

STUDENT LENDING POLICIES AND PROCEDURES

Code of Conduct

A. Conflicts of Interest

All employees involved in financial aid and student lending are subject to a rigorous conflict-of-interest policy.

B. Revenue-Sharing Arrangement

Watts will not enter into any revenue-sharing arrangement with any lender

C. Gifts

No officer or employee of the College who is employed in the Financial Aid Office of the College or who otherwise has responsibilities with respect to education loans, or agent who has responsibilities with respect to education loans, shall solicit or accept any gift from a lender, guarantor, or servicer of education loans.

D. Consulting Arrangements

An officer or employee of the College who is employed in the Financial Aid Office of the College or who otherwise has responsibilities with respect to education loans, or agent who has responsibilities with respect to education loans, shall not accept from any lender or affiliate of any 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 a lender or on behalf of a lender relating to education loans.

E. Contracting Arrangements

No employee or other agent of a lending institution may staff the College financial aid offices at any time. The College shall ensure that no employee or other representative of a lending institution is ever identified to students or prospective students of the College or their parents as employee or agent of the College.

The foregoing prohibitions notwithstanding, if the college believes that it would benefit students, the College may allow representatives of lenders to conduct informational sessions, such as exit interview and presentations on loan payment and loan consolidation options, so long as: (a) student attendance is voluntary; (b) a College representative explains that other lenders may provide similar services; (c) the affiliation of the lender representative is disclosed at the start of the presentation; (d) the lender representative does not promote the products or services of any lender, and (e) the College takes reasonable steps to ensure compliance with the requirements of this paragraph.

In the event that the College permits a lender to conduct information sessions or exit interviews as set forth above, the College must retain control of any interview or presentation offered by lenders. Control may be evidenced by (a) a College employee attending such interview or presentation; or (b) the College recording or videotaping the interview or presentation.

F. Directing Borrowers to Particular Lenders

Watts will not, for any first-time borrower, assign, through award packaging or other methods, the borrower's loan to a particular lender; or refuse to certify, or delay certification of, any loan based on the borrower's selection of a particular lender or guaranty agency.

G. Offers of Funds for Private Loans

Watts will not request or accept from any lender any offer of funds to be used for private education loans to students in exchange for the institution providing concessions or promises regarding providing the lender with respect to:

- a specified number of private loans;
- a specified loan volume of such loans; or
- a preferred lender arrangement for such loans; or
- private education loans, including funds for an opportunity pool loan.

H. Staffing Assistance

Watts will not request or accept from any lender any assistance with call center or financial aid office staffing.

I. Advisory Board Compensation

Any employee who is employed in the Financial Aid Office, or who otherwise has responsibilities with respect to education loans or other student financial aid of the

College, and who serves on an advisory board, commission, or group established by a lender, guarantor, or group of lenders or guarantors, shall be prohibited from receiving anything of value from the lender, guarantor, or group of lenders or guarantors, except that the employee may be reimbursed for reasonable expenses incurred in serving on such advisory board, commission, or group.

Definitions

A. Conflict of Interest

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

B. Gift

A gift is any gratuity, favor, discount, entertainment, hospitality, loan, or other item having a monetary value of more than a de minimus amount.

- The term includes a gift of services, transportation, lodging, or meals, whether provided in kind, by purchase of a ticket, payment in advance, or reimbursement after the expense has been incurred;
 - The terms does not include:
 - Standard materials, activities, or programs on issues related to a loan, default aversion, default prevention, or financial literacy, such as a brochure, a workshop, or training.
 - Training or informational material furnished to the College as an integral part of a training session that is designed to improve the service of a lender, guarantor, or servicer of educational loans to the College, if such training contributes to the professional development of the College's employees.
 - Favorable terms, conditions, and borrower benefits on an education loan provided to a student employed by the College or an employee who is the parent of a student if such terms, conditions, or benefits are comparable to those provided to all students of the College and are not provided because of the student's or parent's employment with the College.
 - Entrance and exit counseling services provided to borrowers to meet the College's responsibilities for entrance and exit counseling under federal

law, so long as the College's employees are in control of the counseling, and such counseling does not promote the products or services of any specific lender.

- Philanthropic contributions to an institution from a lender, servicer, or guarantor of education loans that are unrelated to education loans or any contribution from any lender, guarantor, or servicer that is not made in exchange for any advantage related to education loans.
- State education grants, scholarships, or financial aid funds administered by or on behalf of a State.

C. Opportunity Pool Loan

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

D. Revenue Sharing Agreement

A revenue sharing arrangement is an arrangement between Watts and a lender under which:

- A lender provides or issues a FFEL Program loan or private education loan to students attending Watts or to the families of such students; and
- Watts recommends the lender or the loan products of the lender and in exchange, the lender pays a fee or provides other material benefits, including revenue or profit sharing to Watts.

E. Staffing Assistance

Staffing Assistance is as defined in the federal Truth in Lending Act, 15 USCA §1631 et seq. Nothing in Watts' Code of Conduct shall be construed as prohibiting Watts from requesting or accepting assistance from a lender related to:

- Professional development training for financial aid administrators;
- Providing educational counseling materials, financial literacy materials, or debt management materials borrowers, provided that such materials disclose to borrowers the identification of any lender that assisted in preparing or providing such materials; or
- Staffing services on a short-term, nonrecurring basis to assist Watts with financial aid-related functions during emergencies, including State-declared or Federally declared natural disasters, Federally declared national disasters, and other localized disasters and emergencies identified by the Secretary