Mortgage Holder			Landlord/Mortgage Holder Phone Number		
Mailing Address Apt. City State Zip (If different from above)					

CO-SIGNER EMPLOYMENT INFORMATION

Current Employer	Phone Number	Occupation	From/To
	Monthly Income	Supervisor	-
**Additional Monthly Income (Any form of monthly benefit payments may be included. Spousal Income may or may not be included.) ** Income from alimony, child support, or separate maintenance payments need not be revealed if you do not want us to consider it as a basis for repayment. \$0.00			
Previous Employer	Phone Number	Occupation	From/To
	Monthly Income	Supervisor	-
Previous Employer	Phone Number	Occupation	From/To
	Monthly Income	Supervisor	-

* Indicates required information.

For California Applicants: If you are married, you may apply for a separate account.

For Ohio Applicants: The Ohio laws against discrimination require that all creditors make credit equally available to all creditworthy customers and that credit reporting agencies maintain separate credit histories on each individual upon request. The Ohio civil rights commission administers compliance with this law.

For Oregon Applicants: This is to notify you that a service charge will be computed on the outstanding balance for each period agreed upon. We will provide you the schedule or rate by which the service charge will be computed in your credit installment contract. You may at any time pay the total unpaid balance.

For New York Applicants: This is to notify you that (i) a consumer report may be requested in connection with such application, and (ii) the applicant upon request will be informed whether or not a consumer report was requested, and if such report was requested, informed of the name and address of the consumer reporting agency that furnished the report.

I understand and agree that when you receive my signed Note, you are not agreeing to lend me money. If you decide to make a loan to me, you will electronically transfer the loan funds to my School for me or mail a loan check made payable to my School for me. You have the right to (1) not make a Loan, (2) not make a disbursement on a Loan, or (3) lend an amount less than the Loan Amount Requested. I agree to accept an amount less than the Loan Amount Requested and to repay that portion of the Loan Amount Requested that you actually lend to me.

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT; AUTHORIZATION

I understand that in order to help the government fight the funding of terrorism and money laundering activities, federal law requires you to obtain, verify, and record information that identifies each person who opens an account. What this means for me: When I open an account, you will ask for my name, address, date of birth, and other information that will allow you to identify me. If I am submitting an account application in person, you may also ask to see my driver's license or other identifying documents. I hereby acknowledge that the above information is true and accurate to the best of my knowledge. I understand that you will retain this application whether or not it is approved. You or your assignees are authorized to check my credit history with any credit reporting agency or other creditor at the time of initial application and periodically after the approval of the application until full repayment of the loan. You may also check my employment history and answer questions about your credit experience with me. This authorization extends to any holder of the loan agreement if transferred in the future or any servicing agent as assigned by you. I authorize you to communicate the status of my credit application with the School, including without limitation, the approval or other action taken in response to my application. I agree that you may monitor and record telephone calls regarding my account to assure the quality of your service or for other reasons. Also expressly consent to you using prerecorded/artificial voice messages, text messages and/or automatic telephone dialing systems while servicing or collecting my account, as the law allows. In doing so, I agree that you may use any telephone number I provide you, even if that number is for a cellular telephone and/or your using the number results in charges to me.

Co-Signer Signature:

Date:

Liberty Bank, N.A. Promissory Note

1. IDENTIFICATION OF TERMS AND PARTIES.

The term "Note" as used in this document refers to this Liberty Bank, N.A. Promissory Note and all of the terms and conditions set forth herein, including without limitation the Disclosure Statement, are part of this Note and are incorporated herein by this reference. In this Note, the words "I," "my," and "me" mean each person who signs this Note as Borrower or as Cosigner, jointly and severally, unless the applicable language specifically refers to only one or the other or specifies a different meaning. Furthermore, the words "you" and "your" and "yours" mean the Lender, as further defined in Section 2.

2. DEFINITIONS.

"Acceptance Period" means the thirty (30) calendar day period following the date on which I receive the Approval Disclosure Statement for the Loan disclosed therein.

"Application" means the written request that I make to you in such form as required by you for a Loan.

"Application and Solicitation Disclosure Statement" means the statement provided to me, which discloses, among other things, information about applicable Interest rates, fees, default, late payment costs, repayment terms, including an example of the total cost of a Loan based upon the maximum Interest rate offered by the Lender, as required by Regulation Z, and which is included on or with my Application.

"Approval Disclosure Statement" means the statement provided to me, which discloses, among other things, information specific to the applicable Loan approved by the Lender, as required by Regulation Z, and which is included on or with notice to me that the Lender has approved my Application.

"Business Day" means all calendar days except Sundays and legal Federal holidays.

"Cancellation Period" means the period during which I have the right to cancel a Loan, without penalty, which period expires at midnight of the third (3rd) Business Day following my receipt of the related Final Disclosure Statement.

"Cosigner Notice" means any applicable notice that describes the obligations of a Cosigner under this Note and that is signed by my Cosigner with respect to any Loan that I obtain subject to the terms of this Note.

"Disbursement Date" means the date that the Lender funds the applicable Loan in accordance with and subject to the terms and conditions of this Note, which in no event shall be prior to the date that I complete the applicable Self-Certification Form.

"Disclosure Statement" means, as applicable, an Application and Solicitation Disclosure Statement, Approval Disclosure Statement and/or Final Disclosure Statement, as required by Regulation Z, or such other disclosure statement that you may provide when a disclosure statement is not required by Regulation Z.

"Enrollment Period Payment" means, as applicable, the monthly payment I will make to the Lender as provided in the Final Disclosure Statement, which shall begin no less than twenty eight (28) calendar days following the Loan Start Date and continue monthly thereafter until the Full Repayment Start Date, and which shall be applied first to accrued Interest payable under this Note and then to the outstanding Principal.

"Final Disclosure Statement" means the statement that discloses information specific to my Loan including, among other things, my right to cancel the Loan during the Cancellation Period, as required by Regulation Z, which will be provided to me if I accept the Loan within the Acceptance Period.

"Full Repayment Start Date" means the earlier of: (i) the date specified in the Estimated Repayment Schedule and Terms, included in the Final Disclosure Statement, as the first date of the period corresponding to the Post-Enrollment Payment period provided, however, that such date may be extended, in the sole and absolute discretion of the School, if the School has agreed that the Student's date of graduation shall be a date other than the date recorded in the School's records as the Student's anticipated graduation date; and (ii) beginning at least 90 days after the Separation Date.

"Interest" means Interest that accrues at the applicable rate set forth in the applicable Disclosure Statement on the unpaid Principal balance of the Loan.

"Lender" means Liberty Bank, N.A., its successors and assigns, or any subsequent holder of this Note, unless the applicable language specifies a different meaning.

"Loan" means (i) each individual extension of credit disbursed under the terms of this Note plus Interest, and any other fees, charges, or amounts due and owing pursuant to the Note or (ii) in the case of a reamortization under Section 6 below, all Principal sums disbursed under the terms of this Note, plus Interest, and any other fees, charges, or amounts due and owing pursuant to the Note.

"Loan Amount Requested" means the amount of the Loan requested at the time of my related Application.

"Loan Start Date" means the later of (i) the date on which my Cancellation Period expires and (ii) the date which the School has reported as my educational program start date for the applicable Loan, which is set forth in the Self-Certification Form.

"Maturity Date" means the date the final Post Enrollment Payment is due as is disclosed in the applicable Disclosure Statement provided to me.

"Note" means this Liberty Bank, N.A. Promissory Note and as applicable, the Application, Disclosure Statements, and Cosigner Notices referenced herein, except as otherwise provided in any of the foregoing.

"Post Enrollment Payment" means the monthly payments disclosed in the applicable Disclosure Statement that I will make to the Lender beginning no less than twenty eight (28) calendar days following the Full Repayment Start Date and continuing thereafter until the Maturity Date.

"Principal" means the amounts disbursed to me or paid on my behalf under this Note; which shall include any fees and charges added to the Principal of the Loan pursuant to this Note, including the Loan Origination Fee described in Section 8 of this Note.

"Regulation Z" means the federal Truth-in-Lending Act, as implemented by the Federal Reserve Board's Regulation Z, 12 C.F.R. Part 226.

"Qualified Higher Educational Expenses" means educational expenses as defined in Section 221 of the Internal Revenue Code.

"School" means the educational institution identified on page 1 of the Application.

"Self-Certification Form" means the form signed by me in a written or electronic format setting forth information pursuant to Section 155 of the Higher Education Act of 1965, as amended, and Regulation Z.

"Separation Date" means the earlier of: (i) the date that I cease to be enrolled in School; and (ii) my date of graduation from the School, each as reflected in the School's records.

"Servicer" means a third party that has a contractual agreement to service the Note, including, but not limited to, invoicing and collecting payments under this Note.

"Student" means the person enrolled at the School and identified as the Borrower on the Application and the Note.

3. PROMISE TO PAY - IMPORTANT - READ THIS CAREFULLY.

I promise to pay to the order of Lender all Principal sums disbursed under this Note and, in addition, pay Interest as described in Section 7 of this Note, the Loan Origination Fee as described in Section 8 of this Note, late charges and returned payment fees, and any other collection costs that are permitted by applicable law, including without limitation, collection agency charges, reasonable attorneys' fees, and actual court costs (including fees and costs in bankruptcy court and in appellate courts). I understand that I will be liable to pay all of these amounts, in full, even if another person also signs this Note. I agree to make payments on the Loan in accordance with the applicable payment schedule even if I do not receive a bill or repayment notice. I will not sign this Note before reading the entire Note, even if I am told I am not required to read it. I am entitled to receive an exact copy of this Note.

4. WHEN BOUND; AUTHORITY NOT TO MAKE LOANS OR DISBURSEMENTS; RIGHTS TO ACCEPT OR CANCEL; RECEIPT OF MAILED DISCLOSURE STATEMENTS.

A. I understand that when you accept my signed Application and Note, you are not agreeing to lend me money and I am not bound by the terms and conditions set forth in this Note, and there is no such agreement until the Loan Start Date and you have funded the Loan. If you decide to make a Loan to me, I hereby authorize you at your option and on my behalf to either electronically transfer the Loan funds to my School for me or mail a check for the Loan proceeds made payable to my School for me. You have the right to not make the Loan or not make a disbursement on the Loan, as permitted by applicable law. Further, you have the right to lend an amount less than the Loan Amount Requested based upon a certification or other information received from the School or from me indicating that my cost of attendance at the School has decreased or other financial aid has increased, or based on my eligibility at the time of my request. I agree to accept an amount less than the Loan Amount Requested and to repay that portion of the Loan Amount Requested that you actually lend to me.

B. By signing this Note, and submitting it to the Lender, either directly or through the School or some other person, I am requesting that you make a Loan to me in the amount set forth on my related Application and on the terms and conditions set forth in this Note. If you approve this request and agree to make a Loan, you will provide me with an Approval Disclosure Statement, as required by law, in a written or electronic form, as applicable. After my receipt of the Approval Disclosure Statement, I have the right to accept the Loan terms at any time during the Acceptance Period or such other date provided on the Approval Disclosure Statement, whichever is later, by contacting you at the address or phone number set forth on the Approval Disclosure Statement.

C. Upon my acceptance of the Loan terms, as provided in Section 4.B. above, you will provide me with a Final Disclosure Statement, as required by law, in a written or electronic form, as applicable. The Final Disclosure Statement will include, among other things, my right to cancel the Loan, without penalty, at any time before the Cancellation Period expires.

D. In accordance with Regulation Z, wherever you mail to me any Disclosure Statement that is required to be provided to me under this Note or by law, I will be deemed to have received the applicable Disclosure Statement three (3) Business Days after the Lender places the applicable Disclosure Statement in the mail.

5. CERTIFICATION OF BORROWER; LOAN PURPOSE.

I declare under penalty of perjury under the laws of the United States of America that the following is true and correct. I certify that the information contained in my Application is true, complete and correct to the best of my knowledge and belief and is made in good faith. I certify, represent and warrant that the proceeds of my Loan will be used for educational purposes. I understand that I am responsible for repaying immediately any funds that I receive which are not to be used or which are not used for educational purposes. I hereby authorize the School, and if the School is closed, any third party such as a custodian, receiver, bankruptcy trustee or trustee for a performance bond or tuition recovery fund to pay to you any refund which may be due up to the amount of my Loan.

6. DISBURSEMENTS AND REAMORTIZATION.

Disbursements: Before you make the first disbursement for the Loan made hereunder, you will provide me with the Final Disclosure Statements that apply to each Loan in accordance with Regulation Z. You will not disburse any Loan funds on my behalf until after my Cancellation Period expires and my completion of the Self-Certification Form. I acknowledge that Lender will disburse my Loan either by (a) transmitting funds electronically to the School, to be applied to the Student's account or (b) by issuing a check made payable to the School. If a charge is imposed on Lender for the transfer of the funds to the School's financial institution account for my benefit, I agree to pay that charge when asked by Lender except where prohibited by law. If the School or I return all or part of any disbursement for whatever reason, Lender will apply any amount it receives to what I owe under this Note, and if I have paid Lender in full, Lender will then refund any excess to me.

I further authorize the School to pay the Lender or apply to the Loan, as applicable, any disbursed amount, which at any time, is in excess of the Student's tuition obligation to the School or which does not qualify as Qualified Higher Educational Expenses.

Reamortization: I agree that you may reamortize the amounts due under this Note. If you decide to do so, you shall provide me with the applicable Disclosure Statement setting forth the amount of the reamortized Loan and any additional terms of the reamortized Loan.

7. INTEREST.

Interest Begins Accruing at Loan Start Date: Interest accrues on the unpaid Principal balance of the Loan from the Loan Start Date until the date the Loan is repaid in full. The rate at which Interest accrues on the unpaid Principal is calculated at the fixed annual Interest rate set forth in my applicable Disclosure Statement and shall be computed on the basis of actual days elapsed and a 365.25 day year.

If I make my payment before it is due, less Interest will accrue. If I make my payment after it is due, more Interest will accrue. The amount of my final payment will depend on the amounts and dates of my payments. If my final payment is larger than my regular monthly payment of Principal and Interest, Lender, where required to do so by law, will allow me to make the final payment in multiples of the regular monthly payment amount due each month, until I have paid all that I owe.

Interest After Default: If I default, Interest will accrue after default at the same rate applicable to my Loan before default.

Interest After Judgment: If Lender obtains a judgment against me on this Note, Interest will accrue after judgment at the same rate applicable to my Loan after default and before judgment. If that rate is not permitted by law, Interest will accrue after judgment at the maximum rate permitted by law.

8. LOAN ORIGATION FEE.

I agree to pay Lender the loan origination fee set forth in the applicable Final Disclosure Statement (the "Loan Origination Fee") that is a percentage of my disbursed Loan (not including the amount of the Loan Origination Fee) on the Loan Start Date. At the time Lender disburses my Loan, Lender will add the Loan Origination Fee to the Principal of my Loan. The Loan Origination Fee is fully earned by Lender on the Loan Start Date and, except as may otherwise be required by law, will not be rebated if I prepay all that I owe under this Note or this Note is otherwise accelerated.

9. REPAYMENT.

Repayment Period: I will repay the Note as follows:

A. Enrollment Period Payment. On the same day of each month as disclosed in the applicable Disclosure Statement and on the same day of each month thereafter until the Full Repayment Start Date, I will pay the Enrollment Period Payment amount.

B. Post-Enrollment Period Payment. Beginning no less than twenty eight (28) calendar days following the Full Repayment Start Date and on the same day of each month thereafter until the Maturity Date, I will pay the Post-Enrollment Payment amount.

C. Maturity Date. On the Maturity Date, I understand and agree that the remaining outstanding Principal balance of the Loan and all accrued and unpaid Interest and fees shall be due and payable in full.

D. Making Payments. I understand and agree that payments must be made in U.S. funds to the Lender at the address provide to me by the Lender or Servicer. I must mail each payment in time to reach the Lender or Servicer on or before the due date.

Prepayment: I may, at my option, prepay all or any part of the Principal, Interest and other charges at any time before payment is due without penalty. Prepayment of less than the entire outstanding amount of my Loan will not reduce the amount of my required monthly payment, but may reduce the number of payments I must make and/or the amount of my final payment.

Late Charges: If my payment is not received on or before its due date, my Loan will be in default. In addition, I will pay the Lender or Servicer, as applicable, a late charge if Lender or Servicer does not receive any part of a monthly payment within ten (10) days after it becomes due. The late charge will be \$25, except where prohibited by law.

Returned Payment Fee: I agree to pay the Lender or Servicer, as applicable, a returned payment fee of \$25 for any check or other instrument I give for my payment or electronic payment that is dishonored for any reason, or if my financial institution returns any of my payments to Lender unpaid, except as prohibited by applicable law. This fee is in addition to any fee that my financial institution may also charge me.

Payment Due Notwithstanding Withdrawal from School, Death or Disability: I understand that I have to repay this Loan in full, even if I withdraw or I am dismissed from the School without graduating. If I die, the terms of this Note will be binding on my estate, which will be liable for my unpaid indebtedness. I also understand that if I become totally and permanently disabled, my unpaid indebtedness on this Loan will not be canceled. I also understand that I will be liable for my unpaid indebtedness even if I fail to attend school or am dissatisfied with the education I receive from the School.

Application of Payments: Notwithstanding anything to the contrary herein, you may apply payments on any Loan in any manner that you determine within your sole discretion, as permitted by applicable law. I will not send you partial payments marked "paid in full," "without recourse" or with other similar language unless those payments are marked for special handling and sent to Liberty Bank, N.A., C/O Gencsis Lending Services, P.O. Box 460, Beaverton OR 97075-0460, or to such other address as I may be given in the future. I also understand that if I send such payment, Lender or Servicer may accept it without losing any rights under this Loan.

10. DEFAULT.

To the extent permitted by applicable law, my Loan will be in default if any of the following occurs: (a) A monthly payment is not received on or before its due date; (b) I break any promise made in this Note; (c) Lender discovers any false or misleading statement in any information I have given Lender in connection with this Note or the application for this Loan; (d) I fail to use the proceeds of this Loan solely for Qualified Higher Educational Expenses; (e) I make an assignment for the benefit of creditors or have voluntary or involuntary bankruptcy proceedings instituted by or against me; (f) I am adjudicated incompetent or die; (g) I fail to provide notices to the Lender when required to do so by this Note; (h) I am in default on any loan(s) I may already have with Lender or on any loan(s) I may have with Lender in the future; (i) I fail to provide Lender with authorization to obtain verification of my income, including federal and state tax returns, when requested; (j) I allow another person to forge my signature on any document; (k) I give Lender cause to believe, in good faith, that I may not pay this Note; (l) I allow a judgment, tax lien, municipal charge or tax levy to be filed against me; or (m) I fail to provide verification of enrollment status in the School when asked for it.

I understand that if I default on my Loan, my School may withhold my transcript and/or deny services to me to the extent permitted by applicable law.

11. LENDER'S REMEDIES AFTER DEFAULT.

If a default occurs, then after any applicable notice and right to cure such default that is required by applicable law, which notice shall be deemed to have been received three days after Lender mails it, Lender may declare the entire balance of Principal, Interest and other charges owed under this Loan immediately due and payable, in full, without further notice to me. Lender may then take action to collect the entire Loan balance, including: (a) bringing a lawsuit against me and obtaining a judgment against me and/or (b) referring my Loan to a collection agency for further collection efforts. To the extent permitted by applicable law, I agree to pay any collection agency charges, reasonable attorneys' fees and actual court costs (including fees and costs in bankruptcy court and in appellate courts), and other costs of collection incurred by Lender as the result of a default. If I default, then after any applicable waiting periods or notices required by applicable law, and as permitted by applicable law, Lender may also disclose information about my default to one or more national consumer credit reporting agencies, which may adversely affect my ability to obtain other credit. To maintain a good credit rating, it is to my advantage to meet my obligations under this Note.

I agree that you may report information about my account to credit reporting agencies and that late payments, missed payments, or other defaults on my account may be reflected in my credit report.

12. NOTICES.

I must immediately notify Lender in writing, and in no event later than thirty (30) calendar days, after any of the following occurs: (a) a change in my primary address or telephone number; (b) a change in my name; (c) I cease to be enrolled on at least a half-time basis at the School; or (d) I graduate from the School. Any notice I send to Lender will be sent to the address that Lender has most recently provided me for that purpose. If Lender has not provided any address to me, notices may be sent to the address shown on my monthly statements or coupon book.

13. ELECTRONIC SIGNATURES.

This Note may be executed by means of electronic communication, such as an electronic online signature. Under this Note, a document must be signed with a digital or electronic signature that complies with the consumer consent and other applicable provisions of the Electronic Signatures in Global and National Commerce Act (E-Sign Act) (15 U.S.C. § 7001 et seq.)

14. COMMUNICATING WITH ME.

To the extent permitted by applicable law, and without limiting any other rights you may have, I consent to the Lender and Servicer communicating with me, in connection with my Application or Loan, using any phone number or email address that I provided in my Application, or using any phone number or email address that I provide to the Lender or Servicer in the future. The Lender and/or Servicer may communicate with me using any current or future means of communication, including, but not limited to, automated telephone dialing equipment, artificial or pre-recorded voice messages, SMS text messages, email directed to me at a mobile telephone service, or email otherwise directed to me.

THE LENDER AND/OR SERVICER MAY USE SUCH MEANS OF COMMUNICATION EVEN IF I WILL INCUR COSTS TO RECEIVE SUCH PHONE MESSAGES, TEXT MESSAGES, OR EMAILS.

Any notice required to be given to me will be effective if sent by first class mail to the latest address the Lender or Servicer has for me, except as otherwise required by law, by electronic means to an address that I have provided.

15. GOVERNING LAW; INVALID PROVISIONS; WAIVERS; EXTENSION, RENEWAL, OR RELEASE; ASSIGNMENT; CHANGES TO NOTE; CHANGES TO PAYMENT SCHEDULE; SAVINGS CLAUSE; NO ACCORD OR SATISFACTION; BANKRUPTCY.

Governing Law: THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF OHIO EXCLUDING SUCH LAWS THAT MIGHT DIRECT THE APPLICATION OF LAWS OF ANOTHER JURISDICTION AND FEDERAL LAW AND THE HIGHER EDUCATION ACT OF 1965, AS AMENDED.

Invalid Provisions: Should any of the provisions of this Note be held invalid by a court having jurisdiction, the remaining provisions of this Note shall not be affected thereby and this Note shall be construed as if such invalid provisions had not been included in this Note.

Waivers: I waive my rights to require Lender to demand payment of amounts due (known as "presentment"), to give notice that amounts due have not been paid (known as "notice of dishonor"), to obtain an official certification of non-payment (known as "protest"), and, to the extent permitted by applicable law, to give any other notices or demands in connection with this Note. You may delay, fail to exercise, or waive any of your rights on any occasion without losing your entitlement to exercise the right on any future occasion.

Extension, Renewal or Release: You may extend, renew or release me without affecting or releasing any other Borrower or Cosigner.

Forbearance: If I am unable to repay this Loan as required by the terms of this Note, I may ask for forbearance. I understand that granting a forbearance request is at Lender's sole option and in Lender's sole discretion, and that I will remain responsible for all Interest that continues to accrue during any period of forbearance to which Lender might agree.

Assignment: I may not assign this Note or any of its benefits or obligations. However, you have the right to assign your rights and duties under this Note without my consent and without notice to me. If this Note is sold or otherwise transferred, my rights under the law or under this Note are in no way altered or impaired.

Loan Sale Notice: I understand and acknowledge that my Loan will likely be sold while a balance remains outstanding. Such a sale will not result in any change in terms of my Loan as set forth herein.

Changes to Note: Except as otherwise indicated in this Note, no term or provision of this Note may be changed unless consented to in writing by both you and me.

Changes to Payment Schedule: I understand that if my enrollment status at the School changes at a time other than my expected graduation date, or other reasons, the Lender or Servicer may adjust the payment due dates and monthly payment amounts. If that happens, the Lender or Servicer will make the adjustment and advise me of the change on my next monthly statement. I agree that I will pay the amount shown on my monthly statement.

Savings Clause: If a law which applies to this Note and which sets maximum Interest or finance charges is finally interpreted so that the Interest or other charges collected or to be collected in connection with this Note exceeds the permitted limits, then: (a) any such charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from me which exceeded permitted limits will be refunded to me. You may choose to make this refund by reducing the Principal I owe under this Note or by making a direct payment to me. If a refund reduces Principal, the reduction will be treated as a partial prepayment.

No Accord and Satisfaction: A restrictive endorsement on any payment item (such as "paid in full") will not be considered an accord and satisfaction of what I owe under this Note. If I dispute any amount owed you, I must write to Lender at PO Box 460, Beaverton, OR 97075-0460, or such other address provided by you to me for correspondence.

Bankruptcy: If I file for bankruptcy I may still be required to pay the amount due under this Note.

16. ARBITRATION PROVISION.

IMPORTANT - I HAVE BEEN TOLD TO READ THIS ARBITRATION PROVISION CAREFULLY. IF I DO NOT OPT OUT IN ACCORDANCE WITH THE PARAGRAPH CAPTIONED "OPT-OUT PROCESS," IT WILL BE PART OF MY NOTE AND WILL HAVE A SUBSTANTIAL IMPACT ON THE WAY YOU AND I RESOLVE ANY CLAIM WHICH YOU OR I HAVE AGAINST EACH OTHER NOW OR IN THE FUTURE. OTHER RIGHTS THAT YOU OR I WOULD HAVE IN COURT MAY NOT BE AVAILABLE IN ARBITRATION.

Except as expressly provided below, I agree that any claim, dispute or controversy ("Claim") between me and the Lender arising out of or that is related to (a) this Note, or (b) any relationship resulting from this Note, or any activities in connection with the Loan evidenced by this Note (including, without limitation, the application for the related Loan evidenced by this Note, the disclosures provided or required to be provided in connection with the Loan, including, without limitation, the Disclosure Statements set forth above, or the underwriting, servicing or collection of the Loan), or (c) any insurance or other service related to this Note, or (d) any claim, no matter how described, pleaded or styled, relating, in any manner, to any act or omission regarding in any way the obligations of the parties to this Note shall be resolved pursuant to this Arbitration Provision.

Notwithstanding the preceding sentence, the parties' agreement to arbitrate does not include claims that may be brought in a small claims court or other similar court with limited jurisdictional amount and expedited procedure. For purposes of this section, I agree that "Lender" means the lender named above, its officers, directors and employees, and its affiliates, subsidiaries, and parent entities, and any officers, directors and employees of such entities, as well as any entity or individual who purchases my loan from the Lender, and that "School" means the school named above, its officers, directors and employees, and its affiliates, subsidiaries and parent entities, and any officers, directors and employees of such entities. In addition, this Provision will also inure to the benefit of any third party named as a co-defendant with Lender or School in a claim which is subject to this Provision.

Choice of Arbitration Provider and Arbitration Rules: The arbitration shall be administered by the American Arbitration Association ("AAA") before a single arbitrator and under the AAA's Consumer Arbitration Rules in effect at the time the arbitration is brought. Information about the arbitration process can be obtained from the AAA at www.adr.org or (800) 778-7879. In the event AAA refuses or is otherwise unable to administer any Claim related to my Note, I agree that another reputable arbitration service provider will administer the Claim.

Opt-Out Process: If I do not want this Arbitration Provision to apply, I may reject it by mailing you a written opt-out notice which contains my name and address and a statement that I opt out of this Provision. The opt-out notice to us should be sent to the following address: Genesis Lending Services, P.O. Box 460 Beaverton OR 97075-0460. (I should retain a copy of my opt-out notice and evidence of mailing or delivery). An opt-out notice is only effective if it is signed by me and if you receive it within thirty (30) days after the date of the Final Disclosure Statement. I agree that indicating my desire to opt-out of this arbitration provision in any manner other than as provided above is insufficient notice. However, my decision to opt out of this arbitration provision will not have any other effect on this Note and will not affect any other arbitration provision between you and me, which will remain in full force and effect.

Notice of Dispute: A party who intends to seek arbitration must first send to the other, by certified mail, a written Notice of Dispute ("Notice"). The Notice to you should be sent to the following address: General Counsel, Genesis Lending Services, P.O. Box 460, Beaverton, OR 97075-0460 ("Notice Address"). The Notice must (a) describe the nature and basis of the claim or dispute; and (b) set forth the specific relief sought. If you and I do not reach an agreement to resolve the claim within 30 days after the Notice is received, you or I may commence an arbitration proceeding. During the arbitration, the amount of any settlement offer made by you or I shall not be disclosed to the arbitrator until after the arbitrator determines the amount, if any, to which you or I are entitled.

Location of Arbitration: All in-person hearings and conferences in the arbitration shall take place at a locale within the federal judicial district in which I reside, unless I and you agree otherwise.

Choice of Law: This Provision is made pursuant to a transaction involving interstate commerce. The arbitrator shall apply federal law to the fullest extent possible, and the substantive and procedural provisions of the Federal Arbitration Act (9 U.S.C. §§1-16) and not any state law governing arbitration shall govern this Agreement and any and all issues relating to the enforcement of the Agreement and the arbitrability of claims between the parties.

Cost, Fees and Expenses of Arbitration: Each party shall bear the expense of its own counsel, experts, witnesses and preparation and presentation of proofs. All fees and expenses of the arbitrator and administrative fees and expenses of the arbitration shall be paid by the parties as provided by the Consumer Arbitration Rules of the AAA (even if another arbitration service provider administers the arbitration) governing the proceeding, or by agreement of the parties.

Relief and Remedies: The arbitrator shall have the authority to award monetary damages and may grant any non-monetary remedy or relief available by applicable law and rules of the arbitration forum. The arbitrator will have no authority to award consequential damages, indirect damages, treble damages or punitive damages, or any monetary damages not measured by the prevailing party's economic damages, except as permitted by applicable law.

The arbitrator will have no authority to award attorney's fees except as expressly provided by this Provision or authorized by law such as where a party brings a claim under a statute that provides for attorney's fees to be awarded to the prevailing party or the rules of the arbitration forum in which case such attorney's fees and costs will be available to the prevailing party whether claimant or respondent. Upon the timely request of either party, the arbitrator shall write a brief explanation of the basis of his or her award. If the arbitrator determines that any claim or defense is frivolous or wrongfully intended to oppress the other party, the arbitrator may award sanctions in the form of fees and expenses reasonably incurred by the other party (including arbitration administration fees, arbitrator's fees, and attorney, expert and witness fees), to the extent such fees and expenses could be imposed under Rule 11 of the Federal Rules of Civil Procedure.

Class and Consolidated Actions: THERE SHALL BE NO RIGHT OR AUTHORITY FOR ANY CLAIMS WITHIN THE SCOPE OF THE PROVISION TO BE ARBITRATED OR LITIGATED ON A CLASS BASIS OR FOR THE CLAIMS OF MORE THAN ONE STUDENT TO BE ARBITRATED OR LITIGATED JOINTLY OR CONSOLIDATED WITH ANY OTHER STUDENT'S CLAIMS.

Arbitrator's Award: Any state or federal court with jurisdiction and venue may enter an order enforcing this Arbitration Provision, enter judgment upon the arbitrator's award and/or take any action authorized under the FAA. For any arbitration-related proceedings in which courts are authorized to take action under the FAA, each party expressly consents to the non-exclusive jurisdiction of any state court of general jurisdiction or any state court of equity that is reasonably convenient to me, provided that the parties to any such judicial proceedings shall have the right to initiate such proceeding in a federal court or remove the proceeding to a federal court, if authorized to do so under applicable federal law.

Survival, Severability and Right to Waive: If any part or parts of this Provision are found to be invalid or unenforceable by a decision of a tribunal of competent jurisdiction, then such specific part or parts shall be of no force or effect and shall be severed, but the remainder of the Provision shall continue in full force and effect. Any or all of the limitations set forth in this Provision may be specifically waived by the party against whom the claim is asserted. Such waiver shall not waive or affect any other portions of this Provision. This Arbitration Provision shall survive my full payment of the Loan, your sale or transfer of the Loan, any bankruptcy or insolvency, any forbearance or modification granted pursuant to this Loan or any disbursements under the Loan, and any change in my School enrollment status.

I HAVE READ THIS ARBITRATION PROVISION CAREFULLY AND UNDERSTAND THAT IT LIMITS OR WAIVES CERTAIN RIGHTS, INCLUDING THE RIGHT TO MAINTAIN A COURT ACTION (OTHER THAN IN SMALL CLAIMS OR SIMILAR COURT, AS SET FORTH IN THIS PROVISION, OR IN AN ACTION TO ENFORCE THE ARBITRATOR'S AWARD) THE RIGHT TO A JURY TRIAL, THE RIGHT TO PARTICIPATE IN ANY FORM OF CLASS OR JOINT CLAIM, OR THE RIGHT TO ENGAGE IN DISCOVERY, EXCEPT AS PROVIDED IN THE APPLICABLE ARBITRATION RULES. OTHER RIGHTS THAT LENDER OR SCHOOL WOULD HAVE IN COURT ALSO MAY NOT BE AVAILABLE IN ARBITRATION.

I CERTIFY THAT NO SCHOOL EMPLOYEE OR REPRESENTATIVE HAS STATED OR IMPLIED ANYTHING CONTRARY TO WHAT IS WRITTEN IN THIS ARBITRATION PROVISION.

17. PRIVACY MATTERS.

Updating Financial Information: I agree to provide to you updated financial information about me any time you reasonably request it.

School: To the extent permitted by applicable law, you may provide a copy of the Note, or any other document to, and may report my payment history to, the School. I authorize the release of my student records by the School to you, and I hereby release all claims against the School, its parent companies, subsidiaries, employees, officers, shareholders and affiliates, pursuant to The Family Educational Rights and Privacy Act (FERPA) (20 U.S.C. § 1232g; 34 CFR Part 99) et seq. with respect to such release of my student records.

Receipt of and Reporting Credit Information; Authorization of Borrower: I authorize you to investigate my creditworthiness and to receive credit information about me from others, including other lenders, credit reporting agencies, and educational loan information clearinghouses. You may also furnish information about my Loan to credit reporting agencies and other persons who may legally receive such information. A negative credit report reflected on my credit record may be submitted to a consumer reporting agency if I fail to fulfill the terms of my payment obligations under this Note. If I believe that you have furnished information to a consumer reporting agency that is inaccurate, I will notify you at the address specified below and identify the specific information that is inaccurate.

Liberty Bank, N.A.
c/o Genesis Lending Services
P.O. Box 460
Beaverton, OR 97075-0460

This authorization extends to this Loan, any future loans that may be offered to me, any updates, renewals or extensions of this loan that may be offered to me, any forbearance of this Loan or any future loans that may be offered to me, and any review or collection of this Loan or any future loans that may be offered to me.

Communications Regarding Loan and Release of Loan Information: To the extent permitted by applicable law, I authorize you and the School to communicate with, and to release information pertinent to this Loan to, members of my immediate family, including my spouse, unless I submit written directions to you revoking such authorization. I further authorize any lender or holder of any of my outstanding educational loans to release any information on any of my outstanding educational loans to any other Lender or holder of any of my other educational loans.

Inquiries to Learn Current Address and Telephone Number: I authorize you to release information and make inquiries to the individuals listed as references on the Application for the purpose of learning my current address and telephone number.

Social Security Number: You and the School may verify my Social Security number with the Social Security Administration (SSA). If the Social Security number on my Loan records is incorrect, then I authorize the SSA to disclose my correct Social Security number to you and the School.

United States Department of Education Information: I authorize the United States 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 you.

Sharing Information: You and the School may share information within your respective family of companies as well as with unaffiliated third parties external to your respective family of companies, as described in your respective Privacy Policy (ies), a copy of which will be sent to me. To the extent permitted by applicable law and after providing required notices, Lender or any holder of my outstanding education loans may modify the respective Privacy Policy(ies).

18. COSIGNER.

By signing this Note as Cosigner, I acknowledge that (a) you may proceed directly against me without first proceeding against the Borrower, and (b) I am fully responsible for paying all amounts due under this Note, in full, even if the Borrower is released from liability on this Note for any reason whatsoever.

19. FEDERAL LAW NOTICES.

I understand that the following notice is only applicable to loans issued to finance educational expenses at for-profit educational institutions or institutions otherwise subject to the FTC Holder Rule under 16 C.F.R. Section 433.2.

NOTICE: ANY HOLDER OF THIS CONSUMER CREDIT CONTRACT IS SUBJECT TO ALL CLAIMS AND DEFENSES WHICH THE DEBTOR COULD ASSERT AGAINST THE SELLER OF GOODS OR SERVICES OBTAINED WITH THE PROCEEDS HEREOF. RECOVERY HEREUNDER BY THE DEBTOR SHALL NOT EXCEED AMOUNTS PAID BY THE DEBTOR HEREUNDER.

NOTICE TO COSIGNER

You are being asked to guarantee this debt. Think carefully before you do. If the borrower doesn't pay the debt, you will have to. Be sure you can afford to pay if you have to, and that you want to accept this responsibility.

You may have to pay up to the full amount of the debt if the borrower does not pay. You may also have to pay late fees or collection costs, which increase this amount.

The creditor can collect this debt from you without first trying to collect from the borrower. The creditor can use the same collection methods against you that can be used against the borrower, such as suing you, garnishing your wages, etc. If this debt is ever in default, that fact may become a part of your credit record.

This notice is not the contract that makes you liable for debt.

20. STATE-SPECIFIC DISCLOSURES.

ALABAMA RESIDENTS: (For purposes of the following notice, the word "you" refers to the Borrower not the Lender)
CAUTION – IT IS IMPORTANT THAT YOU THOROUGHLY READ THE CONTRACT BEFORE YOU SIGN IT.

ARIZONA RESIDENTS ONLY: Marital Community Property Joinder: The undersigned spouse of the Guarantor joins in the execution of this guaranty for the purpose of binding the marital community property of Guarantor and the undersigned, in accordance with Ariz. Rev. Stat. § 25-214 or other applicable law. THE UNDERSIGNED SPOUSE OF THE GUARANTOR ACKNOWLEDGES RECEIPT FROM THE SELLER, PRIOR TO SIGNING BELOW, OF A SEPARATE "NOTICE TO CO-SIGNER."

CALIFORNIA RESIDENTS ONLY: You have the right to prohibit the use of information contained in your credit file in connection with transactions not initiated by you. You may exercise this right by notifying the consumer credit reporting agency. A married applicant may apply for a separate account. If Lender takes any adverse action as defined by Section 1785.3 of the California Civil Code and the adverse action is based, in whole or in part, on any information contained in a consumer credit report, you have the right to obtain within 60 days a free copy of your consumer credit report from the consumer reporting agency that furnished Lender your consumer credit report and from any other consumer credit reporting agency that compiles and maintains files on consumers on a nationwide basis. You have the right as described by Section 1785.16 of the California Civil Code to dispute the accuracy or completeness of any information in a consumer credit report furnished by the consumer credit reporting agency.

CALIFORNIA and UTAH RESIDENTS: As required by California and Utah law, you are hereby notified that a negative credit report reflecting on your credit record may be submitted to a credit reporting agency if you fail to fulfill the terms of your credit obligations.

FLORIDA RESIDENTS ONLY: Florida documentary stamp tax required by law in the amount of \$.35 per \$100 has been paid or will be paid directly to the Department of Revenue. Certificate of Registration No. 74-8013178058-6, 15-8012442387-9, 26-8014936671-7, 20-8012981201-4, 39-8012442384-0, 62-8012442382-2, 39-8012442385-7, 63-8012442388-3, 58-8014937197-6, 58-8012442390-8, 16-8014936716-8, 39-8013431264-0, 23-8014941336-4, 23-8014941335-7, 16-8014936718-2, 23-8014936878-5.

IOWA RESIDENTS ONLY: If you are an Iowa resident and your amount financed is \$25,000 or less, this is a consumer credit transaction.

IOWA, KANSAS and NEBRASKA RESIDENTS: NOTICE TO CONSUMER 1. Do not sign this Credit Agreement before you read it. 2. You are entitled to a copy of this Credit Agreement. 3. You may prepay the unpaid balance at any time without penalty and may be entitled to receive a refund of unearned charges in accordance with law.

MARYLAND RESIDENTS ONLY: You elect to make this loan pursuant to Subtitle 10, Credit Grantor Closed End Credit Provisions, of Title 12 of the Commercial Law Article of the Annotated Code of Maryland only to the extent that such provisions are not inconsistent with your authority under federal law (12 U.S.C. §85, §1463(g), or §1831d, as appropriate) and related regulations and interpretations, which authority you expressly reserve.

MASSACHUSETTS RESIDENTS ONLY: Massachusetts law prohibits discrimination based upon marital status or sexual orientation.

MISSOURI RESIDENTS ONLY: ORAL AGREEMENTS OR COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR FORBEAR FROM ENFORCING REPAYMENT OF DEBT, INCLUDING PROMISES TO EXTEND OR RENEW SUCH DEBT, ARE NOT ENFORCEABLE. TO PROTECT YOU (BORROWER(S)) AND US (LENDER) FROM MISUNDERSTANDING OR DISAPPOINTMENT, ANY AGREEMENTS YOU AND LENDER REACH COVERING SUCH MATTERS ARE CONTAINED IN THIS WRITING, WHICH IS THE COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN YOU AND LENDER, EXCEPT AS YOU AND LENDER MAY LATER AGREE IN WRITING TO MODIFY IT.

NEBRASKA RESIDENTS: (For purposes of the following notice, the word "you" refers to the Borrower not the Lender) A credit agreement must be in writing to be enforceable under Nebraska law. To protect you and us from any misunderstandings or disappointments, any contract, promise, undertaking, or offer to forbear repayment of money or to make any other financial accommodation in connection with this loan of money or grant or extension of credit, or any amendment of, cancellation of, waiver of, or substitution for any or all of the terms or provisions of any instrument or document executed in connection with this loan of money or grant or extension of credit, or any amendment of, cancellation of, waiver of, or substitution for any or all of the terms or provisions of any instrument or document executed in connection with this loan of money or grant or extension of credit, must be in writing to be effective.

NEW YORK, RHODE ISLAND and VERMONT RESIDENTS: You understand and agree that Lender may obtain a consumer credit report in connection with this application for credit and any updates, renewals or extensions of any credit as a result of this application. If you ask, you will be informed whether or not such a report was obtained and, if so, the name and address of the agency that furnished the report. You also understand and agree that Lender may obtain a consumer credit report in connection with the review or collection of any loan made to you as a result of this application or for other legitimate purposes related to such loans.

NEVADA RESIDENTS ONLY: This is a loan for study.

OHIO RESIDENTS ONLY: The Ohio laws against discrimination require that all creditors make credit equally available to all creditworthy customers, and that credit reporting agencies maintain separate credit histories on each individual upon request. The Ohio Civil Rights Commission administers compliance with this law.

OKLAHOMA RESIDENTS ONLY: If you are in default and only if the total amount disbursed under this Note is greater than \$3,600 (or any higher dollar amount established by law for the payment of such fees), you agree to pay the Lender's attorney's fees and court costs up to 15% of the unpaid debt.

TEXAS RESIDENTS ONLY: Lender does not have to give me notice that Lender is demanding or intends to demand immediate payment of all that I owe.

UTAH RESIDENTS ONLY: As required by Utah law, you are hereby notified that a negative credit report reflecting on your credit record may be submitted to a credit reporting agency if you fail to fulfill the terms of your credit obligations.

VERMONT RESIDENTS ONLY: For purposes of this notice, the word "you" means the Cosigner(s).

NOTICE TO COSIGNER: YOUR SIGNATURE ON THIS NOTE MEANS THAT YOU ARE EQUALLY LIABLE FOR REPAYMENT OF THIS LOAN. IF THE BORROWER DOES NOT PAY, THE LENDER HAS A LEGAL RIGHT TO COLLECT FROM YOU.

WISCONSIN RESIDENTS ONLY: For married Wisconsin residents, your signature confirms that this loan obligation is being incurred in the interest of your marriage or family. No provision of any marital property agreement (pre-marital agreement), unilateral statement under Section 766.59 of the Wisconsin Statutes or court decree under Section 766.70 adversely affects Lender's interest unless, prior to the time that the loan is approved, Lender is furnished with a copy of the marital property agreement, a statement or a decree or has actual knowledge of the adverse provision. If the loan for which you are applying is granted, you will notify Lender if you have a spouse who needs to receive notification that credit has been extended to you.

Prior to signing this Note, I have read and understood all the provisions of this Note. I agree to the terms of this Note and acknowledge receiving a completed copy of this Note.

CAUTION: IT IS IMPORTANT THAT EACH BORROWER AND COSIGNER THOROUGHLY READS THIS NOTE AND ENSURE THAT THERE ARE NO BLANK SPACES CONTAINED IN THE NOTE BEFORE SIGNING BELOW.

BORROWER: _____ COSIGNER: _____

Signature: _____ Signature: _____

Date: _____ Date: _____

CALIFORNIA, COLORADO, IOWA, SOUTH CAROLINA, WEST VIRGINIA AND WISCONSIN RESIDENTS WITH A COSIGNER: You must read and sign the cosigner notification page.

NOTICE TO CALIFORNIA COSIGNER

(Traduccion en Ingles Se Requiere Por La Ley)

You are being asked to guarantee this debt. Think carefully before you do. If the borrower doesn't pay the debt, you will have to. Be sure you can afford to pay if you have to, and that you want to accept this responsibility.

You may have to pay up to the full amount of the debt if the borrower does not pay. You may also have to pay late fees or collection costs, which increase this amount.

The creditor can collect this debt from you without first trying to collect from the borrower. The creditor can use the same collection methods against you that can be used against the borrower, such as suing you, garnishing your wages, etc. If this debt is ever in default, that fact may become a part of your credit record.

This notice is not the contract that makes you liable for the debt.

I have received a copy of this notice.

Cosigner: _____

Signature: _____

Date: _____

AVISO PARA EL FIADOR DE CALIFORNIA

(Spanish Translation Required By Law)

Se le esta pidiendo que garantice esta deuda. Pienselo con cuidado antes de ponerse de acuerdo. Si la persona que ha pedido este prestamo no paga la deuda, usted tendra que pagarla. Este seguro de que usted podra pagar si sea obligado a pagarla y de que usted desea aceptar la responsabilidad.

Si la persona que ha pedido el prestamo no paga la deuda, es posible que usted tenga que pagar la suma total de la deuda, mas los cargos por tardarse en el pago o el costo de cobranza, lo cual aumenta el total de esta suma.

El acreedor (financiero) puede cobrarle a usted sin, primeramente, tratar de cobrarle al deudor. Los mismos metodos de cobranza que pueden usarse contra el deudor, podran usarse contra usted, tales como presentar una demanda en corte, quitar parte de su sueldo, etc. Si alguna vez no se cumpla con la obligacion de pagar esta deuda, se puede incluir esa informacion en la historia de credito de usted.

Este aviso no es el contrato mismo en que se le echa a usted la responsabilidad de la deuda.

Recibi una copia de este aviso.

Escribir Nombre de Fiador: _____

Firma de Fiador: _____

Fecha: _____

**NOTICE TO COSIGNER
FOR
COLORADO RESIDENTS**

You are being asked to guarantee this debt. Think carefully before you do. If the borrower doesn't pay the debt, you will have to. Be sure you can afford to pay it if you have to, and that you want to accept this responsibility.

You may have to pay up to the full amount of the debt if the borrower does not pay. You may also have to pay late fees or collection costs, which increase this amount.

The creditor can collect this debt from you without first trying to collect from the borrower. The creditor can use the same collection methods against you that can be used against the borrower, such as suing you, garnishing your wages, etc. If this debt is ever in default, that fact may become a part of your credit record.

This notice is not the contract that makes you liable for the debt.

Name of Borrower

Social Security Number of Borrower

Name of Lender

Date

_____ \$ _____
Name of Loan Program Total of Payments

I have kept a completed copy of this notice and Note that obligates me and the Borrower on this debt.

Cosigner: _____

Signature: _____

Date: _____

**NOTICE TO COSIGNER
FOR
IOWA, NEW YORK and SOUTH CAROLINA RESIDENTS**

You agree to pay the debt identified below, although you may not personally receive any property, services, or money. You may be sued for payment, although the person who receives the property, services or money is able to pay. You should know that the Total of Payments listed below does not include finance charges resulting from delinquency, late charges, repossession or foreclosure costs, court costs or attorney's fees, or other charges that may be stated in the note. You will also have to pay some or all of these costs and charges, if the note you are guaranteeing requires the borrower to pay such costs and charges and if permitted by applicable law. You will receive a disclosure of the Loan amount when the Loan is disbursed.

This notice is not the Note that obligates you to pay the debt.

Read the Note for the exact terms of your obligation.

IDENTIFICATION OF DEBT(S) YOU MAY HAVE TO PAY

Name of Borrower

Social Security Number of Borrower

Name of Lender

Date

_____ \$ _____
Name of Loan Program Total of Payments

I have been given a completed copy of this notice and Note that obligates me and the Borrower on this debt.

Cosigner: _____

Signature: _____

Date: _____

**NOTICE TO COSIGNER
FOR
WEST VIRGINIA RESIDENTS**

You are being asked to guarantee this debt. Think carefully before you do. If the borrower doesn't pay the debt, you will have to. Be sure you can afford to pay it if you have to, and that you want to accept this responsibility.

You may have to pay up to the full amount of the debt if the borrower does not pay. You may also have to pay late fees or collection costs, which increase this amount.

The creditor can collect this debt from you without first trying to collect from the borrower. The creditor can use the same collection methods against you that can be used against the borrower, such as suing you, garnishing your wages, etc. If this debt is ever in default, that fact may become a part of your credit record.

This notice is not the contract that makes you liable for the debt.

Name of Borrower

Social Security Number of Borrower

Name of Lender

Date

Name of Loan Program \$ **Total of Payments**

I have kept a completed copy of this notice and Note that obligates me and the Borrower on this debt.

Cosigner: _____

Signature: _____

Date: _____

**NOTICE TO COSIGNER
FOR
WISCONSIN RESIDENTS**

EXPLANATION OF PERSONAL OBLIGATION

You have agreed to pay the total of payments under a consumer credit transaction between the Borrower and Lender named below.

You will be liable and fully responsible for payment of the loan even though you will not receive the education or loan funds.

You may be sued in court for the payment of the amount due under this consumer credit transaction even though the Borrower may be working or have funds to pay the amount due.

This Explanation is not the agreement under which you are obligated, and the credit agreement you have executed must be consulted for the exact terms of your obligations.

Name of Borrower

Social Security Number of Borrower

Name of Lender

Date

Name of Loan Program

\$ _____
Total of Payments

I have kept a completed copy of this notice and Note that obligates me and the Borrower on this debt.

Cosigner: _____

Signature: _____

Date: _____

EXHIBIT 162



CCI
CORINTHIAN
COLLEGES, INC.

Corinthian College, Inc.
6 Hutton Centre Drive, Suite 400
Santa Ana, CA 92707-5764
tel: 714-427-3000 fax: 714-427-5138
www.cci.edu

MEMO

TO: Files

FROM: Rob Kenyon

DATE: July 5, 2011

SUBJECT: Genesis Notes Sale to ASFG

Background:

On June 29, 2011, Corinthian Colleges, Inc. (the "Company" or "CCI") entered into a loan origination agreement and related documents with ASFG, LLC ("ASFG") for the purpose of creating a new private education discount loan program for the Company's students. Under the loan origination agreement, ASFG intends to fund approximately \$450 million in new student loans over the next two years. Under this education loan program, an unaffiliated lender will make private education loans to eligible students and, subsequently, sell those loans to ASFG or its designee.

Historically, the Company has developed loan programs with third parties for its students who otherwise would not qualify for loans. These loan programs required that we pay a discount fee to the origination and servicing providers of the loans as a reserve against future defaults on these loans. The Company has historically referred to these types of loans as "discount loans," since it incurred a portion of the default risk related to these student loans by taking a discount on the disbursement. This ASFG loan program has characteristics similar to our previous "discount loan" programs. As with our previous discount loan program, under this ASFG program we pay a discount to ASFG for any loans purchased by ASFG and record the discount as a reduction to revenue. However, unlike our previous discount loan programs, pursuant to a backup loan purchase agreement entered into in connection with the loan origination agreement, the Company will be obligated to purchase any of the student loans on which no payment has been made for over 90 days. Under this backup loan purchase agreement, the Company's maximum obligation (including the initial discount payment) could be equal to the face amount of loans originated under this loan program, although the Company expects its ultimate risk under this loan program to be substantially similar to the risks it faces under its existing discount loan program.

Under the loan origination agreement, the Company is required to pay certain discount, transaction, management, origination, default aversion and other ancillary fees to ASFG of approximately \$17-19 million per year, which is incrementally \$10-12 million higher per year than the fees payable under the Company's existing loan program. The loan origination agreement contains standard representations, warranties and covenants made by each party, as well as limited termination rights and customary events of default.

As part of this arrangement, the Company also entered into two separate loan sale agreements with ASFG, one of which closed on June 29, 2011 and had no recourse, and a recourse sale expected to close in September 2011.

Transaction Terms:

PART ONE: DESCRIPTION OF THE FORWARD FLOW PROGRAM

The Program:

ASFG and CCI desire to establish a comprehensive loan origination, servicing and purchasing program ("Loan Program") to (i) purchase existing backlog portfolios of student loans ("Student Loans") from CCI, (ii) and facilitate the origination, funding, and servicing of Student Loans for CCI's students as described herein (the "Relationship").



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MEMO

The parties intend this to be an exclusive relationship such that ASFG will be the exclusive provider of Student Loan financing services during the term.

Loan Program Agreement Terms

Term for exclusivity – 2 years

ASFG exclusive purchaser of newly-originated or existing performing CCI Student Loans during Term (excluding loans that do not fit the terms).

Program Fees

Program Structuring Fee: \$12mm
\$6M to ASFG June 30, 2011
\$6M to ASFG at 1st Anniversary

Program Management Fee: \$250K/Mo. during first year of Term
Mutually agreed upon amount for year 2 to be decided at a later date.

Ancillary Fees: Reimbursement by CCI of certain expenses charged to ASFG by its loan origination partner Genesis, billed monthly
(Applies to Loans purchased originated under the Tuition Loan Program Agreement or any Loans sold under future Recourse Sale Agreements)

Default Aversion Fee: \$150 per account reaching 61 days past due in month, only once per account (billed based on the month-end cycle file)
(Applies to Loans originated under the Tuition Loan Program Agreement or Loans sold under future Recourse Sale Agreements)

Loan Load-In Fee: \$75 per Loan
(Applies only to new Loans under Tuition Loan Program Agreement)

PART TWO:

DESCRIPTION OF THE LOAN PURCHASE TRANSACTIONS

I. Existing Loan Purchase (ASFG Purchase from CCI) (Non-Recourse)

Batch 1 – Non-Recourse -- Face value of Portfolio \$31M

Portfolio Size and Purchase Price:

Face value of Portfolio \$31M

Purchase Price: \$24.25M paid at closing
All servicing costs paid by Buyer to Genesis

Portfolio Characteristics:

Corinthian gave ASFG a pool of \$56.1MM in Loans that were either current or not greater than thirty (30) days past due. All of which were eligible for sale under the 90/10 regulations, as they were from FY2008, FY2009, or FY2010.



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MEMO

ASFG's purchase preference on purchase structures is generally towards recourse loan transactions, but they will do non-recourse sales on a limited basis. For non-recourse they have investment committee guidelines, that Corinthian was not privy to. Based on these guidelines ASFG desired to invest about \$25MM in non recourse loans. Accordingly, ASFG selected Loans with a face value of \$31.0 and total outstanding balance of \$31.3MM and offered us \$24.25MM or 78.5% of principal and 77.5% of gross. Corinthian was not privy to the exact selection criteria used by ASFG. Corinthian does know that there were about 4 states where ASFG felt uncomfortable holding loans until they got licensed as a lender in those states, so no accounts from those states were included. Other than that Corinthian does not know how ASFG made their final selections of Loans to be included in this batch.

Closing Date: June 29, 2011

Transaction Document: Non-Recourse Purchase and Sale Agreement

II. Existing Loan Purchase (ASFG Purchase CCI) (Recourse)

Batch 2 – Recourse -- Face value of Portfolio - \$25M

Portfolio Size and Purchase Price:

Face value of Portfolio – Approximately \$25M
Purchase Price: Face Value (Par) - \$25M (Payable as described)
Bulk purchase

Payment Terms:

Advance: 60% of Aggregate Face Value (including capitalized prepaid finance charge) – approximately \$15M

Payment of Balance: All principal collected by ASFG retained until recovery of amount advanced; 100% of principal collected thereafter paid to CCI and applied to balance of Purchase Price until paid in full. (ASFG retains all interest and late charges during remaining term of Loan)

Payment of purchase price of each Loan contingent on principal collections on the Loan

Portfolio Characteristics

All Loans either current or not greater than thirty (30) days past due that have origination dates ranging from May, 2008 to June 2010 that were not included in Batch 1.

Servicing Cost Reimbursement:

Ancillary Fees: Reimbursement by CCI of certain expenses charged to ASFG by its loan origination partner Genesis, billed monthly

Closing Date:

Best efforts on or before September 30, 2011

Recourse Repurchase Terms:

CCI to repurchase each delinquent Loan at 91 days past due
Repurchase Price: Amount of Advance less principal collected by ASFG



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MEMO

III. New Loan Purchase – (CCI Commitment to Purchase from ASFG in the future under specified conditions)

Forward Flow Purchase Agreement (Existing Loans) – Recourse

Estimated Purchase Volumes:

Aggregate Face Value Over 2 Year Term: Approximately \$450 million

Portfolio Characteristics:

See loan pricing / term schedule 2 to the Tuition Loan Program Agreement

Purchase Price & Payment Terms – Per Loan:

Purchase Price: Face Value (Par)

Advance: means, for each approved Loan, an amount equal to the amount of the Disbursement made to Corinthian pursuant to Section 3(a) of the Tuition Loans Program Agreement, less the amount of the Discount Fee paid by Corinthian to ASFG for such Loan pursuant to Section 3(c) of the agreement. Under current contract terms Advance will create net proceeds to Corinthian of 60% day one (100% face value less 40% Loan Discount fee).

Payment of Balance: All principal collected by ASFG retained until recovery of amount advanced; 100% of principal collected thereafter paid to CCI and applied to balance of Purchase Price until paid in full. (ASFG retains all interest, late charges until Loan fully repaid)

Payment of Purchase Price of each Loan contingent on principal collections on the Loan

Recourse Repurchase Terms:

CCI to purchase each delinquent Loan at 91 days past due
Repurchase Price: Amount of Advance less principal collected by ASFG

Servicer and Servicing Fees:

Genesis Lending Services, Inc. - Backup servicer to be identified as a post closing item. Genesis or backup servicer costs for this portfolio are to be paid for by CCI throughout the life of the portfolio. Although Corinthian will be absorbing these costs as a pass through, it does not in any way entitle Corinthian to exercise any control over the servicer.

Refunds of Disbursed Amounts

CCI shall receive a credit on all refunded amounts equal to the 40% reserve rate. These credit amounts will be applied to any amounts otherwise owed under the Tuition Loan Program agreement. This will ensure that refunds made by CCI to ASFG shall be at the same 60% as the Advance rate.



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6 Hutton Centre Drive, Suite 400
Santa Ana, CA 92707-5764
tel: 714-427-3000 fax: 714-427-5138
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Additional Background Information:

FY '11 Originated Genesis Loans:

Genesis loans originated during FY '11 (7/1/10 to 6/30/11) were counted within 90-10 under the net present value method. As such, the loans funded during FY '11 must remain in the possession of the Company for at least one year from the date of funding. Transfer of ownership prior to the one year anniversary could result in adverse regulatory implications. The Company has no intentions of selling the FY '11 Genesis notes and therefore has concluded that the notes will be held to maturity.

Issues:

1. Does CCI hold a variable interest in ASFG or any other entity setup by ASFG to hold some or all of the loans that causes CCI to consolidate ASFG or such entity?
2. Is the forward sale agreement subject to ASC 470-50-55 or ASC 605-45- 45-16 to 18 and is the role of ASFG that of a principal or agent?
3. What is the proper accounting treatment for the Batch 1 – Non-Recourse Loans?
 - a. Does the transaction represent a true sale and can the Company derecognize the related notes receivable, notes reserve, deferred origination fee revenue, deferred loan boarding fees, and accrued / imputed interest upon sale at June 30, 2011?
 - b. In which period and where should the Company recognize any resulting gain or loss in the income statement?
 - c. Does the Company need to establish a liability related to recourse and how should it be presented in the balance sheet and income statement?
 - d. Does the Company have a future fair value requirement?
 - e. Should the Company continue to impute interest beyond June 30, 2011?
 - f. Does the Company need to establish a recourse accrual related to the contractual repurchase provision as of 6/30/11?
 - g. How should the Company allocate the notes reserve between the Batch 1 and Batch 2 sales?
4. What is the proper accounting treatment for the Batch 2 – Recourse Loans?
 - a. Can the Company derecognize the related notes receivable and related balances upon sale in Q1 2012 and if not how should the receipt of cash be recorded?
 - b. In which period and where should the Company recognize any resulting gain or loss in the income statement?
 - c. Does the Company need to establish a liability related to recourse and how should it be presented in the balance sheet and income statement?
 - d. How should future changes in the recourse estimates be reflected within the financial statements?
 - e. Does the Company have a future fair value requirement for the notes receivable?
 - f. How will the Company unwind any long-term liability established for cash received?
 - g. Should the Company continue to impute interest beyond June 30, 2011?
5. What is the proper accounting treatment for the Forward Flow Agreement?
 - a. Does the Company need to recognize the notes receivable?



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Santa Ana, CA 92707-5764
tel: 714-427-3000 fax: 714-427-5138
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- b. How should the Company account for the difference between the sales price (100%) and the 60% advance on the forward flow and does the Company need to establish a recourse accrual?
 - c. How should future changes in the recourse estimates be reflected within the financial statements?
 - d. Does the Company have a future fair value requirement for the notes receivable?
6. What is the proper accounting treatment for the Genesis loans originated during FY '11?
- a. Does the Company have a future fair value requirement for the notes receivable?
 - b. Should the Company continue to impute interest beyond June 30, 2011?
7. What is the proper accounting treatment for program fees?
- a. How should the \$12.0 million 'Program Structuring Fee' be reflected within the financial statements?
 - b. How should the \$250K per month 'Program Management Fee' be reflected within the financial statements?
 - c. How should the \$150 per account 'Default Aversion Fee' be reflected within the financial statements?
 - d. How should the \$75 per loan 'Loan Load-In Fee' be reflected within the financial statements?
 - e. How should 'Ancillary Fees' be reflected within the financial statements?
 - i. Reimbursement by CCI of loan servicing costs and other misc origination related costs

Applicable Accounting Literature

SEC comment letter to ESI (ITT) dated May 7, 2010 (Attachment 1)

ESI response to May 7, 2010 SEC comment letter dated June 4, 2010 (Attachment 1B)

ESI response to May 7, 2010 SEC comment letter and subsequent telephone discussions with SEC staff dated July 19, 2010 (Attachment 1C)

ACS 810-10-25 "Variable Interest Entities"

ASC 470-50-55 "Debt Modifications and Extinguishment, Principal versus Agent"

ASC 860-10 "Transfer and Servicing of Financial Assets"

Discussion of Accounting (VIE ASC 810-10-25)

ASC 810-10-25-37, The initial determination of whether a legal entity is a VIE shall be made on the date at which a reporting entity becomes involved with the legal entity. For purposes of the Variable Interest Entities Subsections, involvement with a legal entity refers to ownership, contractual, or other pecuniary interests that may be determined to be variable interests. That determination shall be based on the circumstances on that date including future changes that are required in existing governing documents and existing contractual arrangements. A reporting entity is not required to determine whether a legal entity with which it is involved is a VIE if it is apparent that the reporting entity's interest would not be a significant variable interest and if the reporting entity, its related parties, and its de facto agents (as described in paragraph 810-10-25-43) did not participate significantly in the design or redesign of the legal entity.

ASC 810-10-25-38A, a reporting entity shall be deemed to have a controlling financial interest in a variable interest entity ("VIE") and, therefore, considered to be the primary beneficiary of the VIE, if it has both of the following characteristics:

- the power to direct the activities of the VIE that most significantly impact the VIE's economic performance (the "Power Criteria"); and
- either:
 - the obligation to absorb losses of the VIE that could potentially be significant to the VIE (the "Losses Criteria"); or
 - the right to receive benefits from the VIE that could potentially be significant to the VIE (the "Benefits Criteria").



Discussion of Accounting (Principal versus Agent ASC 470-50-55 and ASC 605-45-45-16 to 18)

Determination of Whether a Third-Party Intermediary Is an Agent or a Principal

ASC 470-50-55-7, transactions between a debtor and a third-party creditor should be analyzed based on the guidance in paragraph 405-20-40-1 and the guidance in this Subtopic to determine whether gain or loss recognition is appropriate. Application of the guidance in this Subtopic may require determination of whether a third-party intermediary is an agent or a principal and consideration of legal definitions may be helpful in making that determination. Generally, an agent acts for and on behalf of another party. Therefore, a third-party intermediary is an agent of a debtor if it acts on behalf of the debtor. In addition, an evaluation of the facts and circumstances surrounding the involvement of a third-party intermediary should be performed. The following indicators should be considered in that evaluation:

- A. If the intermediary's role is restricted to placing or reacquiring debt for the debtor without placing its own funds at risk, that would indicate that the intermediary is an agent. For example, that may be the case if the intermediary's own funds are committed and those funds are not truly at risk because the intermediary is made whole by the debtor (and therefore is indemnified against loss by the debtor). If the intermediary places and reacquires debt for the debtor by committing its funds and is subject to the risk of loss of those funds, that would indicate that the intermediary is acting as principal.
- B. In an arrangement where an intermediary places notes issued by the debtor, if the placement is done under a best-efforts agreement, that would indicate that the intermediary is acting as agent. Under a best-efforts agreement, an agent agrees to buy only those securities that it is able to sell to others; if the agent is unable to remarket the debt, the issuer is obligated to pay off the debt. The intermediary may be acting as principal if the placement is done on a firmly committed basis, which requires the intermediary to hold any debt that it is unable to sell to others.
- C. If the debtor directs the intermediary and the intermediary cannot independently initiate an exchange or modification of the debt instrument, that would indicate that the intermediary is an agent. The intermediary may be a principal if it acquires debt from or exchanges debt with another debt holder in the market and is subject to loss as a result of the transaction.
- D. If the only compensation derived by an intermediary from its arrangement with the debtor is limited to a pre-established fee, that would indicate that the intermediary is an agent. If the intermediary derives gains based on the value of the security issued by the debtor, that would indicate that the intermediary is a principal.

Discussion of Accounting (True Sale)

Determination of whether Loans Qualify as a True Sale

ASC 860-10-40-5, a transfer of an entire financial asset, a group of entire financial assets, or a participating interest in an entire financial asset in which the transferor surrenders control over those financial assets shall be accounted for as a sale if and only if all of the following conditions are met:

- A. Isolation of transferred financial assets. The transferred financial assets have been isolated from the transferor—put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership. Transferred financial assets are isolated in bankruptcy or other receivership only if the transferred financial assets would be beyond the reach of the powers of a bankruptcy trustee or other receiver for the transferor or any of its consolidated affiliates included in the financial statements



being presented. For multiple step transfers, a bankruptcy-remote entity¹ is not considered a consolidated affiliate for purposes of performing the isolation analysis. Notwithstanding the isolation analysis, each entity involved in the transfer is subject to the applicable guidance on whether it shall be consolidated (see paragraphs 860-10-40-7 through 40-14 the guidance beginning in paragraph 860-10-55-18). A set-off right² is not an impediment to meeting the isolation condition.

B. Transferee's rights to pledge or exchange. This condition is met if both of the following conditions are met:

1. Each transferee (or, if the transferee is an entity whose sole purpose is to engage in a securitization or asset-backed financing activities and that entity is constrained from pledging or exchanging the assets it receives, each third-party holder of its beneficial interests) has the right to pledge or exchange the assets (or beneficial interests) it received.
2. No condition does both of the following:
 - i. Constrains the transferee (or third-party holder of its beneficial interests) from taking advantage of its right to pledge or exchange
 - ii. Provides more than a trivial benefit to the transferor (see paragraphs 860-10-40-15 through 40-21).

If the transferor, its consolidated affiliates included in the financial statements being presented, and its agents have no continuing involvement with the transferred financial assets, the condition under paragraph 850-10-40-5(b) is met.

C. Effective control. The transferor, its consolidated affiliates included in the financial statements being presented, or its agents do not maintain effective control over the transferred financial assets or third-party beneficial interests related to those transferred assets (see paragraph 860-10-40-22A). A transferor's effective control over the transferred financial assets includes, but is not limited to, any of the following:

1. An agreement that both entitles and obligates the transferor to repurchase or redeem them before their maturity (see paragraphs 860-10-40-23 through 40-27)
2. An agreement, other than through a cleanup call (see paragraphs 860-10-40-28 through 40-39), that provides the transferor with both of the following:
 - i. The unilateral ability³ to cause the holder to return specific financial assets
 - ii. A more-than-trivial-benefit attributable to that ability.
3. An agreement that permits the transferee to require the transferor to repurchase the transferred financial assets at a price that is so favorable to the transferee that it is probable that the transferee will require the transferor to repurchase them (see paragraph 860-10-55-42D).

¹ An entity that is designed to make remote the possibility that it would enter bankruptcy or other receivership.

² A common law right of a party that is both a debtor and a creditor to the same counterparty to reduce its obligation to that counterparty if that counterparty fails to pay its obligation.

³ A capacity for action not dependent on the actions (or failure to act) of any other party.



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COLLEGES, INC.

Corinthian College, Inc.
6 Hutton Centre Drive, Suite 400
Santa Ana, CA 92707-5764
tel: 714-427-3000 fax: 714-427-5138
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Conclusion

Issue 1: Does CCI hold a variable interest in ASFG or any other entity setup by ASFG to hold some or all of the loans that results in CCI Consolidating ASFG or such entity?

As described in more detail below, the Company conducted an assessment of numerous factors in determining whether it had a controlling financial interest in ASFG, including:

- ASFG's purpose and design, including the risks that the entity was designed to create and pass through to its variable interest holders;
- the variable interests in the entity and the holders of those interests;
- the involvement of the variable interest holders in the activities of the entity;
- the activities that significantly impact the economic performance of the entity;
- how the power to direct the significant activities of the entity is exercised;
- whether the Company satisfies the Power Criteria; and
- if the Company satisfies the Power Criteria, whether it also satisfies either the Benefits Criteria or the Losses Criteria.

As a result of that assessment, the Company concluded that it does not have the power to direct the activities of ASFG and that it does not satisfy the Power Criteria.

The Company determined that the economic performance of ASFG is most significantly impacted by the activities associated with:

- the cost of debt capital, including the administration of any ASFG debt obligations;
- the underwriting criteria of, and the interest rates and fees charged on, the private education loans purchased by ASFG under the ASFG Notes Program; and
- the performance of the portfolio of private education loan assets owned by ASFG, which is driven by the execution and serving strategies it directs its servicer to execute on Loans that are current or in the first 90 days of delinquency.

The activities associated with determining ASFG's cost of debt capital occurred during the development of the ASFG Notes Program. The cost of debt capital for ASFG was primarily a function of the structure of the transaction, which was directed by the capital markets and arranged and negotiated by American Student Financial Group, Inc., and Aequis Capital Management, Inc. that designed the structure of the ASFG Notes Program. The Company did not have the power to direct the activities that determined the ASFG's cost of debt capital.

The economic performance of ASFG is affected by the interest rates and fees charged on the private education loans purchased by the entity under the ASFG Notes Program. Those interest rates and fees were determined during the development of the ASFG Notes Program in connection with establishing the underwriting criteria for the private education loans made under the ASFG Program. The activities associated with establishing the underwriting criteria of, and the interest rates and fees charged on, the private education loans made under the ASFG Program are directed by the lender that makes the private education loans under the ASFG Program (the "Originating Lender") with financial modeling and advice from ASFG. The Company did not have the power to direct the activities that established the underwriting criteria of, or the interest rates and fees charged on, the private education loans that ASFG purchases under the ASFG Program.

The interest and fees that are earned by the entity on its portfolio of private education loans purchased under the ASFG Program are affected by whether those private education loans satisfy the specified underwriting criteria. The activities related to

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Santa Ana, CA 92707-5764
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originating loans in accordance with the underwriting criteria established under the ASFG Program are performed on behalf of the Originating Lender or its designee. The Company does not have the power to direct the Originating Lender's loan origination activities or the entity's administration activities, including determining whether the borrower eligibility requirements associated with the private education loans made under the ASFG Program that ASFG purchases are satisfied.

The activities that most significantly impact the performance of the private education loan assets of ASFG involve the servicing (which includes the collection strategies and execution) of those private education loans that are current or in the first 90 days of delinquency based on the following characteristics that are unique to private student loan:

- Loans that go beyond 91 days past due have a significantly lower realizeability of payment of not only principal, but also any form of interest or fees.
- Loans are unsecured and have a relatively low realizable value in late stage delinquency or after and event of default (unlike auto or mortgage loans where the residual value of the assets provides protection and recovery options).
- Private education loans do not have the same type of recovery remedies available to Federal student loans such as garnishment of wages, Social Security or tax refunds.

The servicing of the private education loans owned by ASFG is performed by a servicing entity (the "Servicer") that was appointed by ASFG. Through its role as the Servicer, the Servicer has the power to perform the activities that significantly impact the economic performance of ASFG's assets which could result in a potentially significant economic benefit to ASFG. Over an average loan life of approximately 5 years at a 14.9% interest rate and 6% prepaid finance charge, ASFG can recognize interest and fees in excess of their purchase price of approximately equal cash flows to their initial advanced amount.

The risk of student loan default is most critical during the first 90 days of delinquency. Student loans beyond 90 days delinquent have a significantly lower likelihood of default remediation than loans less than 90 days delinquent. ASFG has a put option, whereby they can require the Company to buy loans that are delinquent by 91 days or more. Student loans put to the Company are bought at an amount equal to the 60% advance, less any amounts paid to ASFG by the student. As such, ASFG does not receive the desired yield economics on any loans put to the Company. The most critical servicing activities occur prior to the loan becoming 91 days delinquent, which is controlled and directed by ASFG and the servicer of their choice. The Company does not have the power to direct the servicing activities with respect to ASFG's private education loan assets.

The Nature and Extent of the Company's Involvement in ASFG's Activities

The primary purposes of ASFG is to:

- provide investors with an investment opportunity involving a pool of private education loans; and
- realize a return in excess of its cost of debt capital for those investors.

ASFG was formed by American Student Financial Group, Inc., and Aequitas' Capital Management, Inc., neither of which are affiliated with the Company.

The Company concluded that it does not satisfy the Power Criteria and, therefore, is not the primary beneficiary of ASFG, because it:

- does not have the power to direct the servicing activities of the ASFG private education loans owned by ASFG;
- does not have the power to direct ASFG's administration activities or the Originating Agent's loan origination activities;
- did not have the power to direct the activities that established the underwriting criteria of, or the interest rates and fees charged on, the private education loans that ASFG purchases under the ASFG Program; and



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Santa Ana, CA 92707-5764
tel: 714-427-3000 fax: 714-427-5138
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- did not and does not have the power to direct the activities that determined ASFG's cost of debt capital or continue to affect the entities' cost of debt capital.

As identified above, the put option to the Company to buy delinquent loans of 91 days or greater does represent an obligation to absorb losses. However, the Company does not satisfy the Power Criteria. As such, management has concluded that the Company does not hold a variable interest in ASFG.

Issue 2: Is the forward sale agreement subject to ASC 470-50-55 and is the role of ASFG that of a principal or agent?

Management does not believe that this transaction is subject to the provisions of ASC 470-50-55-7. However as others could conclude otherwise, the Company has considered these provisions in respect to this transaction and management has concluded that ASFG is not acting as an agent for the Company based on the following:

- A. The intermediary's role (ASFG) is not restricted to placing or reacquiring debt for the debtor without placing its own funds at risk. ASFG is subject to the credit risk of the Company. Additionally, the yield received by ASFG is dependent upon the quality of underwriting, origination, and servicing of these student loans. Student loans put to the Company are bought at an amount equal to the 60% advance, less any amounts paid to ASFG by the student. As such, ASFG will not receive the desired yield economics on any loans put to the Company. Accordingly, ASFG's risk also includes the lost opportunity cost of capital for loans put back to the Company. The most critical servicing activities occur prior to the loan becoming 91 days delinquent, which is controlled and directed by ASFG and the servicer of their choice. The Company maintains a veto right with respect to the selection of the servicer. The role of ASFG is not restricted to placing or reacquiring debt or student loans. ASFG has the role of establishing underwriting criteria, originating, and servicing student loans. These roles have a direct impact on the yield earned by ASFG. The Company estimates the impact of the program fees to the yield of ASFG on the forward flow of notes to be approximately 2% per year (Attachment 2). **Facts lean towards ASFG as a principal.**
- B. The Company does not have a best-efforts agreement with ASFG. **Not applicable**
- C. CCI does not have control to direct ASFG and ASFG can independently initiate a sale, exchange, or modification of these notes. The Company does not have the power to direct the activities of ASFG, because it:
 - does not have the power to direct the servicing activities of the ASFG private education loans;
 - does not have the power to direct ASFG's administration activities or the Originating Agent's loan origination activities;
 - does not have the power to direct the activities that established the underwriting criteria of, or the interest rates and fees charged on, the private education loans that ASFG purchases under the ASFG Program; and**Facts lean towards ASFG as a principal.**
- D. ASFG is not limited to a pre-established fee. In addition to the defined program fees, ASFG will receive interest and penalties payments associated with such loans. **Facts lean towards ASFG as a principal.**

Management has concluded that with respect to the transaction identified above, the relationship between the Company and ASFG is that of a principal.

Issue 3: What is the proper accounting treatment for the Batch 1 – Non-Recourse Loans

- a. *Does the transaction represent a true sale and can the Company derecognize the related notes receivable and related balances upon sale at June 30, 2011?*

The Company obtained an outside legal opinion from Kirkland & Ellis LLP ("Kirkland") in which Kirkland concluded, based on the knowledge of bankruptcy laws, that the transaction under the Loan Sale Agreement and Bill of Sale would be beyond the reach of the Company and its creditors and would be considered a true-sale and



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6 Hutton Centre Drive, Suite 400
Santa Ana, CA 92707-5764
tel: 714-427-3000 fax: 714-427-5138
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that such assets should be accounted for as such by the Company. Management has read Kirkland's position memorandum and have taken the comments and facts cited into consideration in arriving at a conclusion. Management also considered whether or not Kirkland's legal opinion is sufficient evidence to support the legal isolation criteria in paragraph 5(a) of ASC 860-10-40. Management believes Kirkland accurately described the complete transaction and assumptions in the legal opinion under the correct legal jurisdiction.

Review of the Loan Sale Agreement

1. Transfer of Title:

Loan Sale Agreement, Sections 2.1 and 2.2 states:

Section 2.1. Agreement to Sell and Purchase Accounts. Seller agrees to sell, transfer, assign, set-over and convey and Buyer agrees to purchase, the Accounts described in the Account Schedule, subject to terms, provisions, conditions, limitations, waivers and disclaimers set forth in this Agreement. After the Closing Date, Buyer shall be the sole owner for all purposes (e.g. tax, accounting and legal) of the Accounts purchased under this Agreement and shall be entitled to all of the rights, privileges and remedies applicable to such ownership interest.

Section 2.2. Agreement to Assign/Buyer's Right to Act. On the Closing Date, Seller shall deliver to Buyer a Bill of Sale and Assignment of Accounts (the "Bill of Sale"), in the form of Exhibit B hereto, executed by an authorized representative of Seller, which Bill of Sale shall sell, transfer, assign, set-over and convey to Buyer all right, title and interest of Seller in and to each of the Accounts, to each of the Notes related thereto and to the proceeds of the Accounts and related Notes, if any, arising from and after the day after the Cutoff Date....

Based on the above extract, management concluded that the Company transferred all of its interest in the loans and does not retain servicing or retain any other interest in the loans other than providing the borrower education services – the majority of which have already been completed as of the Closing Date. This, in connection with Kirkland's opinion, supports and satisfies the legal isolation criteria in section (a) of ASC 860-10-40-5, that the sold loans have been transferred outside the reach of the transferor.

The Loan Sale Agreement between the Company and ASFG meets the criteria set forth in section (b) of ASC 860-10-40-5, through the perfection of the title and note with the borrower. This condition affords the Company the right to transfer title to the ASFG. There are no conditions in the Loan Sale Agreement that would restrict the rights of ASFG to transfer, pledge or exchange the assets sold.



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Santa Ana, CA 92707-5764
tel: 714-427-3000 fax: 714-427-5138
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2. Continuing involvement in the Agreements:

As noted above, the transferred assets are isolated from the Company and the Transferee is not constrained in its ability to pledge or exchange the transferred assets. Further, the Company does not service the underlying loans sold and has no future financial benefit in the loans subsequent to the sale. As such, the Company's only form of continuing involvement is the requirement to repurchase the loans in the event of violations of standard representations and warranties and/or specific legal events between the borrower and the Company. The following are the repurchase triggers with ASFG for true sale analysis.

Loan Sale Agreement, - Seller's Right
Sections 6.1 through 6.2 states:

Section 6.1. Accounts Affected. Accounts subject to Section 6.2 are the following: An Account which (i) is or becomes the subject of litigation to which Seller is or becomes a party and which Seller intends to repurchase for the purpose of settling a potential claim by the related Obligor against Seller; or (ii) may have as an Obligor a party who is also an Obligor or debtor with respect to an obligation owed to Seller other than the Account and which Seller intends to repurchase for the purpose of settling a potential claim by the related Obligor against Seller.

Section 6.2. Right to Repurchase. Upon written notice from Seller, Seller may repurchase any Account described in Paragraph 6.1 above which has not been paid in full, released or compromised by Buyer. If Seller exercises its rights to repurchase an Account, Buyer will reassign the Account to Seller. Upon delivering to Seller a full accounting of the Account, Buyer may retain any money or value that Buyer collected or received on the Account before Buyer's receipt of Seller's notice electing to repurchase; provided that, after Buyer has received Seller's notice, Buyer will immediately cease releasing, collecting or compromising the Account. Seller will repurchase such Accounts from Buyer at a price equal to i) the outstanding Account Balance at the time of repurchase multiplied by ii) the Purchase Price Percentage.

Given the above conditions, management considered the provisions of ASC 860-10-40-23 through 40-27 to determine whether the Company retains effective control of the assets.

Specifically, ASC 860-10-40-24 states:



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Santa Ana, CA 92707-5764
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An agreement that both entitles and obligates the transferor to repurchase or redeem transferred financial assets from the transferee maintains the transferor's effective control over those assets as described in paragraph 860-10-40-5(c)(1), if all of the following conditions are met:

The financial assets to be repurchased or redeemed are the same or substantially the same as those transferred.

- a. The transferor is able to repurchase or redeem them on substantially the agreed terms, even in the event of default by the transferee.
- b. The agreement is to repurchase or redeem them before maturity, at a fixed or determinable price.
- c. The agreement is entered into contemporaneously with, or in contemplation of, the transfer.

ASC 860-10-40-25 clarifies condition (a) above:

With respect to the condition in (a) in the preceding paragraph to maintain effective control under the condition in paragraph 860-10-40-5(c) as illustrated in paragraph 860-10-40-5(c)(1), the transferor must have both the contractual right and the contractual obligation to reacquire securities that are identical to or substantially the same as those concurrently transferred. Transfers that include only the right to reacquire, at the option of the transferor or upon certain conditions, or only the obligation to reacquire, at the option of the transferee or upon certain conditions, generally do not maintain the transferor's control, because the option might not be exercised or the conditions might not occur. Similarly, expectations of reacquiring the same securities without any contractual commitments (for example, as in wash sales) provide no control over the transferred securities.

Management concluded the Loan Sale Agreement only contains the right to reacquire, at the Company's option, or upon certain conditions and does not contain the obligation to reacquire. Furthermore, the Company's right to reacquire the loans is limited by ASFG's ability to sell the loans. Additionally, the Company's ability to reacquire loans is expected to be exercised with respect to substantially less than 1% of all of the loans. This demonstrates that the option might not be exercised or the conditions might not occur. Thus management concludes that the Company's right to repurchase does not indicate that the Company maintains effective control.

Loan Sale Agreement, - Seller's Obligation
Sections 6.3 states:



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Santa Ana, CA 92707-5764
tel: 714-427-3000 fax: 714-427-5138
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Section 6.3. Seller's Obligation to Repurchase. Upon written notice from Buyer, Seller shall repurchase any Account to which any of the following conditions applies as of the date of this Agreement (or as of the Cutoff Date, to the date extent so stated below);

- (a) Death of all Obligor(s) thereon on or prior to the Cutoff Date;
- (b) The discharge in bankruptcy, on or prior to the Cutoff Date, of indebtedness on the Account;
- (c) The Account was created as a result of fraud, misrepresentation, forgery or Seller's or any originator's mistake, such that the purported Obligor(s) has no liability for such Account;
- (d) On or prior to the Closing Date, Seller received payment in full settlement of the Account, but which Account was not deleted from the Account Schedule by Seller;
- (e) The Account is a duplicate record of any other Account being sold hereby;
- (f) As of the Closing Date, the Account is not an enforceable legal obligation due to Applicable Law, litigation or regulatory enforcement action, or does not comply with Applicable Law; or
- (g) As of the Cutoff Date, the Account was more than 30 days past due.

By detail reviewing the Seller's representations and warranties and criterion for repurchase of student loans in the Loan Sale Agreement management concluded that causes for repurchasing a Loan in the Loan Sales Agreement are standard and not excessive. In addition, the third condition of paragraph 5 of ASC 860-10-40-5 indicates that "the transferor does not maintain effective control over the transferred assets through an agreement that both entitles and obligates the transferor to repurchase or redeem them before their stated maturity". While the Company does have some obligation to repurchase, as noted above, it is not entitled to repurchase the transferred loans. Its obligation to repurchase is entirely out of its control.

Further review of the Loan Sale Agreement reveals that the Company has no real continuing involvement with the borrower, nor has any direct influence over the ultimate performance of the loans. Also there is no wholesale obligation to repurchase the loans. Additionally, the Loan Sale Agreement does not include a statement that the Company is entitled or obligated to repurchase or redeem the loans outside of their violation of the covenants within the Agreement. As such, management has concluded that the sale of the Batch 1 – Non-Recourse Loans qualifies as a true sale and that the related notes receivable, notes reserve and related balances will be derecognized at June 30, 2011.

b. In which period and where should the Company recognize any resulting gain or loss in the income statement?

The Company will recognize any resulting gain or loss associated with the sale of the Batch 1 – Non-Recourse Loans as an impairment charge during Q4 of fiscal 2011. The charge will be included within the line item impairment, facility closing, and severance.



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Corinthian College, Inc.
6 Hutton Centre Drive, Suite 400
Santa Ana, CA 92707-5764
tel: 714-427-3000 fax: 714-427-5138
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- c. Does the Company need to establish a recourse accrual and if so, how should it be presented in the balance sheet and income statement?**

Management has concluded that there is no need to establish a recourse accrual based on the non-recourse provisions of the Batch 1 sale (see Issue 3f).

- d. Does the Company have a future fair value requirement?**

Based upon the true sale opinion and the non-recourse provisions of the sale, management has concluded that there will be no future fair value requirements associated with the batch 1 notes after the date of sale.

- e. Should the Company continue to impute interest on the sold loans beyond June 30, 2011?**

Based upon the true sale option and the non-recourse provisions of the sale, management has concluded that there is no basis to impute interest on the Batch 1 notes sold beyond June 30, 2011. The imputed interest balance associated with the Batch 1 notes will be written-off and included within the Batch 1 impairment loss as of June 30, 2011.

- f. Does the Company need to establish a recourse accrual related to the contractual repurchase provision?**

Management has concluded that based upon the age of the batch 1 notes and the Company's experience with these notes that any contractual repurchase provision would be immaterial.

- g. How should the Company allocate the notes reserve between the Batch 1 and Batch 2 sales?**

The Batch 1 and Batch 2 loans consist of notes funded during fiscal years 2008, 2009, and 2010 that were either current or not greater than thirty days past due. The Company notes that ASFG selected the loans to be included in the Batch 1 sale. The Company does not know the exact selection criteria used by ASFG to split the loan pool. However, management is aware that the borrower's state of residency was one deciding factor as ASFG is not currently licensed in all states to hold such loans. As of June 30, 2011, the Company allocated an additional \$0.5 million of the loan pool reserve to the Batch 2 loans based upon Batch 1 having a higher percentage of WyoTech and current loans.

Issue 4: What is the proper accounting treatment for the Batch 2 – Recourse Loans

- a. Can the Company derecognize the related notes receivable and related balances upon sale in Q1 2012 and if not how should the receipt of cash be recorded?**

Based on the recourse provisions, management has concluded that the sale of the Batch 2 – Recourse Loans does not qualify as a true sale and that the related notes receivable and related balances cannot be derecognized upon sale. Management confirmed with legal counsel that the Batch 2 sale does not qualify as a true sale.

The cash proceeds received from the sale of the Batch 2 – Recourse Loans will be recorded as long-term debt under the balance sheet line item other long-term liabilities.

- b. In which period and where should the Company recognize any resulting gain or loss in the income statement?**

The Company will not recognize any resulting gain or loss associated with the sale of the Batch 2 – Recourse Loans as the sale does not qualify as a true sale. Any book gain or loss on the sale will be recognized on a straight-line basis, which does not materially differ from the effective interest method, to other non-operating income over the remaining weighted average loan life, commencing on the date of sale.



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c. Does the Company need to establish a recourse liability?

Management has concluded that adequacy of the recourse accrual will need to be addressed each reporting period through the assessment of the notes reserve.

d. How should charges and future changes in the recourse estimates be reflected within the financial statements?

Management has concluded that the current book value, net of reserve, of the Genesis notes approximates fair value. As such, the current reserve rate is the Company's best estimate of future defaults. Accordingly, as of the date of the sale, management believes that no additional recourse accrual is necessary. During each reporting period the Company will need to address the need for any additional recourse accrual through the assessment of the notes reserve. Adjustment to the recourse reserve will be recorded as an adjustment to revenue and a corresponding adjustment to the notes reserve.

e. Does the Company have a future fair value requirement for the Batch 2 notes receivable?

Management has concluded that the Batch 2 – Recourse Loans and corresponding long-term debt will not be subject to fair value accounting.

f. How will the Company unwind the long-term liability established for cash received?

At the end of each reporting period, the Company will need to obtain a total of principal payments received by ASFG for the Batch 2 – Recourse Loans. The notes receivable balance and the other long-term liability will be reduced each reporting period by the amount of principal payments received.

g. Should the Company continue to impute interest beyond June 30, 2011?

The Company has concluded that it will continue to impute interest on the Batch 2 loans beyond June 30, 2011. The imputed interest will be recorded as interest income and interest receivable. The Company will also record interest expense and interest payable equal to the amount of imputed interest income in relation to the long-term debt. The interest receivable and interest payable balances will need to be reduced each reporting period by the amount of interest payments received by ASFG.

Issue 5: What is the proper accounting treatment for the Forward Flow Agreement

a. Does the Company need to recognize the notes receivable?

Based on the conclusion above at Issue 1 (*Does CCI hold a variable interest in ASFG?*) and Issue 2 (Is the forward sale agreement subject to ASC 470-50-55-7 and is the role of ASFG that of a principal or agent?) management has concluded that there is no requirement for the Company to recognize the notes sold under the forward sale agreement or a requirement to consolidate ASFG under ASC 810-10-25.

b. How should the Company account for the difference between the sales price and the 60% advance on the forward flow and does the Company need to establish a recourse accrual?

Management has concluded that 40% discount paid to ASFG will be recorded as prepaid discount and a recourse liability within current liabilities. The prepaid discount will be amortized as a reduction to revenue over the program length. Management will assess the recourse liability each reporting period. Any adjustment to the recourse liability will be recorded as a reduction to revenue and a corresponding adjustment to the recourse liability.



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c. How should charges and future changes in the recourse estimates be reflected within the financial statements?

During each reporting period the Company will need to reassess the need for an additional recourse accrual. In the event that the Company needs to adjust the recourse accrual, any changes to the existing reserve will be recorded as an increase / reduction to revenue and a corresponding adjustment to the recourse liability.

d. Does the Company have a future fair value requirement for the notes receivable?

Management has concluded that the forward flow loans will not have a fair value requirement as the notes will not be recognized by the Company.

Issue 6: What is the proper accounting treatment for the Genesis loans originated during FY '11

a. Does the Company have a future fair value requirement for the notes receivable?

The Company has no intentions of selling the FY '11 Genesis notes and therefore has concluded that the notes will be held to maturity. Management has concluded that the current book value of the Genesis notes is equal to fair value. As such, the current reserve rate is the Company's best estimate of future defaults. At the end of each reporting the Company will continue to assess adequacy of the notes reserve. In the event that the Company needs to adjust the notes reserve, any changes to the existing reserve are recorded as an adjustment to revenue and a corresponding adjustment to the notes reserve.

b. Should the Company continue to accrue / impute interest beyond June 30, 2011?

Management has concluded that the Company should continue to accrue / impute interest as the notes are classified as held to maturity and the Company has a right to collect such interest.

Issue 7: What is the proper accounting treatment for program fees

a. How should the \$12.0 million 'Program Structuring Fee' be reflected within the financial statements?

Management and legal counsel have concluded that the two annual payments of \$6.0 million are related to the entire ASFG transaction and should be allocated to Batch 1, Batch 2, and the forward flow of loans.

Batch 1 -- Based on the off-balance sheet treatment of the notes, non-recourse provision, and completed revenue recognition, the Company will record a charge as of June 30, 2011 for the amount of program fees allocated to the Batch 1 notes.

Batch 2 -- Based on the on-balance sheet treatment of the notes, the Company will defer and amortize to other non-operating expense the amount of program fees allocated to the Batch 2 notes over the remaining average loan life (21.3 months).

Forward Flow -- Based on the non-recognition of the notes and the future revenue recognition, the Company will defer and amortize to other non-operating expense the amount of program fees allocated to the forward flow notes over the average program length (9 months). The amount of program fee allocated to the forward flow notes will be allocated into 24 equal amounts with amortization starting in the respective month of funding.



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- b. How should the \$250K per month 'Program Management Fee' be reflected within the financial statements?**

Management has concluded that these fees will be expensed as incurred within other non-operating expenses.

- c. How should the \$150 per account 'Default Aversion Fee' be reflected within the financial statements?**

Management has concluded that these fees will be expensed as incurred within other non-operating expenses.

- d. How should the \$75 per loan 'Loan Load-In Fee' be reflected within the financial statements?**

Management has concluded that these fees will be recorded as a current prepaid asset and will be amortized on a straight-line basis over the life of the program and recorded within other non-operating expenses.

- e. How should 'Ancillary Fees' be reflected within the financial statements?**

Management has concluded that these fees will be expensed as incurred within other non-operating expenses.

- f. Reimbursement by CCI of loan servicing costs and other misc costs**

Management has concluded that these fees will be expensed as incurred within other non-operating expenses.

Robert Owen
EVP and Chief Financial Officer

Robert Kenyon
VP, Controller

EXHIBIT 163

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From: King, Don
Sent: Friday, December 23, 2011 7:18 PM
To: Owen, Bob; Ord, Ken
Subject: FW: Great News on Co-signer Enhancements
Attachments: Co-Signers and ASFG Phase 2.ppt

FYI, Stef left you off the first email

From: Elicerio, Stefanie
Sent: Friday, December 23, 2011 10:53 AM
To: RVP Admissions; RVP OPERATIONS; Regional Finance Directors; Division Heads
Cc: Buchanan, Bill; Busic, Bob; Dean, Kim; King, Don; Wong, Candice; Mirr, Jim; Min, Andrew; McCarty, Cynthia
Subject: Great News on Co-signer Enhancements

Sent on behalf of Kim Dean and Don King:

In this holiday season, the CSC FARE and Credit teams bring you tidings of good news.

Since the decision was made at the beginning of Fiscal 2012 to increase the use of co-signers, as well as to add a related bonus target, we have been hearing a lot of great ideas from throughout the field organizations as to the tools they would need to get better traction on this very important organizational goal. The CSC FARE and Credit teams have listened and have been working over the past few months to build out the next generation co-signer model that will enfranchise the schools with all the tools they need to be successful in this area.

Attached is a very high level deck that summarizes the enhancements that include new training, scripts and collateral from the FARE team to help schools overcome co-signer's objections and new product enhancements from the Credit team based on negotiations with the ASFG and Genesis. These combined changes now produced a program that should give greater traction and benefits to both schools and students related to the use of co-signers.

We hope everyone has a great holidays and we look forward to working with you on these exciting changes that go into effect in January.

Kim Dean and Don King

Don King
VP of Finance & Treasurer
Corinthian Colleges, Inc.
6 Hutton Centre Drive, Suite 400
Santa Ana, CA 92707
(714) 825-7386
(714) 754-1228 - Fax
dking@cci.edu

**Fiscal Year 2012
Enhancements to Genesis
Co-signers
Effective January 2012**



Title Screen



- Schools have voiced concerns about their ability to get co-signers and the CSC support functions have responded. The main areas of enhancement are summarized below:
 - New Training
 - New Co-Signer Flyer
 - Product Enhancements:
 - Tiered Interest Rates
 - Co-signer Interest Benefit on all Loans
 - Continued Lower Discount Rates for Loans with Co-Signers
 - Continued Higher Loans Limits for Loans with Co-signers
 - Q2 Co-signer Bonus targets will be waived



- Topic 1: Could there be more training and scripting to help overcome co-signer objections
 - **Training:** The FARE and OD teams have developed revised co-signer scripts, which will be available the first week of January. Additional training webinars will be rolled out shortly after.
- Topic 2: The co-signer brochures that were implemented during FIRE are out of date and refer too specifically to Sallie Mae related benefits,
 - **Collateral:** The FARE, OD, Credit and Marketing teams have produced a new flyer that will be available at the beginning of January on the fulfillment site.



- Topic 3: There are no co-signer benefits to our students to entice them to get a co-signer on their loan applications.
 - **Product Enhancement:** A tiered pricing structure will be implemented which guarantees a better interest rate to any loan with a co-signer
- Topic 4: Some of the Plan C in-school interest only payments are higher than a student would prefer.
 - **Product Enhancement:** Adding a co-signer will reduce the loan interest rate on ALL loans and thereby reduce the student's in-school interest only payment. Adding a credit-worthy co-signer could cut the in-school payment in some cases by more than half.

- Topic 5: Do co-signers help students get more favorable loan approvals?
 - Any co-signer will improve a student's credit limit by at least \$500. A credit worthy co-signer may qualify a student for even higher credit limits.
- Topic 6: Does the school get a benefit from getting co-signers?
 - All loans with co-signers carry a 10% lower discount rate than loans without co-signers.
 - Adding co-signers helps maximize the FY12 bonus payout
 - Loans with co-signers tend to have better repayment rates, which can lead to better compliance under CDR, Gainful Employment, and 90/10



FICO SCORE	Interest Rate Student Only	Interest Rate With Co-signer
775+	8.90%	6.90%
725 - 774	12.90%	10.90%
675 - 724	13.90%	11.90%
<675	14.90%	12.90%

ORIGINATION FEES	LOAN AMOUNT
3.0%	\$500 - \$2,499
4.0%	\$2,500 - \$3,499
5.0%	\$3,500 - \$5,499
6.0%	\$5,500+

- Current pricing is 14.90% interest with a 6% origination fee ⁶



On a \$3,500 Loan

FICO SCORE	Interest Rate Student Only	In-School Interest Only Payment	Interest Rate With Co-signer	In-School Interest Only Payment
775+	8.90%	\$27.26	6.90%	\$21.13
725 - 774	12.90%	\$39.51	10.90%	\$33.38
675 - 724	13.90%	\$42.57	11.90%	\$36.44
<675	14.90%	\$45.63	12.90%	\$39.51

On a \$7,000 Loan

FICO SCORE	Interest Rate Student Only	In-School Interest Only Payment	Interest Rate With Co-signer	In-School Interest Only Payment
775+	8.90%	\$55.03	6.90%	\$42.67
725 - 774	12.90%	\$79.77	10.90%	\$67.40
675 - 724	13.90%	\$85.95	11.90%	\$73.58
<675	14.90%	\$92.13	12.90%	\$79.77



Sign Off Slide

EXHIBIT 164

Nicholas Campins

From: Shobaki, Khaldoun <KShobaki@irell.com>
Sent: Monday, June 17, 2013 10:38 AM
To: Nicholas Campins
Subject: CCI / Heald Genesis Powerpoint
Attachments: Genesis Presentation - Borrower Benefit Review old.pdf

Nick,

As we discussed this morning, here is a copy of the Heald Genesis presentation that was used at four campuses (including San Jose) before the program was rolled out to all campuses around September 2012.

I will include a Bates numbered copy in our production of documents on behalf of the school later this week.

Thanks,
-kal

--

Khaldoun Shobaki • Irell & Manella LLP • 1800 Avenue of the Stars, Suite 900, LA, CA 90067
kshobaki@irell.com • +1.310.203.7553 (voice) • +1.310.556.5354 (fax)

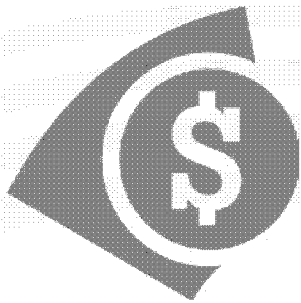
PLEASE NOTE: This message, including any attachments, may include privileged, confidential and/or inside information. Any distribution or use of this communication by anyone other than the intended recipient(s) is strictly prohibited and may be unlawful. If you are not the intended recipient, please notify the sender by replying to this message and then delete it from your system. Thank you.

GENESIS LOANS

Creating a financial plan for school
designed for you!

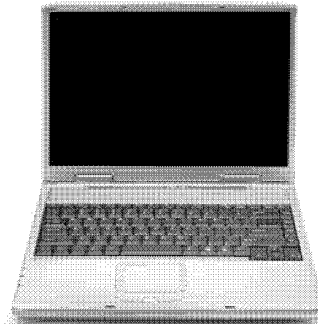
What is a Genesis Loan?

- A Genesis Loan is a private bank loan used to help you finance your remaining balance after you have applied for federal financial aid funding.
 - It is used to help you pay for your direct costs such as tuition, books and fees.
 - *Not used for personal expenses.*



How do I qualify for a Genesis Loan?

- We will walk you through the on-line application process during your financial aid appointment.
- It is beneficial to the student to apply with a co-signer.
 - Applying with a co-signer GUARANTEES a lower interest rate!



Benefits of applying with a co-signer

- A better (lower) interest rate is guaranteed with a co-signer.
- A credit-worthy co-signer could cut in-school payments, in some cases, by more than half.
- Any co-signer will improve a student's credit limit by at least \$500. A credit worthy co-signer may qualify a student for even higher credit limits.

What are the interest rates and fees?

FICO SCORE	Interest Rate Student Only	Interest Rate With Co-signer
775+	8.90%	6.90%
725 - 774	12.90%	10.90%
675 - 724	13.90%	11.90%
<675	14.90%	12.90%

ORIGINATION FEES	LOAN AMOUNT
3.0%	\$500 - \$2,499
4.0%	\$2,500 - \$3,499
5.0%	\$3,500 - \$5,499
6.0%	\$5,500+

What will my payments look like?

\$3500 Genesis Loan

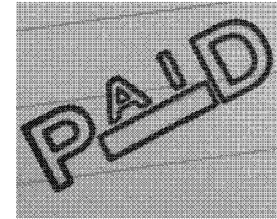
FICO SCORE	Interest Rate Student Only	In-School Interest Only Payment	Interest Rate With Co-signer	In-School Interest Only Payment
775+	8.90%	\$27.26	6.90%	\$21.13
725 - 774	12.90%	\$39.51	10.90%	\$33.38
675 - 724	13.90%	\$42.57	11.90%	\$36.44
<675	14.90%	\$45.63	12.90%	\$39.51

- Sample in-school repayment schedules
- What will your payment be after you leave school?
 - Payment estimator

\$7000 Genesis Loan

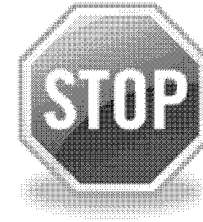
FICO SCORE	Interest Rate Student Only	In-School Interest Only Payment	Interest Rate With Co-signer	In-School Interest Only Payment
775+	8.90%	\$55.03	6.90%	\$42.67
725 - 774	12.90%	\$79.77	10.90%	\$67.40
675 - 724	13.90%	\$85.95	11.90%	\$73.58
<675	14.90%	\$92.13	12.90%	\$79.77

How do payments work?



- Interest-only payments are due while you are in-school, and for a 90-day grace period after you finish school or leave.
- Principal and interest payments begin after the 90-days grace period.
- Monthly statements without payment coupon books.
- 24/7 online account access and online payments.
- Monthly reporting to all major credit bureaus of your credit history.
 - Paying your Genesis Loan on-time can help build good credit or help rehabilitate lower credit scores.

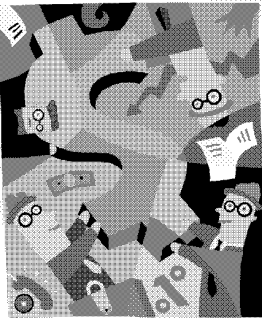
What happens if I don't pay?



- Negative affect on your credit score.
- \$25 fee for payments that are more than 10 days late
- \$25 fee for returned payments (non-sufficient funds, NSF)
- *IF YOU HAVE PROBLEMS WITH YOUR PAYMENTS HEALD COLLEGE WANTS TO HELP YOU!!*

Who can help me if I have questions about or can't pay my Genesis Loan?

- If you have questions about your Genesis Loan account you may visit the Business Office or the Financial Aid Office for help.
- If you are having trouble paying your Genesis Loan, you may visit the Business Office.
- You will get to see where the Business Office is today and meet with one of their team members!



*WE ARE HERE TO HELP YOU! LET'S
GET STARTED!*

EXHIBIT 165

Private Education Loan Preferred Lender List



The following is Heald's preferred lender list for **private education loans**. Borrowers who are interested in obtaining private education loans may qualify for federal student loans or other assistance under Title IV of the Higher Education Act and should apply for such federal aid before applying for a private education loan. The terms and conditions of loans made, insured or guaranteed under Title IV of the Higher Education Act typically may be more favorable than the provisions of private education loans.

Private education loans are not subsidized by the federal government. They should be used for education related expenses and should supplement — not replace — federal student loans and federal aid programs. The amount of a private education loan is limited to the cost of attendance less any federal student loans and other federal aid. A student's eligibility for a private education loan is determined by the lender based on the creditworthiness of the student borrower and/or co-borrower. While we have summarized the features of private education loans offered by our preferred private education loan lenders for the specific terms and conditions on any private education loan, you should contact the lender.

As a result of current conditions in the credit market, many lenders have ceased making private education loans, or have tightened their credit criteria such that fewer borrowers are qualifying for such loans. The lender listed below has expressed a willingness to make private education loans to Heald students who meet its eligibility and credit criteria. In addition, while we do not promote or endorse this lender, we expect this lender to provide satisfactory customer service and representatives who can assist borrowers to make informed decisions. The lender listed below will work within our processing system and disburse funds to the student's account quickly using Electronic Funds Transfer. The chart below provides information on features of the private education loans offered by Liberty Bank. You are not required to take out a private loan with our preferred private education loan lender. You may receive a private education loan from any lender you choose, and Heald will work with any reputable lender that makes private education loans.

Loan information was provided to Heald by the individual lender as of October 1, 2012, and is subject to change without notice. Liberty Bank loans may not be available at all Heald campuses. We are not responsible for the content of lender websites.

Loan Product/Lender	<p>Liberty Bank, N.A.</p> <p>Servicer: Genesis Lending Services 1-888-711-4307 www.genesislendingonline.com</p>
Borrower Eligibility Requirements	<ul style="list-style-type: none"> • Student borrower must be a U.S. citizen or noncitizen permanent resident • Enrolled at Heald school or online program
Loan Limits	<ul style="list-style-type: none"> • \$500 minimum loan amount • Maximum loan amounts per academic year range from \$8,500 to \$24,500, depending on costs of attendance, educational program and meeting other credit criteria
Interest Rates and Fees *Contact each lender for interest rate changes.	<ul style="list-style-type: none"> • Fixed interest rate of 2.9% to 9.9%, depending on meeting credit criteria • 3% loan origination fee
Credit Information	<ul style="list-style-type: none"> • No minimum income requirement
2012–2013 Borrower Benefits and Repayment	<ul style="list-style-type: none"> • Interest-only payments while in school. Interest accrues while in school • Prepay at any time without penalty

LIBERTY BANK RESERVES THE RIGHT TO MODIFY OR DISCONTINUE LOAN PROGRAMS AND BORROWER BENEFITS AT ANY TIME WITHOUT NOTICE.

Below is a list of the maximum eligibility amounts of federal student grant and loan funds that are available to students under Title IV of the Higher Education Act to the extent they qualify. All grant and loan program eligibility amounts are awarded on an individual student basis; the amounts vary based on the information provided by each student on the Free Application for Federal Student Aid (FAFSA). Information regarding each program will be provided by the financial aid office at your school.

Pell Grant

Maximum award for full-time enrollment: \$5,550

Federal Supplementary Educational Opportunity Grant (FSEOG)

From \$100 to \$4,000 (Subject to respective school's award allocation)

Federal Work-Study

Employment in an approved job is required; eligibility up to the cost of attendance less other financial aid awarded (Subject to respective school's award allocation)

Parent Loan to Assist the Student (PLUS)

Eligibility up to the cost of attendance less other financial aid awarded

Stafford Subsidized Loan

Freshman: \$3,500

Sophomore: \$4,500

Junior or Senior: \$5,500

Unsubsidized Stafford Loan

(Independent students and dependent students whose parents were denied a PLUS loan)

Freshman: \$6,000

Sophomore: \$6,000

Junior or Senior: \$7,000

Additional Unsubsidized Stafford Loan

(Dependent students whose parents were not denied a PLUS loan)

Freshman: \$2,000

Sophomore: \$2,000

Junior or Senior: \$2,000

EXHIBIT 166

Private Education Loan Preferred Lender List

Everest

The following is Everest's preferred lender list for **private education loans**. Borrowers who are interested in obtaining private education loans may qualify for federal student loans or other assistance under Title IV of the Higher Education Act and should apply for such federal aid before applying for a private education loan. The terms and conditions of loans made, insured or guaranteed under Title IV of the Higher Education Act typically may be more favorable than the provisions of private education loans.

Private education loans are not subsidized by the federal government. They should be used for education related expenses and should supplement — not replace — federal student loans and federal aid programs. The amount of a private education loan is limited to the cost of attendance less any federal student loans and other federal aid. A student's eligibility for a private education loan is determined by the lender based on the creditworthiness of the student borrower and/or co-borrower. While we have summarized the features of private education loans offered by our preferred private education loan lenders for the specific terms and conditions on any private education loan, you should contact the lender.

As a result of current conditions in the credit market, many lenders have ceased making private education loans, or have tightened their credit criteria such that fewer borrowers are qualifying for such loans. The lender listed below has expressed a willingness to make private education loans to Everest students who meet its eligibility and credit criteria. In addition, while we do not promote or endorse this lender, we expect this lender to provide satisfactory customer service and representatives who can assist borrowers to make informed decisions. The lender listed below will work within our processing system and disburse funds to the student's account quickly using Electronic Funds Transfer. The chart below provides information on features of the private education loans offered by Liberty Bank. You are not required to take out a private loan with our preferred private education loan lender. You may receive a private education loan from any lender you choose, and Everest will work with any reputable lender that makes private education loans.

Loan information was provided to Everest by the individual lender as of October 1, 2012, and is subject to change without notice. We are not responsible for the content of lender websites.

Loan Product/Lender	Liberty Bank, N.A. Servicer: Genesis Lending Services 1-888-711-4307 www.genesislendingonline.com
Borrower Eligibility Requirements	<ul style="list-style-type: none"> • Student borrower must be a U.S. citizen or noncitizen permanent resident • Enrolled at Everest school or online program
Loan Limits	<ul style="list-style-type: none"> • \$500 minimum loan amount • Maximum loan amounts per academic year range from \$8,500 to \$24,500, depending on costs of attendance, educational program and meeting other credit criteria
Interest Rates and Fees <small>*Contact each lender for interest rate changes.</small>	<ul style="list-style-type: none"> • Fixed interest rate of 2.9% to 9.9%, depending on meeting credit criteria • 3% loan origination fee
Credit Information	<ul style="list-style-type: none"> • No minimum income requirement
2012–2013 Borrower Benefits and Repayment	<ul style="list-style-type: none"> • Interest-only payments while in school. Interest accrues while in school • Prepay at any time without penalty

LIBERTY BANK RESERVES THE RIGHT TO MODIFY OR DISCONTINUE LOAN PROGRAMS AND BORROWER BENEFITS AT ANY TIME WITHOUT NOTICE.

Below is a list of the maximum eligibility amounts of federal student grant and loan funds that are available to students under Title IV of the Higher Education Act to the extent they qualify. All grant and loan program eligibility amounts are awarded on an individual student basis; the amounts vary based on the information provided by each student on the Free Application for Federal Student Aid (FAFSA). Information regarding each program will be provided by the financial aid office at your school.

Pell Grant

Maximum award for full-time enrollment: \$5,550

Federal Supplementary Educational Opportunity Grant (FSEOG)

From \$100 to \$4,000 (Subject to respective school's award allocation)

Federal Work-Study

Employment in an approved job is required; eligibility up to the cost of attendance less other financial aid awarded (Subject to respective school's award allocation)

Perkins Loan

Undergraduate: \$100 to \$5,500

Graduate and Professional: \$100 to \$8,000

(Subject to respective school's award allocation, level of expenditure and loan collections)

Parent Loan to Assist the Student (PLUS)

Eligibility up to the cost of attendance less other financial aid awarded

Stafford Subsidized Loan

Freshman: \$3,500

Sophomore: \$4,500

Junior or Senior: \$5,500

Unsubsidized Stafford Loan

(Independent students and dependent students whose parents were denied a PLUS loan)

Freshman: \$6,000

Sophomore: \$6,000

Junior or Senior: \$7,000

Additional Unsubsidized Stafford Loan

(Dependent students whose parents were not denied a PLUS loan)

Freshman: \$2,000

Sophomore: \$2,000

Junior or Senior: \$2,000