



UNITED STATES DEPARTMENT OF EDUCATION
FEDERAL STUDENT AID
SCHOOL ELIGIBILITY AND OVERSIGHT SERVICE GROUP
TEMPORARY PROGRAM PARTICIPATION
AGREEMENT

[PROVISIONAL APPROVAL]

Effective Date of Approval: The date on which this Agreement is signed on behalf of the Secretary of Education
Approval Expiration Date: January 31, 2025
Name of Institution: Studio Academy of Beauty (The)
Address of Institution: 610 North Alma School Road Suite 38, Chandler, AZ 85224
OPE ID Number: 04152900
Taxpayer Identification Number (TIN): 205253749

The execution of this Agreement by the Institution and the Secretary is a prerequisite to the Institution's initial or continued participation in any Title IV, HEA Program.

The postsecondary educational institution listed above, referred to hereafter as the "Institution," and the United States Secretary of Education, referred to hereafter as the "Secretary," agree that the Institution may participate in those student financial assistance programs authorized by Title IV of the Higher Education Act of 1965, as amended (Title IV, HEA Programs) indicated under this Agreement and further agrees that such participation is subject to the Institution's compliance with the terms and conditions set forth in this Agreement. As used in this Agreement, the term "Department" refers to the U.S. Department of Education.

TEMPORARY PROVISIONAL PROGRAM PARTICIPATION AGREEMENT

ISSUED UPON A CHANGE IN OWNERSHIP AND THE
SUBMISSION OF A MATERIALLY COMPLETE APPLICATION

This Agreement is issued as a result of the Institution (a) having undergone a change in ownership resulting

in a change of control, and (b) having submitted, within the statutorily mandated time period, a materially complete application to the Department for approval of the change in ownership. The purpose for which the Department has issued this Agreement is to provide to students of the Institution continued access to Federal student financial aid for a limited period while the Institution obtains and submits supporting documentation that was not available at the time of the change in ownership.

This temporary reinstatement is subject to the terms and conditions set forth in this Agreement and any Addendum hereto, and to the terms and conditions that were contained in the Program Participation Agreement that governed the Institution's participation in the Title IV, HEA programs prior to the change in ownership, except to the extent that those terms and conditions are inconsistent with the terms and conditions of this Agreement or any Addendum thereto.

Prior to the expiration date of this Agreement on January 31, 2025 the Institution must submit to the Department the following supporting documentation:

- (a) A same-day balance sheet, prepared in accordance with *Generally Accepted Accounting Principles* and audited in accordance with *Generally Accepted Government Auditing Standards* which show the financial condition of the Institution immediately after the change in ownership.
- (b) A copy of the approval of the change in ownership from the Institution's accrediting agency (if the document has not already been submitted to the Department); and
- (c) A copy of the approval of the change in ownership from the State agency that authorizes the Institution to legally provide postsecondary education in that State (if the document has not already been submitted to the Department).

If the Institution provides the necessary documentation prior to the expiration of this Agreement, then the Secretary will extend the expiration date of this agreement on a month-to-month basis until a determination regarding the change in ownership is made on the application for approval of the change in ownership.

If the Institution demonstrates that it meets the statutory and regulatory requirements for reinstatement to participation in the Title IV, HEA programs, then the Secretary will enter into a new Provisional Program Participation Agreement with the Institution.

If the Institution does not provide the required documentation prior to the expiration date of this Agreement, this Agreement will expire on the stated expiration date without further action or notice, and an order to Stop Payment of Federal Funds will be issued.

SCOPE OF COVERAGE

This Agreement applies to all locations of the Institution as stated on the most current ELIGIBILITY AND CERTIFICATION APPROVAL REPORT issued by the Department. This Agreement covers the Institution's eligibility to participate in each of the following listed Title IV, HEA programs, and incorporates by reference the regulations cited.

- **FEDERAL PELL GRANT PROGRAM**, 20 U.S.C. §§ 1070a *et seq.*; 34 C.F.R. Part 690.
- **FEDERAL FAMILY EDUCATION LOAN PROGRAM**, 20 U.S.C. §§ 1071 *et seq.*; 34 C.F.R. Part 682.
- **FEDERAL DIRECT STUDENT LOAN PROGRAM**, 20 U.S.C. §§ 1087a *et seq.*; 34 C.F.R. Part 685.
- **FEDERAL PERKINS LOAN PROGRAM**, 20 U.S.C. §§ 1087aa *et seq.*; 34 C.F.R. Part 674.

- **FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT PROGRAM**, 20 U.S.C. §§ 1070b *et seq.*; 34 C.F.R. Part 676.
- **FEDERAL WORK-STUDY PROGRAM**, 20 U.S.C. §§ 1087 *et seq.*; 34 C.F.R. Part 675.
- **IRAQ AND AFGHANISTAN SERVICE GRANT**, §§ 1070h *et seq.*

Additional Considerations

Addendum - Required Additional Signatures

The Addendum is a part of this Agreement and contains Additional Terms and Conditions. The Institution and any other signatories to this Temporary PPPA agree that the terms and conditions of the Addendum issued with this Temporary PPPA are incorporated herewith in their entirety, and the signatories to this Temporary PPPA and any additional signatories on the Addendum agree that they are bound to all terms and conditions of the Temporary PPPA and such additional terms and conditions as are set forth in the Addendum. Therefore, note that a signature is required for each level of ownership. In addition, the following additional conditions are set forth in the Addendum: A. Provisional Certification due to Change in Ownership (CIO); B. 25% New Owner Financial Protection C. Growth Restrictions; D. Bi-Weekly and Monthly Financial Reporting E. Reservation for Additional Conditions; and F. Required Signatures

PROVISIONAL CERTIFICATION

This provisional certification is granted for a limited period to permit the Institution to participate in the Title IV, HEA programs referenced in this Agreement. During the period of provisional certification, the participation of the Institution will be subject to revocation for cause. Cause for revocation includes, without limitation, a failure to comply with any provision set forth in this Agreement, a violation of Department regulations deemed material by the Department, or a material misrepresentation in the material submitted to the Department as part of the Institution's application process for this certification. In the event the Department chooses to revoke this Agreement and the Institution's participation in the Title IV, HEA programs, the Institution will have the right to show cause why this Agreement should not be revoked by presenting its objections in writing to the designated Department reconsideration official. The Institution agrees that this opportunity to show cause by a request for reconsideration of the Department's revocation decision, and not the procedures in 34 C.F.R. Part 668, Subpart G, shall be the sole administrative appeal regarding such revocation. The decision by the designated Department reconsideration official will constitute the final agency action.

Special Requirements for Substantial Changes Made During Term of Provisional Certification

Any institution provisionally certified must apply for and receive approval by the Secretary for expansion or of any substantial change (as hereinafter identified) before it may award, disburse or distribute Title IV, HEA funds based on the substantial change. Substantial changes generally include, but are not limited to: (a) establishment of an additional location; (b) increase in the level of academic offering beyond those listed in the Institution's Eligibility and Certification Approval Report (ECAR); or (c) addition of any educational program (including degree, nondegree, or short-term training programs).

If the Institution applies for the Secretary's approval of a substantial change, the Institution must

demonstrate that it has the financial and administrative resources necessary to assure the Institution's continued compliance with the standards of financial responsibility (34 C.F.R. § 668.15 and 34 C.F.R. Part 668, Subpart L) and administrative capability (34 C.F.R. § 668.16).

Reasons and Special Conditions of Provisional Certification

Change in Ownership

The Institution has undergone a change in ownership.

GENERAL TERMS AND CONDITIONS

1. The Institution understands and agrees that it is subject to and will comply with, as they become effective, the program statutes and implementing regulations for institutional eligibility as set forth in 34 C.F.R. Part 600 and for each Title IV, HEA program in which it participates, as well as the general provisions set forth in Part F and Part G of Title IV of the HEA, and the Student Assistance General Provisions regulations set forth in 34 C.F.R. Part 668.

The recitation of any portion of the statute or regulations in this Agreement does not limit the Institution's obligation to comply with other applicable statutes and regulations.

2.
 - a. The Institution certifies that on the date it signs this Agreement, it has adopted and implemented the drug prevention program described in 34 C.F.R. § 86.100.
 - b. The Institution certifies that on the date it signs this Agreement, it is in compliance with the disclosure requirements of Section 485(f) of the HEA (Campus Security Policy and Campus Crime Statistics).
3. The Institution agrees to comply with --
 - a. Title VI of the Civil Rights Act of 1964, as amended, and the implementing regulations, 34 C.F.R. Parts 100 and 101 (nondiscrimination on the basis of race, color or national origin);
 - b. Title IX of the Education Amendments of 1972 and the implementing regulations, 34 C.F.R. Part 106 (nondiscrimination on the basis of sex);
 - c. The Family Educational Rights and Privacy Act of 1974 and the implementing regulations, 34 C.F.R. Part 99;
 - d. Section 504 of the Rehabilitation Act of 1973 and the implementing regulations, 34 C.F.R. Part 104 (nondiscrimination on the basis of disability); and
 - e. The Age Discrimination Act of 1975 and the implementing regulations, 34 C.F.R. Part 110.
 - f. The Standards for Safeguarding Customer Information, 16 C.F.R. Part 314, issued by the Federal Trade Commission (FTC), as required by the Gramm-Leach-Bliley (GLB) Act, P.L. 106-102. These Standards are intended to ensure the security and confidentiality of customer records and information. The Secretary considers any breach to the security of student records and information as a demonstration of a potential lack of administrative capability as stated in 34 C.F.R. §

668.16(c). Institutions are strongly encouraged to inform its students of any such breaches. Institutions are required, pursuant to the Student Aid Internet Gateway (SAIG) Agreement, to notify the Department of any suspected data breaches.

4. The Institution acknowledges that 34 C.F.R. Parts 602 and 668 require accrediting agencies, State regulatory bodies, and the Secretary to share information about institutions. The Institution agrees that the Secretary, any accrediting agency recognized by the Secretary, and any State regulatory body may share or report information to one another about the Institution without limitation.
5. The Institution acknowledges that the HEA prohibits the Secretary from recognizing the accreditation of any institution of higher education unless that institution agrees to submit any dispute involving an adverse action, such as the final denial, withdrawal, or termination of accreditation to arbitration prior to initiating any other legal action.
6. The Institution acknowledges that the Department is obligated to take appropriate measures in order to safeguard its systems and information as well as borrowers' personally identifiable information (PII) as required under Federal law, including but not limited to the requirements in the Privacy Act (*see* 5 U.S.C. § 552a(e)), E-Government Act of 2002 (*see* 44 U.S.C. § 3544), the Family Educational Rights and Privacy Act of 1974 (FERPA) (20 U.S.C. § 1232g; 34 C.F.R. Part 99), Federal Information Security Modernization Act (FISMA) of 2014 (44 U.S.C. § 3551, *et seq.*), and OMB Circular No. A-130. If the Institution has a cyber security incident that may negatively affect the Department's systems, the Department may terminate the Institution's access to the Department's systems. Access will be reconnected when the Department determines that the Institution has resolved any cyber security concerns and vulnerabilities to the Department's satisfaction.
7. The Institution acknowledges that any person who knowingly and willfully commits, or attempts to commit, any criminal action described in 20 U.S.C. § 1097, shall be subject to the penalties described therein.

SELECTED PROVISIONS FROM GENERAL PROVISIONS REGULATIONS, 34 C.F.R. § 668.14

An institution's program participation agreement applies to each branch campus and other location of the institution that meets the applicable requirements of this part unless otherwise specified by the Secretary.

(b) By entering into a program participation agreement, an institution agrees that—

- (1) It will comply with all statutory provisions of or applicable to Title IV of the HEA, all applicable regulatory provisions prescribed under that statutory authority, and all applicable special arrangements, agreements, and limitations entered into under the authority of statutes applicable to Title IV of the HEA, including the requirement that the institution will use funds it receives under any Title IV, HEA program and any interest or other earnings thereon, solely for the purposes specified in and in accordance with that program;
- (2) As a fiduciary responsible for administering Federal funds, if the institution is permitted to request funds under a Title IV, HEA program advance payment method, the institution will time its requests for funds under the program to meet the institution's immediate Title IV, HEA program needs;
- (3) It will not request from or charge any student a fee for processing or handling any application, form, or data required to determine a student's eligibility for, and amount of, Title IV, HEA program assistance;
- (4) It will establish and maintain such administrative and fiscal procedures and records as may be necessary to ensure proper and efficient administration of funds received from the Secretary or from students under

the Title IV, HEA programs, together with assurances that the institution will provide, upon request and in a timely manner, information relating to the administrative capability and financial responsibility of the institution to--

- (i) The Secretary;
- (ii) A guaranty agency, as defined in 34 C.F.R. Part 682, that guarantees loans made under the Federal Stafford Loan and Federal PLUS programs for attendance at the institution or any of the institution's branch campuses or other locations;
- (iii) The nationally recognized accrediting agency that accredits or preaccredits the institution or any of the institution's branch campuses, other locations, or educational programs;
- (iv) The State agency that legally authorizes the institution and any branch campus or other location of the institution to provide postsecondary education; and
- (v) In the case of a public postsecondary vocational educational institution that is approved by a State agency recognized for the approval of public postsecondary vocational education, that State agency;
- (5) It will comply with the provisions of 34 C.F.R. § 668.15 relating to factors of financial responsibility;
- (6) It will comply with the provisions of 34 C.F.R. § 668.16 relating to standards of administrative capability;
- (7) It will submit reports to the Secretary and, in the case of an institution participating in the Federal Stafford Loan, Federal PLUS, or the Federal Perkins Loan Program, to holders of loans made to the institution's students under that program at such times and containing such information as the Secretary may reasonably require to carry out the purpose of the Title IV, HEA programs;
- (8) It will not provide any statement to any student or certification to any lender in the case of an FFEL Program loan, or origination record to the Secretary in the case of a Direct Loan Program loan that qualifies the student or parent for a loan or loans in excess of the amount that the student or parent is eligible to borrow in accordance with sections 425(a), 428(a)(2), 428(b)(1)(A) and (B), 428B, 428H, and 455(a) of the HEA;
- (9) It will comply with the requirements of Subpart D of this part concerning institutional and financial assistance information for students and prospective students;
- (10) In the case of an institution that advertises job placement rates as a means of attracting students to enroll in the institution, the institution will make available to prospective students, at or before the time that those students apply for enrollment--
 - (i) The most recent available data concerning employment statistics, graduation statistics, and any other information necessary to substantiate the truthfulness of the advertisements; and
 - (ii) Relevant State licensing requirements of the State in which the institution is located for any job for which the course of instruction is designed to prepare such prospective students, as provided in 34 C.F.R. § 668.43(a)(5)(v);
- (11) In the case of an institution participating in the FFEL Program, the institution will inform all eligible borrowers, as defined in 34 C.F.R. Part 682, enrolled in the institution about the availability and eligibility of those borrowers for State grant assistance from the State in which the institution is located, and will inform borrowers from another State of the source of further information concerning State grant assistance from that State;
- (12) It will provide the certifications described in paragraph (c) of this section;
- (13) In the case of an institution whose students receive financial assistance pursuant to section 484(d) of the HEA, the institution will make available to those students a program proven successful in assisting students in obtaining the recognized equivalent of a high school diploma;
- (14) It will not deny any form of Federal financial aid to any eligible student solely on the grounds that the student is participating in a program of study abroad approved for credit by the institution;
- (15) (i) Except as provided under paragraph (b)(15)(ii) of this section, the institution will use a default management plan approved by the Secretary with regard to its administration of the FFEL or Direct Loan programs, or both for at least the first two years of its participation in those programs, if the institution --
 - (A) Is participating in the FFEL or Direct Loan programs for the first time; or
 - (B) Is an institution that has undergone a change of ownership that results in a change in control and is

participating in the FFEL or Direct Loan programs.

(ii) The institution does not have to use an approved default management plan if --

(A) The institution, including its main campus and any branch campus, does not have a cohort default rate in excess of 10 percent; and

(B) The owner of the institution does not own and has not owned any other institution that had a cohort default rate in excess of 10 percent while that owner owned the institution.

(16) For a proprietary institution, the institution will derive at least 10 percent of its revenues for each fiscal year from sources other than Federal funds, as provided in 34 C.F.R. § 668.28(a), or be subject to sanctions described in 34 C.F.R. § 668.28(c);

(17) The Secretary, guaranty agencies and lenders as defined in 34 C.F.R. part 682, nationally recognized accrediting agencies, Federal agencies, State agencies recognized under 34 C.F.R. Part 603 for the approval of public postsecondary vocational education, State agencies that legally authorize institutions and branch campuses or other locations of institutions to provide postsecondary education, and State attorneys general have the authority to share with each other any information pertaining to the institution's eligibility for or participation in the Title IV, HEA programs or any information on fraud, abuse, or other violations of law;

(18) It will not knowingly --

(i) Employ in a capacity that involves the administration of the Title IV, HEA programs or the receipt of funds under those programs, an individual who has been:

(A) Convicted of, or has pled *nolo contendere* or guilty to, a crime involving the acquisition, use, or expenditure of Federal, State, or local government funds;

(B) Administratively or judicially determined to have committed fraud or any other material violation of law involving Federal, State, or local government funds;

(C) An owner, director, officer, or employee who exercised substantial control over an institution, or a direct or indirect parent entity of an institution, that owes a liability for a violation of a title IV, HEA program requirement and is not making payments in accordance with an agreement to repay that liability; or

(D) A ten-percent-or-higher equity owner, director, officer, principal, executive, or contractor at an institution in any year in which the institution incurred a loss of Federal funds in excess of 5 percent of the participating institution's annual title IV, HEA program funds; or

(ii) Contract with any institution, third-party servicer,

individual, agency, or organization that has, or whose owners, officers or employees have--

(A) Been convicted of, or pled *nolo contendere* or guilty to, a crime involving the acquisition, use, or expenditure of Federal, State, or local government funds;

(B) Been administratively or judicially determined to have committed fraud or any other material violation of law involving Federal, State, or local government funds;

(C) Had its participation in the title IV programs terminated, certification revoked, or application for certification or recertification for participation in the title IV programs denied;

(D) Been an owner, director, officer, or employee who exercised substantial control over an institution, or a direct or indirect parent entity of an institution, that owes a liability for a violation of a title IV, HEA program requirement and is not making payments in accordance with an agreement to repay that liability; or

(E) Been a 10 percent-or-higher equity owner, director, officer, principal, executive, or contractor affiliated with another institution in any year in which the other institution incurred a loss of Federal funds in excess of 5 percent of the participating institution's annual title IV, HEA program funds;

(19) It will complete, in a timely manner and to the satisfaction of the Secretary, surveys conducted as a part of the Integrated Postsecondary Education Data System (IPEDS) or any other Federal collection effort, as designated by the Secretary, regarding data on postsecondary institutions;

(20) In the case of an institution that is co-educational and has an intercollegiate athletic program, it will comply with the provisions of 34 C.F.R. § 668.48;

(21) It will not impose any penalty, including, but not limited to, the assessment of late fees, the denial of access to classes, libraries, or other institutional facilities, or the requirement that the student borrow additional funds for which interest or other charges are assessed, on any student because of the student's inability to meet his or her financial obligations to the institution as a result of the delayed disbursement of

the proceeds of a Title IV, HEA program loan due to compliance with statutory and regulatory requirements of or applicable to the Title IV, HEA programs, or delays attributable to the institution;

(22) (i) It will not provide any commission, bonus, or other incentive payment based in any part, directly or indirectly, upon success in securing enrollments or the award of financial aid, to any person or entity who is engaged in any student recruitment or admission activity, or in making decisions regarding the award of Title IV, HEA program funds.

(A) The restrictions in paragraph (b)(22) of this section do not apply to the recruitment of foreign students residing in foreign countries who are not eligible to receive Federal student assistance.

(B) For the purpose of paragraph (b)(22) of this section, an employee who receives multiple adjustments to compensation in a calendar year and is engaged in any student enrollment or admission activity or in making decisions regarding the award of Title IV, HEA program funds is considered to have received such adjustments based upon success in securing enrollments or the award of financial aid if those adjustments create compensation that is based in any part, directly or indirectly, upon success in securing enrollments or the award of financial aid.

(ii) Notwithstanding paragraph (b)(22)(i) of this section, eligible institutions, organizations that are contractors to eligible institutions, and other entities may make—

(A) Merit-based adjustments to employee compensation provided that such adjustments are not based in any part, directly or indirectly, upon success in securing enrollments or the award of financial aid; and

(B) Profit-sharing payments so long as such payments are not provided to any person or entity engaged in student recruitment or admission activity or in making decisions regarding the award of Title IV, HEA program funds.

(iii) As used in paragraph (b)(22) of this section,

(A) *Commission, bonus, or other incentive payment* means a sum of money or something of value, other than a fixed salary or wages, paid to or given to a person or an entity for services rendered.

(B) *Securing enrollments or the award of financial aid* means activities that a person or entity engages in at any point in time through completion of an educational program for the purpose of the admission or matriculation of students for any period of time or the award of financial aid to students.

(1) These activities include contact in any form with a prospective student, such as, but not limited to—contact through preadmission or advising activities, scheduling an appointment to visit the enrollment office or any other office of the institution, attendance at such an appointment, or involvement in a prospective student's signing of an enrollment agreement or financial aid application.

(2) These activities do not include making a payment to a third party for the provision of student contact information for prospective students provided that such payment is not based on—

(i) Any additional conduct or action by the third party or the prospective students, such as participation in preadmission or advising activities, scheduling an appointment to visit the enrollment office or any other office of the institution or attendance at such an appointment, or the signing, or being involved in the signing, of a prospective student's enrollment agreement or financial aid application; or

(ii) The number of students (calculated at any point in time of an educational program) who apply for enrollment, are awarded financial aid, or are enrolled for any period of time, including through completion of an educational program.

(C) *Entity or person engaged in any student recruitment or admission activity or in making decisions about the award of financial aid* means—

(1) With respect to an entity engaged in any student recruitment or admission activity or in making decisions about the award of financial aid, any institution or organization that undertakes the recruiting or the admitting of students or that makes decisions about and awards Title IV, HEA program funds; and

(2) With respect to a person engaged in any student recruitment or admission activity or in making decisions about the award of financial aid, any employee who undertakes recruiting or admitting of students or who makes decisions about and awards Title IV, HEA program funds, and any higher level employee with responsibility for recruitment or admission of students, or making decisions about awarding Title IV, HEA program funds.

(D) *Enrollment* means the admission or matriculation of a student into an eligible institution.

(23) It will meet the requirements established pursuant to Part H of Title IV of the HEA by the Secretary and nationally recognized accrediting agencies;

(24) It will comply with the requirements of 34 C.F.R. § 668.22;

(25) It is liable for all--

(i) Improperly spent or unspent funds received under the Title IV, HEA programs, including any funds administered by a third-party servicer; and

(ii) Returns of Title IV, HEA program funds that the institution or its servicer may be required to make;

(26) If an educational program offered by the institution on or after July 1, 2024, is required to prepare a student for gainful employment in a recognized occupation, the institution must—

(i) Establish the need for the training for the student to obtain employment in the recognized occupation for which the program prepares the student; and

(ii) Demonstrate a reasonable relationship between the length of the program and the entry level requirements for the recognized occupation for which the program prepares the student by limiting the number of hours in the program to the greater of—

(A) The required minimum number of clock hours, credit hours, or the equivalent required for training in the recognized occupation for which the program prepares the student, as established by the State in which the institution is located, if the State has established such a requirement or as established by any Federal agency; or

(B) Another State's required minimum number of clock hours, credit hours, or the equivalent required for training in the recognized occupation for which the program prepares the student, if the institution documents, with substantiation by a certified public accountant who prepares the institution's compliance audit report as required under §668.23 that—

(1) A majority of students resided in that State while enrolled in the program during the most recently completed award year;

(2) A majority of students who completed the program in the most recently completed award year were employed in that State; or

(3) The other State is part of the same metropolitan statistical area as the institution's home State and a majority of students, upon enrollment in the program during the most recently completed award year, stated in writing that they intended to work in that other State; and

(iii) Notwithstanding paragraph (a)(26)(ii) of this section, the program length limitation does not apply for occupations where the State entry level requirements include the completion of an associate or higher-level degree; or where the program is delivered entirely through distance education or correspondence courses;

(27) In the case of an institution participating in a Title IV, HEA loan program, the institution --

(i) Will develop, publish, administer, and enforce a code of conduct with respect to loans made, insured or guaranteed under the Title IV, HEA loan programs in accordance with 34 C.F.R. § 601.21; and

(ii) Must inform its officers, employees, and agents with responsibilities with respect to loans made, insured or guaranteed under the Title IV, HEA loan programs annually of the provisions of the code required under paragraph (b)(27) of this section;

(28) For any year in which the institution has a preferred lender arrangement (as defined in 34 C.F.R. § 601.2(b)), it will at least annually compile, maintain, and make available for students attending the institution, and the families of such students, a list in print or other medium, of the specific lenders for loans made, insured, or guaranteed under Title IV of the HEA or private education loans that the institution recommends, promotes, or endorses in accordance with such preferred lender arrangement. In making such a list, the institution must comply with the requirements in 34 C.F.R. § 682.212(h) and 34 C.F.R. § 601.10;

(29) (i) It will, upon the request of an enrolled or admitted student who is an applicant for a private education loan (as defined in 34 C.F.R. § 601.2(b)), provide to the applicant the self-certification form required under 34 C.F.R. § 601.11(d) and the information required to complete the form, to the extent the institution possesses such information, including --

(A) The applicant's cost of attendance at the institution, as determined by the institution under Part F of Title IV of the HEA;

(B) The applicant's estimated financial assistance, including amounts of financial assistance used to replace

the expected family contribution as determined by the institution in accordance with Title IV, for students who have completed the Free Application for Federal Student Aid; and

(C) The difference between the amounts under paragraphs (b)(29)(i)(A) and (29)(i)(B) of this section, as applicable.

(ii) It will, upon the request of the applicant, discuss with the applicant the availability of Federal, State, and institutional student financial aid;

(30) The institution --

(i) Has developed and implemented written plans to effectively combat the unauthorized distribution of copyrighted material by users of the institution's network, without unduly interfering with educational and research use of the network, that include --

(A) The use of one or more technology-based deterrents;

(B) Mechanisms for educating and informing its community about appropriate versus inappropriate use of copyrighted material, including that described in 34 C.F.R. § 668.43(a)(10);

(C) Procedures for handling unauthorized distribution of copyrighted material, including disciplinary procedures; and

(D) Procedures for periodically reviewing the effectiveness of the plans to combat the unauthorized distribution of copyrighted materials by users of the institution's network using relevant assessment criteria. No particular technology measures are favored or required for inclusion in an institution's plans, and each institution retains the authority to determine what its particular plans for compliance with paragraph (b)(30) of this section will be, including those that prohibit content monitoring; and

(ii) Will, in consultation with the chief technology officer or other designated officer of the institution--

(A) Periodically review the legal alternatives for downloading or otherwise acquiring copyrighted material;

(B) Make available the results of the review in paragraph (b)(30)(ii)(A) of this section to its students through a Web site or other means; and

(C) To the extent practicable, offer legal alternatives for downloading or otherwise acquiring copyrighted material, as determined by the institution;

(31) The institution will submit a teach-out plan to its accrediting agency in compliance with 34 C.F.R. § 602.24(c) and the standards of the institution's accrediting agency. The institution will update its teach-out plan upon the occurrence of any of the following events:

(i) The Secretary initiates the limitation, suspension, or termination of the participation of an institution in any Title IV, HEA program under 34 C.F.R. § 600.41 or Subpart G of this part or initiates an emergency action under 34 C.F.R. § 668.83.

(ii) The institution's accrediting agency acts to withdraw, terminate, or suspend the accreditation or preaccreditation of the institution.

(iii) The institution's State licensing or authorizing agency revokes the institution's license or legal authorization to provide an educational program.

(iv) The institution intends to close a location that provides 100 percent of at least one program.

(v) The institution otherwise intends to cease operations;

(32) In each State in which: the institution is located; students enrolled by the institution in distance education or correspondence courses are located, as determined at the time of initial enrollment in accordance with 34 CFR 600.9(c)(2); or for the purposes of paragraphs (b)(32)(i) and (ii) of this section, each student who enrolls in a program on or after July 1, 2024, and attests that they intend to seek employment, the institution must determine that each program eligible for title IV, HEA program funds—

(i) Is programmatically accredited if the State or a Federal agency requires such accreditation, including as a condition for employment in the occupation for which the program prepares the student, or is programmatically pre-accredited when programmatic pre-accreditation is sufficient according to the State or Federal agency;

(ii) Satisfies the applicable educational requirements for professional licensure or certification requirements in the State so that a student who enrolls in the program, and seeks employment in that State after completing the program, qualifies to take any licensure or certification exam that is needed for the student to practice or find employment in an occupation that the program prepares students to enter; and

- (iii) Complies with all State laws related to closure, including record retention, teach-out plans or agreements, and tuition recovery funds or surety bonds;
- (33) It will not withhold official transcripts or take any other negative action against a student related to a balance owed by the student that resulted from an error in the institution's administration of the title IV, HEA programs, or any fraud or misconduct by the institution or its personnel;
- (34) Upon request by a student, the institution will provide an official transcript that includes all the credit or clock hours for payment periods—
 - (i) In which the student received title IV, HEA funds; and
 - (ii) For which all institutional charges were paid or included in an agreement to pay at the time the request is made; and
- (35) It will not maintain policies and procedures to encourage, or that condition institutional aid or other student benefits in a manner that induces, a student to limit the amount of Federal student aid, including Federal loan funds, that the student receives, except that the institution may provide a scholarship on the condition that a student forego borrowing if the amount of the scholarship provided is equal to or greater than the amount of Federal loan funds that the student agrees not to borrow.
- (c) In order to participate in any Title IV, HEA program (other than the LEAP and NEISP programs), the institution must certify that it--
 - (1) Has in operation a drug abuse prevention program that the institution has determined to be accessible to any officer, employee, or student at the institution; and
 - (2) (i) Has established a campus security policy in accordance with section 485(f) of the HEA; and
 - (ii) Has complied with the disclosure requirements of 34 C.F.R. § 668.47 as required by section 485(f) of the HEA.
- (d) (1) The institution, if located in a State to which section 4(b) of the National Voter Registration Act (42 U.S.C. 1973gg-2(b)) does not apply, will make a good faith effort to distribute a mail voter registration form, requested and received from the State, to each student enrolled in a degree or certificate program and physically in attendance at the institution, and to make those forms widely available to students at the institution.
- (2) The institution must request the forms from the State 120 days prior to the deadline for registering to vote within the State. If an institution has not received a sufficient quantity of forms to fulfill this section from the State within 60 days prior to the deadline for registering to vote in the State, the institution is not liable for not meeting the requirements of this section during that election year.
- (3) This paragraph applies to elections as defined in Section 301(1) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(1)), and includes the election for Governor or other chief executive within such State.
- ...
- (h) (1) A program participation agreement becomes effective on the date that the Secretary signs the agreement.
- (2) A new program participation agreement supersedes any prior program participation agreement between the Secretary and the institution.
- (i) (1) Except as provided in paragraphs (g) and (h) of this section, the Secretary terminates a program participation agreement through the proceedings in Subpart G of this part.
- (2) An institution may terminate a program participation agreement.
- (3) If the Secretary or the institution terminates a program participation agreement under paragraph (f) of this section, the Secretary establishes the termination date.
- (j) An institution's program participation agreement automatically expires on the date that--
 - (1) The institution changes ownership that results in a change in control as determined by the Secretary under 34 C.F.R. Part 600; or
 - (2) The institution's participation ends under the provisions of 34 C.F.R. § 668.26(a)(1), (2), (4), or (7).
- (k) An institution's program participation agreement no longer applies to or covers a location of the institution as of the date on which that location ceases to be a part of the participating institution.

WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM

If an institution participates in the William D. Ford Federal Direct Loan (Direct Loan) Program, the institution and its representatives shall comply with, as they become effective, the statute, guidelines, and regulations governing the Title IV, Part D, William D. Ford Federal Direct Loan Program as required by 20 U.S.C. §§ 1087a *et seq.* (Part C) and 34 C.F.R. Part 685.

The institution will:

1. Provide for the establishment and maintenance of a Direct Loan Program at the institution under which the institution will:

Identify eligible students who seek student financial assistance in accordance with Section 484 of the HEA.

Estimate the need of students as required under Title IV, Part F of the HEA.

Provide a certification statement of eligibility for students to receive loans that will not exceed the annual or aggregate limits, except the institution may exercise its authority, under exceptional circumstances identified by the Secretary, to refuse to certify a statement that permits a student to receive a loan, or certify a loan amount that is less than the student's determination of need, if the reason for such action is documented and provided in written form to a student.

Establish a schedule for disbursement of loan proceeds to meet the requirements of Section 428G of the HEA.

Reconcile institutional records with receipt and disbursement records on at least a monthly basis.

Provide timely and accurate information to the Secretary concerning 1) the status of students while in attendance, 2) any new information pertaining to student or parent borrowers of which the institution becomes aware after the student leaves the institution, and 3) student eligibility and need for Federal funds under Title IV, Part D of the HEA, at such times and in such manner as prescribed by the Secretary.

2. Comply with requirements established by the Secretary relating to student loan information with respect to the Direct Loan Program.
3. Implement a quality assurance system, as established by the Secretary and developed in consultation with institutions of higher education, to ensure that the institution is complying with program requirements and meeting program objectives.
4. Not charge any fees of any kind, regardless of how they are described, to student or parent borrowers for loan application, or origination activities (if applicable), or the provision and processing of any information necessary for a student or parent to receive a loan under Title IV, Part D of the HEA.
5. Comply with the provisions regarding student claims and disputes of 34 C.F.R. § 685.300(d) (borrower defense claims in an internal dispute process), (e) (class action bans), (f) (pre-dispute arbitration agreements), (g) (submission of arbitral records), (h) (submission of judicial records), and (i) (definitions).
6. Originate loans to eligible students and parents in accordance with the requirements of Title IV, Part D

of the HEA and use funds advanced to it solely for that purpose.

7. Provide that the note or evidence of obligation of the loan shall be the property of the Secretary.
8. Comply with other provisions that the Secretary determines are necessary to protect the interests of the United States and to promote the purposes of Title IV, Part D of the HEA.
9. Accept responsibility and financial liability stemming from its failure to perform its functions under this Program Participation Agreement.
10. Accept responsibility and financial liability stemming from losses incurred by the Secretary for repayment of amounts discharged by the Secretary pursuant to 34 C.F.R. §§ 685.206, 685.214, 685.215, 685.216, and 685.222.

CERTIFICATIONS REQUIRED FROM INSTITUTIONS

The Institution should refer to the regulations cited below. Signature on this Agreement provides for compliance with, as they become effective, the certification requirements under 34 C.F.R. Part 82, "New Restrictions on Lobbying," 34 C.F.R. Part 84, "Governmentwide Requirements for Drug-Free Workplace (Financial Assistance), 2 C.F.R. Part 180, Subpart C, "OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement)," 2 C.F.R. Part 3485, "Nonprocurement Debarment and Suspension," and 34 C.F.R. Part 86, "Drug and Alcohol Abuse Prevention." Breach of any of these certifications constitutes a breach of this Agreement.

PART CERTIFICATION REGARDING LOBBYING; DRUG-FREE WORKPLACE; 1 DEBARMENT, SUSPENSION AND OTHER RESPONSIBILITY MATTERS; AND DRUG AND ALCOHOL ABUSE PREVENTION

1. Lobbying

As required by Section 1352, Title 31 of the U.S. Code, and implemented at 34 C.F.R. Part 82, for persons entering into a Federal contract, grant or cooperative agreement over \$100,000, as defined at 34 C.F.R. Part 82, §§ 82.105 and 82.110, the undersigned certifies, to the best of his or her knowledge and belief, that:

- (1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- (2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form - LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- (3) The Institution shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

2a. Drug-Free Workplace (Grantees Other Than Individuals)

As required by the Drug-Free Workplace Act of 1988, and implemented at 34 C.F.R. Part 84, Subpart B, for recipients other than individuals, as defined at 34 C.F.R. Part 84, §§ 84.200 through 84.230 -

The Institution certifies that it will or will continue to provide a drug-free workplace by:

- (a) Publishing a drug-free workplace statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
- (b) Establishing an on-going drug-free awareness program to inform employees about-
 - (1) The dangers of drug abuse in the workplace;
 - (2) The Institution's policy of maintaining a drug-free workplace;
 - (3) Any available drug counseling, rehabilitation, and employee assistance programs; and
 - (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
- (c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
- (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will -
 - (1) Abide by the terms of the statement, and
 - (2) Notify the employer in writing if he or she is convicted for a violation of a criminal drug statute occurring in the workplace no more than five calendar days after such conviction;
- (e) Notifying the agency, in writing, within 10 calendar days after receiving notice under this subparagraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to: Director, Grants and Contracts Service, U.S. Department of Education, 400 Maryland Avenue, S.W., Washington, DC 20202. Notice shall include the identification number(s) of each affected grant;
- (f) Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph (d)(2), with respect to any employee who is so convicted -
 - (1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1972, as amended; or
 - (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
- (g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e), and (f).

2b. Drug-Free Workplace (Grantees Who Are Individuals)

As required by the Drug-Free Workplace Act of 1988, and implemented at 34 C.F.R. Part 84, Subpart C, for recipients who are individuals, as defined at 34 C.F.R. Part 84, § 84.300 -

1. As a condition of the grant, the Institution certifies that it will not engage in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance in conducting any activity related to the award; and
2. If any officer or owner of the Institution is convicted of a criminal drug offense resulting from a violation occurring during the conduct of any award activity, the Institution will report the conviction, in writing, within 10 calendar days of the conviction, to: Director, Grants and Contracts Service, U.S. Department of Education, 400 Maryland Avenue, S.W., Washington, DC 20202. Notice shall include the identification number(s) of each affected grant.

3. Debarment, Suspension, and Other Responsibility Matters

As required by Executive Order 12549, Debarment and Suspension, and implemented at 2 C.F.R. Part 180, for prospective participants in primary covered transactions as defined at 2 C.F.R. Part 180, §§ 180.200 and 180.210, the Institution certifies that it and its principals (per 2 C.F.R. § 180.335):

- (a) Are not presently debarred, suspended, proposed for debarment, voluntarily excluded, or disqualified from covered transactions by any Federal department or agency;
- (b) Have not within a three-year period preceding this application been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public or private agreement or transaction; violation of Federal or State antitrust statutes, including those proscribing price fixing between competitors, allocation of customers between competitors, and bid rigging; commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, receiving stolen property, making false claims, or obstruction of justice; or commission of any other offense indicating a lack of business integrity or business honesty that seriously and directly affects their present responsibility.
- (c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (b) of this certification; and
- (d) Have not within a three-year period preceding this application had one or more public transactions (Federal, State, or local) terminated for cause or default.

4. Drug and Alcohol Abuse Prevention

As required by the Drug-Free Schools and Communities Act Amendments of 1989, which added section 1213 to the Higher Education Act, and implemented at 34 C.F.R. Part 86, the undersigned Institution certifies that it has adopted and implemented a drug prevention program for its students and employees that, at a minimum, includes--

1. The annual distribution in writing to each employee, and to each student who is taking one or more classes for any kind of academic credit except for continuing education units, regardless of the length of the student's program of study, of:
 - Standards of conduct that clearly prohibit, at a minimum, the unlawful possession, use, or distribution of illicit drugs and alcohol by students and employees on its property or as part of any of its activities.
 - A description of the applicable legal sanctions under local, State, or Federal law for the unlawful possession or distribution of illicit drugs and alcohol.
 - A description of the health risks associated with the use of illicit drugs and the abuse of alcohol.

- A description of any drug or alcohol counseling, treatment, or rehabilitation or re-entry programs that are available to employees or students.

A clear statement that the Institution will impose disciplinary sanctions on students and employees (consistent with local, State, and Federal law), and a description of those sanctions, up to and including expulsion or termination of employment and referral for prosecution, for violation of the standards of conduct. A disciplinary sanction may include the completion of an appropriate rehabilitation program.

2. A biennial review by the Institution of its program to:

- Determine its effectiveness and implement changes to the program if they are needed.
- Ensure that its disciplinary sanctions are consistently enforced.

PART 2 CERTIFICATION REGARDING DEBARMENT, SUSPENSION, DISQUALIFICATION, AND VOLUNTARY EXCLUSION -- LOWER TIER COVERED TRANSACTIONS

The Institution is to obtain the signatures of Lower Tier Contractors on reproduced copies of the certification below, and retain the signed certification(s) in the Institution's files.

**CERTIFICATION BY LOWER TIER CONTRACTOR
(Before Completing Certification, Read Instructions for This Part, below)**

- (1) The prospective lower tier participant certifies by submission of this proposal, that neither it nor its principals are presently debarred, suspended, proposed for debarment, voluntarily excluded, or disqualified from participation in this transaction by any Federal Department or Agency.
- (2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Name of Lower Tier Organization

PR/Award Number or Project Name

Name of Authorized Representative

Title of Authorized Representative

Signature of Authorized Representative

Date

1. By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below.
2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.
3. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
4. The terms "covered transaction," "debarred," "suspended," "disqualified," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal," "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact the person to whom this proposal is submitted for assistance in obtaining a copy of those regulations.
5. The prospective lower tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.
6. The prospective lower tier participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Disqualification, and Voluntary Exclusion--Lower Tier Covered Transactions," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that is not debarred, suspended, disqualified, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List.
8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
9. Except for transactions authorized under paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, disqualified, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

NOTE: A completed copy of the "Certification Regarding Debarment, Suspension, Disqualification and Voluntary Exclusion--Lower Tier Covered Transactions" form must be retained by the Institution. The original blank certification must be returned with the PPA.

IN WITNESS WHEREOF

the parties hereto have caused this Agreement to be executed by their duly authorized representatives.

Signature of Institution's
Chief Executive Officer
(CEO)/President/Chancellor:

[Redacted Signature]

Date: 12/20/2024

Print Name and Title:

Nathan Layne Shaw

For the Secretary:

U.S. Department of Education

DocuSigned by:
[Redacted Signature]

Date: 12/20/2024

Addendum: Studio Academy of Beauty (The) (04152900)

This Addendum is part of the TEMPORARY PROVISIONAL PROGRAM PARTICIPATION AGREEMENT

Expiration: January 31, 2025

Page 1 of 5

**ADDENDUM - PROVISIONAL CONDITIONS
TEMPORARY PROVISIONAL PROGRAM PARTICIPATION AGREEMENT
STUDIO ACADEMY OF BEAUTY (THE) – OPE ID 04152900**

A. Provisional Certification due to CIO

When an institution undergoes a CIO, it participates under provisional certification. 34 C.F.R. § 668.13(c)(1)(i)(B). Any institution provisionally certified must apply for and receive approval by the Department for expansion or for a substantial change before it may award, disburse, or distribute Title IV, HEA funds based on the substantial change. Substantial changes generally include but are not limited to: (a) establishment of an additional location; (b) increase in the level of academic offering beyond what is listed in the institution’s Eligibility and Certification Approval Report (“ECAR”); or (c) addition of any educational program (including degree, nondegree, or short-term training programs). Additional information on this condition is set forth below (*see* Growth Restrictions). Other conditions will also apply, which are described below.

B. 25% New Owner Financial Protection

At the time of closing, Alturas Cosmetology did not submit two years of audited financial statements required to meet the requirements of 34 C.F.R. § 600.20(g)(3)(iv).

The Department required Alturas Cosmetology to submit a New Owner Financial Protection in the amount of \$1,767,955 to meet the requirements of a materially complete application.

The required New Owner Financial Protection was provided in the form of a 25% new owner letter of credit (LOC S329307) (“25% New Owner LOC”) for \$1,767,955 to meet the requirements of a materially complete application. The 25% New Owner LOC was posted on 12/17/2025. The current expiration date of the 25% New Owner LOC is 12/31/2025.

Once Studio Academy of Beauty (The) has submitted its audited financial statements and compliance audit that cover one complete year of Studio Academy of Beauty (The)’s uninterrupted Title IV participation under the new owner, and the submission is accepted through the eZ-audit screeners queue, reviewed by eZ-audit (or if necessary, reviewed by the Department’s financial analyst staff), and approved (*i.e.* that the financial statements have been archived), the Department may determine that the 25% New Owner LOC can be reduced to an irrevocable 10% New Owner LOC, under the same funding guidelines. If the 25% New Owner LOC is reduced to 10%, the reduced New Owner Financial Protection will remain in effect at least until Studio Academy of Beauty (The) has submitted its audited financial statements and compliance audit that cover the second complete year of Studio Academy of Beauty (The)’s uninterrupted Title IV participation under the new owner, and the submission is accepted, reviewed and approved (as described above).

If the New Owner Financial Protection is provided by a New Owner Letter of Credit (“New Owner LOC”), the expiration date of the 25% or 10% New Owner LOC must be no earlier than 10 months following the end of the first full fiscal year following the date of the closing of the

Addendum: Studio Academy of Beauty (The) (04152900)

This Addendum is part of the TEMPORARY PROVISIONAL PROGRAM PARTICIPATION AGREEMENT

Expiration: January 31, 2025

Page 2 of 5

Transaction. For example, if an institution's fiscal year, as aligned with its new owner, is December 31, and the Transaction occurred on February 1, 2024, the first full fiscal year under the new ownership is January 1, 2025, through December 31, 2025. Therefore, the expiration date of the New Owner LOC can be no earlier than October 31, 2026.

If the New Owner Financial Protection is provided by a LOC, the expiration date of the 10% New Owner LOC must be no earlier than 10 months following the end of the second full fiscal year of the institution following the date of the closing of the Transaction, as described above for the 25% New Owner Financial Protection for the first full fiscal year.

Notwithstanding the statements above about reducing or releasing the financial protection following the Department's review of audited financial statements, the Department may determine to retain (or not reduce) the financial protection if the institution has established liabilities that have not been paid, if an ongoing program review might result in liabilities, or in the event of adjudicated borrower defense claims, even if the conduct that gave rise to the liabilities or claims arose under different ownership, or even if the institution undergoes another CIO.

C. Growth Restrictions

During the period in which Studio Academy of Beauty (The) participates under provisional certification as a result of the CIO and for any longer period in which Studio Academy of Beauty (The) is subject to a financial protection condition (i.e., a letter of credit, cash escrow or offset), Studio Academy of Beauty (The) must apply for and receive approval from the Department before it may award, disburse, or distribute Title IV, HEA funds, for any of the changes noted below:

1. add new programs that are not already approved by the Department and included in Studio Academy of Beauty (The)'s ECAR as of the date of the CIO;
2. add new locations that are not already approved by the Department and included in Studio Academy of Beauty (The)'s ECAR as of the date of the CIO;
3. increase the credential level of its offerings; or
4. change the length of any programs (either to shorten¹ or lengthen them).

Once Studio Academy of Beauty (The) has submitted its audited financial statements and compliance audit that cover one complete year of Studio Academy of Beauty (The)'s uninterrupted Title IV participation under the new owner, and the submission is accepted through the eZ-audit screeners queue, reviewed by eZ-audit (or if necessary, reviewed by the

¹ This restriction shall not apply to a program that is shortened to comply with 34 C.F.R. § 668.14(b)(26) (effective July 1, 2024).

Addendum: Studio Academy of Beauty (The) (04152900)

This Addendum is part of the TEMPORARY PROVISIONAL PROGRAM PARTICIPATION AGREEMENT

Expiration: January 31, 2025

Page 3 of 5

Department's financial analyst staff), and approved (i.e. that the financial statements have been archived), Studio Academy of Beauty (The) may seek the Department's approval for new programs that are initiated only as replacements for currently-established programs for which Studio Academy of Beauty (The) ceases new student enrollments and commences a programmatic teach-out ("Program Replacements"). Once Studio Academy of Beauty (The) has submitted its audited financial statements and compliance audit that cover a second complete year of Studio Academy of Beauty (The)'s uninterrupted Title IV participation under the new owner, and the submission is accepted through the eZ-audit screeners queue, reviewed by eZ-audit (or if necessary, reviewed by the Department's financial analyst staff), and approved (i.e. that the financial statements have been archived), Studio Academy of Beauty (The) may seek the Department's approval for new programs that are not Program Replacements, and may also seek the Department's approval to add new locations, increase the credential levels of its offerings, and change the length of programs.

When the institution's SDBS has a passing acid test ratio and a positive net worth, the Department may determine, on a case-by-case basis, that an institution can be relieved of the Growth Restriction by posting financial protection. That financial protection is separate from the new owner financial protection, or financial protection required for any other reason.

D. Bi-weekly and Monthly Financial Reporting

Studio Academy of Beauty (The) must submit the following reports on a monthly or bi-weekly basis as described below:

1. Bi-weekly cash balance submission that outlines Alturas Cosmetology's available cash on hand. Please provide details of what is included in the cash balance.
2. Monthly report with the following information contained in a single report (Items 2.a., 2.b., 2.c., and 2.d. should be submitted at the level of Alturas Cosmetology:
 - a. Actual and projected cash flow statement that breaks-out each anticipated inflow and outflow by line item and amount as indicated on the sample cash flow statement, with business and financial disclosure notes (sample included);
 - b. Any important financial transaction that has a material effect on Alturas Cosmetology's financial condition;
 - c. Explanation of variances as indicated on the enclosed "Cash Receipt & Disbursements Instructions."
 - d. Any planned mergers, acquisitions, business expansions/contractions, and/or corporate restructuring;
 - e. Following the Department's release of Studio Academy of Beauty (The) from any limitation on adding new locations (either as a result of the

Addendum: Studio Academy of Beauty (The) (04152900)

This Addendum is part of the TEMPORARY PROVISIONAL PROGRAM PARTICIPATION AGREEMENT

Expiration: January 31, 2025

Page 4 of 5

- institution moving from provisionally-certified status to fully-certified status or otherwise) any announced or upcoming location expansions;
- f. Any announced or upcoming location closures;
- g. Following the Department's release of Studio Academy of Beauty (The) from any limitation on adding new programs (either as a result of the institution moving from provisionally-certified status to fully-certified status or otherwise) any new programs that Studio Academy of Beauty (The) plans to offer at one or more locations that participate in the federal student aid programs; and
- h. Any decision to cease enrollment in any program(s) and provide the teach out plan/teach out agreement and the schedule for teach out of the program(s).

Following the submission through the eZ-audit screeners queue, review by eZ-audit (or if necessary, reviewed by the Department's financial analyst staff), and approval (i.e. that the financial statements have been archived) of Studio Academy of Beauty (The)'s financial statements and compliance audits that cover one complete fiscal year of Studio Academy of Beauty (The)'s uninterrupted Title IV participation under Alturas Cosmetology's ownership, Studio Academy of Beauty (The) may seek to be relieved of this requirement. The Department may consider relieving the institution of this requirement if the Department determines that the audited financial statements demonstrate that the institution meets the Department's financial responsibility standards.

Studio Academy of Beauty (The) will be subject to the reporting requirements for the period it participates under provisional certification, either as a result of the CIO or otherwise, unless the Department releases Studio Academy of Beauty (The) from these reporting requirements as described above.

Item 1 is due to the Department on alternating Mondays beginning on the second Monday following the date of this letter, and the monthly submissions (Item 2 above) are due to the Department by the 20th of each month, beginning the first full month following the date of this letter. Please submit Items 1 and 2 to James.Johnson@ed.gov (cc: Rhonda.Puffer@ed.gov; SanFrancisco.Seattle.spd@ed.gov; CIOdocuments@ed.gov).

E. Reservation for Additional Conditions

The Department reserves the right to include additional conditions by an amendment or addendum to the TPPPA if the Department determines that additional conditions are reasonably necessary to ameliorate administrative or financial risk. In addition, if a PPPA is issued to the Institution, that agreement may contain new or modified conditions from those contained in the TPPPA.

Addendum: Studio Academy of Beauty (The) (04152900)

This Addendum is part of the TEMPORARY PROVISIONAL PROGRAM PARTICIPATION AGREEMENT

Expiration: January 31, 2025

Page 5 of 5

F. Required Signatures

Following a CIO, the Department requires the TPPPA and the PPPA to be signed by an authorized representative of the institution and by an authorized representative of its owner entities. In certain circumstances, the Department may require individuals who exercise control over the institution to also sign the TPPPA and the PPPA.²

This TPPPA must be signed by an authorized representative of Studio Academy of Beauty (The) and by an authorized representative of Alturas Cosmetology of Arizona, an Arizona Limited Liability Company, and Alturas Cosmetology, a Delaware Limited Liability Company.

The Department may determine, on a case-by-case basis, that an entity owner above Level 1 (or an individual owner, if an individual owner signature is required) can be relieved of the Signature Requirement by posting financial protection. However, if financial protection has not been posted prior to the time a signature is required, the institution's owners must sign the TPPPA and/or PPPA (as applicable). The owners will be relieved of the signature requirement once the financial protection is posted. If the institution would like more information on this alternative, please contact Rhonda.Puffer@ed.gov and James.Johnson@ed.gov (cc: Kevin.Roberts@ed.gov; Erik.Fosker@ed.gov; and Terri.Benton@ed.gov). With your email, please submit audited financial statements from each entity that requests to be relieved of the signature requirement. The financial statements should be on a stand-alone basis, or if prepared on a consolidated basis must include schedules and disclosures that clearly identify the total equity/net assets for each owner entity.

The fact that an institution undergoes a CIO does not insulate the institution from liabilities that resulted from conduct under the prior ownership, including liabilities resulting from misconduct by prior owners or employees. Notwithstanding any agreements to the contrary between the parties to the CIO, the institution continues to be responsible for all Title IV liabilities, whether they were known or unknown at the time of the CIO, and whether they accrued prior to, or after the closing of the CIO. All entities (and or individuals, if applicable) that sign an institution's program participation agreement, including a TPPPA or PPPA, assume responsibility for the institution's obligations, including the obligation for all Title IV liabilities that are not repaid by the institution when due, or pursuant to an agreed repayment plan.

In addition, the Department may use any financial protection that is posted to satisfy liabilities without regard to the ownership under which the conduct leading to the liabilities occurred, and the financial protection will not be released until the Department determines that all liabilities or potential liabilities have been satisfied.

² Please refer to the guidance found at [Electronic Announcement \(General\) 22-16 \(Entity Signatures\)](#) and [Electronic Announcement \(General\) 23-11 \(Personal Liability - Individual Signatures\)](#) for additional information.

