ZENITH EDUCATION GROUP

Report of Independent Monitor
May 31, 2015

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Time Period: This report reflects the Monitor's activities from March 20, 2015 through April 24, 2015.

1.   Marketing Materials

    a.   Monthly report to include description of marketing materials reviewed to date

    Status:

        Monitor has received an initial batch of marketing materials from Zenith. These materials include TV media, Internet media, webpages for Everest.edu and WyoTech.edu, Newspaper creative, Print Media (Yellow pages, Displays, Flyers), and Email Campaigns.

        Monitor has completed review TV Media, Internet Media, Print Media, Email campaigns, and Vendor Agreements. Monitor is in the process of reviewing Everest and Wyotech website pages, including disclosure pages.

        Monitor is creating a report of findings regarding the review which will be reviewed with Zenith and included in the June 30, 2015 report.

2.   Admissions/Recruitment

    a.   Employees

        -      Monthly report to include description of documents reviewed related to training, supervision, compensation of employees performing admissions and recruitment functions

        -      Monthly review to describe sampling of calls and emails to and from prospective students to Zenith related to Admissions and Recruiting

    b.   Third Parties/Lead Generators

        -      Monthly review to identify materials reviewed related to third parties or lead generators

    Status:

    Document Review:

    Enrollment Agreements. Monitor has completed its review of Enrollment Agreements and has submitted recommendations to Zenith. A report of the Monitor's findings will be included in the June 30, 2015 report.

    Other documents. The other written materials received by the Monitor related to training materials related to admission, recruitment, and Vendor

Agreements are included in Document Review set forth under item 1(a) to allow consistency in reviewing and reporting.

Admissions Call Monitoring:
Monitor has begun reviewing recorded admissions calls for online and ground campuses for the period between April 10 and April 30 according to a review method recommended by NORC.   Review is ongoing due to 1) issues regarding conforming the call selection to the matrix recommended by NORC; and 2) technical issues regarding access to recorded calls due to the closure of the Tempe call center. Report of the Admissions Call Monitoring for April 10 to 30 will be included in the June 30, 2015 report.

3.   Oversight Over Required Disclosures

a.   Completion Rates – Monthly report to include description of materials reviewed related to date of completion

b.   Placement Rates – Monthly reporting regarding placement rates

c.   Accreditation Status – One time reporting in monthly report regarding agreed disclosure in Enrollment Agreement

Status:
Completion Rates and Placement Rates
Monitor has not begun reviewing Completion or Placement Rates. Zenith is in the process of determining Completion Rates. Monitor will review Completion Rates in the June 30 Report.
Current Placement Rate disclosures that are made by Zenith are based on the information collected and reported by the prior owner/operator CCI. The Monitor has not verified CCI placement rate information. The Monitor will review the Placement Rates that are based on information collected and verified by Zenith once suchis reported to accreditors. .

Accreditation Status: Completed. Report included in April 30, 2015 report

4.   Student Choice

a.   Summary of Student Choice implementation in Monthly report for first two months

Status:Completed. Report included in March 30, 2015 report.

Updated Findings: See Section 4 regarding Student Choice Vouchers
Redeemed.

5.   Tuition Reduction Program/Zenith Graduation Scholarship

a.   One time summary of implementation of Tuition Reduction program

b.   One time summary of implementation of Zenith Graduation Scholarship

Status:
The Monitor completed review of training material for the Tuition Reduction and Graduation Scholarship Program and observed training related to the Graduation Scholarship and Tuition Reduction Program. The Monitor has also reviewed the Graduation Scholarship Application. Preliminary Findings related to these activities were included in the April 30, 2015 Report.

The Monitor has reviewed the new Everest and WyoTech tuition schedules and reviewed additional data regarding the Graduation Scholarship.

Updated Findings:
See Section 5, Attached.

6.   Zenith Grant Program/Institutional Loans

a.   One time summary of implementation and materials for Zenith Grant
Program

Status:
The Monitor has reviewed training material for the Zenith Grant Program. The Monitor has reviewed additional data review of the implementation of this program.

Updated Findings:
See Section 6, Attached.

Section 3.   Oversight over Disclosures

4.   Student Choice Update

The following table represents the number and total value of Student Choice Vouchers that were awarded to Students and the number and total value of Student Choice Vouchers that have been redeemed to date.

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5.   Tuition Reduction Program/Zenith Graduation Scholarship

a.   Tuition Reduction Program:

The Monitor has reviewed written materials and training related to the
implementation of the Tuition Reduction Program.

Preliminary Findings (from April 30 Report0:
Zenith has implemented a tuition reduction program for new students enrolled at
Zenith. This program reduces tuition for programs by 20%. Students who are
eligible for this program are as follows

- New students who enroll on or after February 2, 2015
- Re-Entry students who have been withdrawn for more than 180 days
- Graduates who enter a new program

Non-Eligible Students
    Current students as of February 2, 2015 may apply for the Zenith Graduation
    Scholarship, described below.

No application is necessary for the Tuition Reduction Program. The Tuition
Reduction has been implemented through an automated change in tuition
schedules. Zenith has indicated that only the new reduced fee schedule is active.

Updated Findings:
The Monitor has reviewed the reduced tuition schedule provided by Zenith and
confirms that the schedule reflects a 20% reduction in tuition across all programs.

b.   Graduation Scholarship

The Monitor has reviewed written materials and training related to the
implementation of the Zenith Graduation Scholarship Program.

Preliminary Findings (from April 30 Report):
Zenith has implemented a graduation scholarship for current students in order to
allow them to receive a similar benefit to the Tuition Reduction implemented for new
students. The Graduation Scholarship requires application by the student in a
Graduation Financial Assistance Application.   For students who apply on or before
May 2, 2015, the amount of the Graduation Scholarship will prorate to February 2,
2015. For applications submitted after May 2, the Scholarship amount will be
calculated as of the date of the Student's application.

The one page application discloses the following requirements to receive the Scholarship

- The Student must continue to maintain satisfactory academic progress in any program of study and comply with the student code of conduct in order to qualify.
- The Student must successfully complete his or her current program of study in order to qualify.
- The amount of the Student's financial assistance varies from student to student and is based on a proration of tuition charges over the time remaining in the student's program of study.

The Scholarship is described as "an amount applied to the student account as a non-cash payment at the time of graduation to cover any outstanding tuition or fee expenses."

Credit balances are handled in one of the following ways:
- Payment to the government as reimbursement for payments received by Everest from the Student's federal student loans to reduce the student's loan obligation;
- A payment to the lender as reimbursement for the payments from a private student loan that the lender directly disbursed to Everest; or
- A payment to the Student for any tuition that the Student previously paid to Everest directly.

Updated Findings
The Monitor has been provided information regarding the total number of applications processed and scholarship award payments that have been made as well as details regarding all individual student applications and payments made. The table below reflects a summary of that information.

Zenith Graduation Scholarship Applications Processed	
	Number of Students
SF - Zenith Financial Assistance	28
SF - Zenith Graduation Scholarship	4718
Zenith Graduation Scholarships Made	
	Sum of Payments
Zenith Graduation Scholarship	$ 187,561

Section 6.   Zenith Grant Program/Institutional Loans

The Monitor has reviewed written materials and training related to the implementation of the Zenith Grant Program.

Preliminary Findings (from April 30 report):

Zenith has implemented the Zenith Student Grant Program to assist meeting financial gap between sources of funding and direct educational costs.

1.   Eligibility
    a.   New Student Eligibility:
        -     Students enrolling on or after 02/02/2015
    b.   Current Student eligibility:
        -     For Academic Years starting on or after 02/02/2015
        -     Student must maintain SAP
        -     Student meet application deadline
    c.   Reentry Student Eligibility:
        -     Eligibility based on remaining cost of program
        -     Grant does not cover prior balances
    d.   Dependent students Eligibility
        -     Student & Parent must complete a FAFSA
        -     Parents either must (1) be denied for a Parent Loan for Undergraduate Students (PLUS) or (2) refuse to apply for PLUS
2.   Application
    a.   Student must reapply every academic year
    b.   Student must meet the eligibility requirements every academic year Financial Aid Estimate signed by the Student for the subsequent Academic Year constitutes the student's application for the Zenith Grant Program.

3.   Amount.
       The Zenith Student Grant Program is based on financial need.
       Calculation
               Amount of Institutional Direct Cost
               - (Less) Expected Family Contribution (EFC)
               <u>- (Less) Maximum of all sources of Funding</u>
               = (Equals) Remaining Financial Need

The maximum award is $10,000 per Academic Year. If Remaining Financial Need is more than $10,000, Student will still have a Student Contribution Balance Due. Example below:

Item	Amounts
Institutional Direct Costs	$ 22,450
Pell Grant	$ (3,000)
Federal Direct Loans	$ (18,500)
Other non-Title IV sources	$ (950)
Remaining Student Balance	$ 950
Student's EFC	$ (1050)
Institutional Grant Award	$ 0
Institutional Grant Maximum	$ (10,000)
Student Contribution (AR Balance)	$ 950

The minimum remaining financial need that will trigger Grant Program is a gap of $100 per Academic Year. The Zenith Grant is not permitted to be used toward living expenses. It is permitted to be used only for current academic year direct costs.

The Monitor will update the Report upon fiscal review of the implementation of the Grant program and include amounts per quarter.

Updated Findings:

Zenith Grant Distributions Made through 4/30	
Total Number of Students	1526
Sum of Payments	$ 2,668,381