

## **Federal and Private Education Loan Code of Conduct and Disclosures**

Federal education loans and private education loans (collectively, "Loans") are two types of financial aid that are available to qualifying ITT Technical Institute students and their parents. It is important for ITT Technical Institute student and parent borrowers to understand ITT Technical Institute's position with respect to Lenders, which are defined to include:

- private lenders who make Loans that ITT Technical Institute student and parent borrowers can use to help pay the cost of an ITT Technical Institute education;
- the entities that service, guaranty and/or securitize those Loans; and
- the entities, such as trade or professional associations, that receive money related to Loan activities from those private lenders, servicers, guarantors and securitizers.

**Code of Conduct:** ITT Technical Institute has adopted the following code of conduct with respect to Lenders:

- (1) ITT Technical Institute officers and employees (collectively, "Agents") will avoid real and perceived conflicts of interest between their duties and responsibilities at ITT Technical Institute and the Loans or other student financial aid made available to qualifying ITT Technical Institute students and their parents.
- (2) No Agent will solicit, accept or receive any Gift (as defined below) from a Lender.
- (3) No Agent who is employed in the institute's Finance Department or has any responsibilities with respect to student financial aid will:
  - serve or participate on any advisory board, commission or group established by a Lender; or
  - accept from a Lender or an affiliate of a Lender any fee, payment or other financial benefit (including the opportunity to purchase stock) as compensation for any type of consulting arrangement or other contract to provide services to, or on behalf of, a Lender relating to federal or private Loans.
- (4) An Agent, who is not employed in the institute's Finance Department or does not have any responsibilities with respect to student financial aid, may serve on any board of any publicly traded or privately held company and solicit, accept and receive remuneration or expense reimbursement related thereto, regardless of whether that company is a Lender.
- (5) ITT Technical Institute will not:
  - accept or request any Gift from a Lender in exchange for any advantage or consideration provided to that Lender related to the Lender's Loan activities;
  - solicit, accept or receive any payments, referral fees, revenue sharing or similar financial arrangements from any Lender in exchange for referring or recommending that Lender to ITT Technical Institute's student and parent borrowers;

- permit any employee or other agent of a Lender to:
    - identify himself or herself to ITT Technical Institute's student or parent borrowers as an employee, representative or agent of ITT Technical Institute; or
    - work in the Finance Department or any call center operation of ITT Technical Institute;
  - direct any of its student or parent borrowers to any electronic promissory notes or other loan agreements with respect to any Lender's Loans that do not provide the student or parent borrowers with a reasonable and convenient alternative to select their Lender for a particular type of Loan and complete that Lender's Loan documentation;
  - refuse to certify, or delay certification of, any Lender's Loan based on the Lender selected by its student or parent borrowers; or
  - request or accept from any Lender any offer of funds to be used for private Loans to its student or parent borrowers, in exchange for ITT Technical Institute providing concessions or promises to the Lender:
    - that may prejudice any other of its student or parent borrowers; or
    - in the form of a specified number of federal or private Loans, a specified volume of those Loans or a preferred lender arrangement with respect to those Loans.
- (6) ITT Technical Institute will allow all of its student and parent borrowers to select the Lender of their choice, and will not otherwise assign any of its student or parent borrowers' Loans to a particular Lender.
- (7) If ITT Technical Institute refers or recommends any Lender(s) to its student or parent borrowers, ITT Technical Institute will:
- disclose the process by which it selected the Lender(s), including the method and criteria that it used in determining to refer or recommend the Lender(s) and the relative importance of those criteria;
  - disclose to students and their parents that they are free to use any Lender;
  - only refer or recommend a Lender that, as a whole, it has determined offers Loans that have competitive rates, terms, borrower benefits, services and loan administration (collectively, "Terms");
  - review annually the competitiveness of the Terms of the Loans offered by the Lender(s) that it refers or recommends to its student and parent borrowers;
  - update annually the Lender(s) that it refers or recommends to its student and parent borrowers;

- obtain each Lender's assurance that any repayment benefits that the Lender advertised with respect to the Lender's Loans made to its student and parent borrowers will continue to apply to those Loans, regardless of whether the Lender sells those Loans;
  - inquire whether the Lender has any agreement to sell the Loans made to its student and parent borrowers to an unaffiliated Lender and, if the Lender informs ITT Technical Institute that the Lender has such an agreement, ITT Technical Institute will disclose that information to its student and parent borrowers; and
  - not refer or recommend any Lender more favorably for a particular type of Loan, in exchange for the Lender providing more favorable Terms to student or parent borrowers in connection with a different type of Loan.
- (8) "Gift" is defined as any money, discount, favor, gratuity, inducement, loan, stock, prize or thing of value, including, without limitation, any entertainment, hospitality, service, honoraria, transportation, lodging, meal, registration fee, forbearance, promise, computer hardware, printing or assistance with call center or Finance Department staffing, whether provided in kind, by purchase of a ticket, payment in advance or by reimbursement. A Gift to a family member of an Agent, or to any other individual based on that individual's relationship with an Agent, is considered to be a Gift to the Agent, if:
- the Gift was given with the knowledge and acquiescence of the Agent; and
  - the Agent has reason to believe that the Gift was given because of the Agent's duties or responsibilities at ITT Technical Institute;

A "Gift" does not include, however, any of the following:

- standard informational material, activities or programs on issues related to a Lender's Loan, default aversion, default prevention or financial literacy, such as a brochure, workshop or training;
- food, refreshments, training or informational material furnished to an Agent as an integral part of a training session that is designed to improve the Lender's service to ITT Technical Institute, if such training contributes to the professional development of the Agent;
- favorable Terms on a Lender's Loan provided to a student employed by ITT Technical Institute, if such Terms are comparable to those available to all ITT Technical Institute students;
- educational counseling, financial literacy or debt-management materials provided to borrowers, if the identification of any Lender that assisted in preparing, providing or paying for any of those materials is disclosed on the materials;
- entrance and exit counseling services provided by Lenders to student borrowers to meet ITT Technical Institutes' responsibilities under federal law; provided that:

- ITT Technical Institute staff is in control of the services;
- the services are not provided in-person by any Lenders; and
- the Lender does not promote or secure applications for its Loans or other products or services during the provision of those services;
- items of de minimus value that are offered as a form of generalized marketing or advertising, or to create good will; and
- other services provided by Lenders to ITT Technical Institute or an Agent that are identified and approved by the U.S. Department of Education.

**Disclosures:**

- (1) All Agents with responsibilities for Loans or other student financial aid are required to obtain annual training on the Code of Conduct above.
- (2) **Student and parent borrowers:**
  - **may qualify for federal student financial aid available at ITT Technical Institute, and are advised to consider all federal student aid that is available, which:**
    - **is specified in ITT Technical Institute's school catalog;**
    - **is explained in detail in The Guide to Federal Student Aid, published by the U.S. Department of Education and available at [http://studentaid.ed.gov/students/publications/student\\_guide/index.html](http://studentaid.ed.gov/students/publications/student_guide/index.html); and**
    - **includes federal Loans, which may charge lower rates of interest and offer other more favorable Terms than private Loans, which may cost borrowers more than federal Loans;**
  - **have the right and ability to select the Lender of their choice;**
  - **are not required to use any Lender referred or recommended by ITT Technical Institute; and**
  - **will not be penalized for selecting a Lender that is not referred or recommended by ITT Technical Institute.**
- (3) The maximum amount of federal grant and federal Loan aid available at ITT Technical Institute is as follows:

<b>Type of Grant or Loan</b>	<b>Maximum Amount Subject to Qualification<sup>a</sup></b>
Federal Pell Grant	\$609 to \$5,350 for the 2009/2010 award year
Federal Academic Competitiveness Grant	Up to \$750 for the first academic year Up to \$1,300 for the second academic year
Federal National Science and Mathematics Access to Retain Talent Grant	Up to \$4,000 for each of the third and fourth academic years
Federal Supplemental Education Opportunity Grant	\$100 to \$4,000 for each academic year
Subsidized Federal Stafford Loan	Up to \$3,500 for the first academic year Up to \$4,500 for the second academic year Up to \$5,500 for each of the third and subsequent academic years Up to \$8,500 for each academic year of a graduate degree program
Unsubsidized Federal Stafford Loan	Up to \$6,000 for each of the first and second academic years Up to \$7,000 for each of the third and subsequent academic years Up to \$10,000 for each academic year of a graduate degree program
Federal PLUS Loan	Up to the cost of the student's education each academic year, less all other federal aid received

(a) The maximum amount listed is the amount that is in effect as of the date this disclosure was published. The actual amount available to a student or parent borrower is subject to the borrower's qualification pursuant to U.S. Department of Education regulations and the moneys available under each program from time to time.

- (4) ITT Technical Institute is required to process the documents required for student and parent borrowers to obtain a federal loan under the Federal Family Education Loan Program from any eligible Lender that the borrower selects.
- (5) Specific disclosures for federal Loans:
- ITT Technical Institute typically refers student and parent borrowers to the following list of Lenders of federal Loans ("Federal Lenders") to assist its students in obtaining financial aid to help pay their cost of education:
    - Wells Fargo Education Financial Services ("WF"),
    - Nelnet, Inc. ("NI"), or
    - Sallie Mae Education Trust ("SM")

- Federal Loan comparative information:

	<u>Nelnet, Inc.</u>	<u>Sallie Mae Education Trust</u>	<u>Wells Fargo Education Financial Services</u>
<b>Interest Rate</b>			
Subsidized Stafford Loan	5.6%	5.6%	5.6%
Unsubsidized Stafford Loan	6.8%	6.8%	6.8%
PLUS Loan	8.5%	8.5%	8.5%
<b>Origination Fee</b>			
Subsidized Stafford Loan	0.5%	0.5%	0.5%
Unsubsidized Stafford Loan	0.5%	0.5%	0.5%
PLUS Loan	3%	3%	3%
<b>Default Fee</b>			
Subsidized Stafford Loan	1%	1%	1%
Unsubsidized Stafford Loan	1%	1%	1%
PLUS Loan	1%	1%	1%
<b>Borrower Benefits</b>			
Subsidized Stafford Loan	N/A	N/A	N/A
Unsubsidized Stafford Loan	N/A	N/A	N/A
PLUS Loan	N/A	N/A	N/A

- Neither WF, NI nor SM is affiliated with any of the other Federal Lenders.
- ITT Technical Institute believes that many of its students would be unable to pursue and pay the cost of their education without access to federal Loans, because, in many cases, the amount of other available financial resources is insufficient or those resources are more costly and/or inaccessible for student and parent borrowers to use to cover the students' cost of education.
- ITT Technical Institute typically refers the Federal Lenders to student and parent borrowers, because of the Terms of their federal Loans. ITT Technical Institute compares the Terms of federal Loans that Lender's may offer to ITT Technical Institute student or parent borrowers on an annual basis through an informal process. The most important Terms include the interest rates and fees charged on the federal Loans, the borrower benefits associated with the federal Loans (such as repayment benefits and loan consolidation) and various aspects of the administration of the federal Loans (such as the manner and ease by which the federal Loans are processed, funded and serviced).
- ITT Technical Institute believes that the Terms of the Federal Lenders' federal Loans are highly competitive with the Terms of federal Loans offered by other Lenders that may be available to ITT Technical Institute student and parent borrowers. ITT Technical Institute's goal is to refer Lenders that offer to ITT Technical Institute student and parent borrowers, as a whole, federal Loans with highly competitive Terms, and that administer those federal Loans efficiently. The general Terms of the federal Loans offered by the Federal Lenders to ITT Technical Institute student and parent borrowers were determined through negotiations conducted on behalf of all of the ITT Technical Institutes across the country. ITT Technical Institute believes that this approach can generally help improve

the Terms of the federal Loans, because the number of potential borrowers attending all of those institutions combined is much greater than the number attending a single ITT Technical Institute campus and, therefore, more attractive to the Federal Lenders. **ITT Technical Institute cannot assure any student or parent borrower, however, that the Terms of the Federal Lenders' federal Loans contain Terms that are more beneficial, or are administered more efficiently, than federal Loans offered by other Lenders that a student or parent borrower may be able to obtain.**

- The Federal Lenders have made assurances that any repayment benefits advertised with respect to any federal Loans that student and parent borrowers obtain from any of the Federal Lenders will continue to apply to their federal Loans, regardless of whether that Federal Lender sells their federal Loans.
- The Federal Lenders may now or in the future have an agreement to sell the federal Loans made to ITT Technical Institute's parent and student borrowers to unaffiliated Lenders.
- ITT Technical Institute encourages student and parent borrowers to:
  - shop around to obtain federal Loans from Lenders who offer the best combination of Terms for the borrower's particular circumstances;
  - choose Lenders that can process and fund the borrower's federal Loans electronically, in order to avoid a slower paper process which may result in delays in funding the borrower's federal Loans; and
  - make certain that all repayment benefits advertised by the Lender with respect to the borrower's federal Loans are specified in the borrower's federal Loan documents and will remain part of the Terms if the federal Loans are subsequently sold by the Lender.

(6) Specific disclosures for private Loans:

- ITT Technical Institute typically refers student and parent borrowers to the following list of Lenders of private Loans ("Private Lenders") to assist its students in obtaining financial aid to help pay their cost of education that federal student financial aid does not cover:
  - Liberty Bank, N.A. ("LB"), or
  - Eli Lilly Federal Credit Union ("ELFCU")
- LB is not affiliated with any of the other Private Lenders. ELFCU is not affiliated with any of the other Private Lenders.
- ITT Technical Institute believes that many of its students would be unable to pursue and pay the cost of their education without access to private Loans, because, in many cases, the amount of other available financial resources is insufficient or those resources are inaccessible for student and parent borrowers to use to cover the students' cost of education.

- ITT Technical Institute typically refers the Private Lenders to student and parent borrowers, because of the Terms and availability of their private Loans. ITT Technical Institute compares the Terms of private Loans that Lender's may offer to ITT Technical Institute student or parent borrowers on an annual basis through an informal process. The most important Terms include the interest rates and fees charged on the private Loans, the borrower benefits associated with the private Loans (such as repayment benefits and loan consolidation), the credit criteria that borrowers must satisfy to qualify for the private Loans and various aspects of the administration of the private Loans (such as the manner and ease by which the private Loans are processed, funded and serviced).
- ITT Technical Institute believes that the Terms of the Private Lenders' private Loans are highly competitive with the Terms of private Loans offered by other Lenders that may be available to ITT Technical Institute student and parent borrowers. ITT Technical Institute's goal is to refer Lenders that offer to ITT Technical Institute student and parent borrowers, as a whole, private Loans with highly competitive Terms, and that administer those private Loans efficiently. The general Terms of the private Loans offered by the Private Lenders to ITT Technical Institute student and parent borrowers were determined through negotiations conducted on behalf of all of the ITT Technical Institutes across the country. ITT Technical Institute believes that this approach can generally help reduce the rates and improve the other Terms of the private Loans, because the number of potential borrowers attending all of those institutions combined is much greater than the number attending a single ITT Technical Institute campus and, therefore, more attractive to the Private Lenders. **ITT Technical Institute cannot assure any student or parent borrower, however, that the Terms of the Private Lenders' private Loans contain lower rates or other Terms that are more beneficial, or are administered more efficiently, than private Loans offered by other Lenders that a student or parent borrower may be able to obtain.**
- The Private Lenders have made assurances that any repayment benefits advertised with respect to any private Loans that student and parent borrowers obtain from any of the Private Lenders will continue to apply to their private Loans, regardless of whether that Private Lender sells their private Loans.
- The Private Lenders may now or in the future have an agreement to sell the private Loans made to ITT Technical Institute's parent and student borrowers to unaffiliated Lenders.
- ITT Technical Institute encourages student and parent borrowers to:
  - shop around to obtain private Loans from Lenders who offer the best combination of Terms for the borrower's particular circumstances;
  - choose Lenders that can process and fund the borrower's private Loans electronically, in order to avoid a slower paper process which may result in delays in funding the borrower's private Loans; and
  - make certain that all repayment benefits advertised by the Lender with respect to the borrower's private Loans (such as discounts for a certain number of consecutive timely private Loan payments) are specified in the borrower's private Loan documents and will remain part of the Terms if the private Loans are subsequently sold by the Lender.



ITT Technical Institute's financial aid professionals are available to assist student and parent borrowers and answer any questions that they may have regarding the federal and private Loans available for those who qualify.

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