

**ADDENDUM TO TEMPORARY PROVISIONAL PROGRAM PARTICIPATION AGREEMENTS
("TPPPAs") FOR INSTITUTIONS OWNED BY DREAM CENTER EDUCATIONAL HOLDINGS, LLC
("DCEH").**

Whereas, in October 2017 and January 2018, DCEH (through its subsidiaries) purchased a number of institutions and additional locations of institutions owned by Education Management Corporation ("EDMC") (hereinafter collectively referred to as "the Purchased Schools");

Whereas, the Institution executing this Addendum is one of the Purchased Schools;

Whereas, DCEH is in the process of closing a number of the Purchased Schools, both main locations and additional locations (hereinafter collectively referred to as "the Closing Schools");

Whereas, the Department of Education ("Department") is holding proceeds that it drew down in May 2018 ("Proceeds") from letters of credit ("LOC") that were provided by EDMC while it owned the Purchased Schools;

Whereas, in accordance with the terms of the LOC, the Proceeds may be used by the Department for the teach-out of students enrolled at the Closing Schools at the time of their closure;

Whereas, DCEH has represented to the Department that it requires the use of some of the Proceeds to provide for an orderly teach-out of students to avoid a precipitous closure of the Closing Schools; and

Whereas, the Department seeks to avoid a precipitous closure of the Closing Schools which could result in significant harm to students and taxpayers;

Whereas, the Department has determined that to mitigate risks to the taxpayers and students and avoid a precipitous closure of the Closing Schools, it would be reasonable and prudent to provide some of the Proceeds to DCEH to provide for a teach-out of the students at the Closing Schools, including by facilitating the transfer of students to other schools ("Transfer Schools") to complete their programs;

Whereas, the Department has determined that the use of the Proceeds will be subject to certain conditions as hereinafter described; and

Whereas, DCEH has represented to the Department that it has already expended in excess of \$17,500,000 for teach-out related expenses.

Therefore, DCEH, the Institution and the Department agree to the following terms and conditions:

1. DCEH must use the Proceeds provided by the Department only for the teach-out of students enrolled at the Closing Schools. Any students who will not complete their course of study prior to December 31, 2018 must be transferred to a Transfer School as soon as reasonably possible, based upon how quickly the Transfer Schools can accept them.



2. The following items constitute allowable teach-out expenses, subject to the Department's review for reasonableness and compliance with the terms of this Addendum:
 - a. Except as provided in 3 a. below, gross salaries paid to existing (hired on or before July 1, 2018) full and part-time faculty and financial aid officers, Registrar and Registrar staff, the chief academic officer, academic deans and program directors, campus president, career services staff, library staff, academic advisors, student workers, clerical staff providing direct administrative support to faculty and financial aid officers, and security and janitorial staff at the Closing Schools at a rate not to exceed the rate paid to such person prior to July 1, 2018. Except for the chief academic officer, only Closing School employees are eligible for salary payments;
 - b. Gross amount of retention bonuses paid to existing full and part-time employees listed in Item 2.a., not to exceed 25% of that person's current (as of July 1, 2018) salary and to be paid pro-rata during the operation of the Closing Schools or upon completion of that activity;
 - c. Gross salaries paid to newly hired full and part-time faculty or financial aid officers (hired after July 1, 2018) for purposes of facilitating the teach out, at a rate not to exceed the rate paid to the most recently hired equivalent faculty member or financial aid officer in that position;
 - d. Reasonable Transition and Support Services ("Support Services") for students who are enrolled at any of the Closing Schools as of July 1, 2018 ("Current Students"), including but not limited to services to assist Current Students who wish to transfer to other institutions ("Transfer Schools"). The term "Transfer Schools" does not include any of the Purchased Schools, including online programs provided by the Purchased Schools. Gross salaries for employees directly engaged in providing Support Services shall be included in the allowable payments for Support Services. In the aggregate, payments for Support Services may not exceed \$500,000;
 - e. Payments to Transfer Schools for scholarships for Current Students who enroll and start at the Transfer School no later than February 1, 2019 ("Transfer Scholarship"). Transfer Scholarship payments may not exceed \$5,000 per student unless the difference in the costs for tuition and fees between the Closing School and the Transfer School are greater than \$5,000 for the payment period, in which case the Transfer Scholarship payment may be the smaller of the difference between the tuition and fee charges or \$7,500. Transfer Scholarship payments are to be applied to tuition and fee charges before any Title IV funds for those students, and other than enrolling and starting a program at a Transfer School, DCEH may not attach any other conditions to these payments, including requiring the student to waive any rights (including rights to a discharge of that student's loans), or requiring the student not disclose the existence or the amount of the payment. DCEH must provide appropriate documentation to support its request for Transfer Scholarship payments, as more fully described below;
 - f. Monthly payments to provide daily transportation ("Transportation Services"), or to reimburse Current Students for reasonable daily transportation costs for any Current Student

who transfers to a Transfer School that is further than 25 miles from that student's current Closing School campus, excluding any Current Student who transfers to a fully online program at a Transfer School ("Transportation Costs"). Gross salaries for employees directly engaged in providing Transportation Services shall be included in the allowable payments for Transportation Costs. Transportation Costs do not include airfare or long distance (exceeding 100 miles) rail fare;

g. DCEH may request funds for other expenses directly related to the teach out by submitting a request therefor pursuant to the Initial Advance, Supplemental Advance, or Additional Funds Request procedures set forth in Items 4 through 11 below. The fact that an expense may not be specifically excluded by this Addendum does not mean that the Department will approve such request;

h. Subject to the restrictions in Item 3.d., lease payments for existing campus real estate, buildings, furniture, fixtures, and equipment for the use of that equipment and facilities for use of the premises and any related furniture, fixtures and equipment during the months of August, September and October 2018 only. DCEH may not use funds for rent for any period prior to or after August, September and October 2018. Expenses for any equipment repairs required during that period may be reimbursed only on a case by case basis.

3. In addition to the exclusions set forth above, the Department has determined that the following expenses do not constitute allowable teach-out expenses:

a. Except as listed in Item 2.a. salaries paid to DCEH officials not directly employed by the Closing Schools, salaries for senior officials at the Closing Schools who are scheduled to receive severance packages equivalent to, or greater than, 3 months' salary;

b. Salaries paid to officials of DCEH or its subsidiaries and affiliates not directly employed by the Closing Schools;

c. Any payments to any Board members;

d. Severance payments to any personnel;

d. Payments to any landlord (not including the lease payment above in Item 2.h.), vendor, service provider, legal counsel, or similar party to resolve any dispute, pay any contract penalties or early termination charges, or to buy-out of any leases, contracts, or other arrangements;

e. Any contribution to corporate overhead or general and administrative expenses, including but not limited to taxes, insurance, depreciation, interest, legal, marketing, admissions, accounting, etc.;

f. Scholarships or tuition reduction payments or credits for students who continue to be enrolled at any of the Purchased Schools, whether on campus or online;

- g. Payments to outside parties for services other than directly assisting students in a teach-out or transfer to another institution;
 - h. Payments for any incentive-based compensation for employees including bonuses (except as specifically described in Item 2.b. above);
4. No later than 5 business days following the execution of this Addendum by DCEH, DCEH will provide an executed letter of engagement of a certified public accountant ("CPA"). The CPA will be responsible for reviewing the Initial Advance Submission, any Supplemental Advance Submission and the Additional Funds Submissions (as defined below and hereinafter collectively referred to as "the Submissions"). The letter of engagement shall incorporate by reference the terms and conditions of this Addendum, and the CPA shall acknowledge therein that the CPA is engaged solely for the purpose of reviewing and certifying allowable costs in the Submissions for the benefit of and to assist the Department; that the Department is an express third-party beneficiary of the engagement; that there is no accountant or other professional, privileged, or fiduciary relationship for the benefit of DCEH or the Purchased Schools; and that the CPA has had no prior or intended future relationship with DCEH, the Purchased Schools, or any affiliated entities or persons. All correspondence between the CPA and DCEH, and all documents and CPA workpapers will be made available for inspection and copying by the Department upon request. Prior to engaging the CPA, DCEH shall secure the Department's approval of the CPA. The cost of the CPA shall be borne solely by DCEH, and shall not be included as a cost item in any of the Submissions.
 5. DCEH shall deliver copies of each Submission to the Department and to the CPA. The Submission shall include a certification from DCEH that the expenses identified on the statement are accurate and complete. The Department and the CPA will jointly determine what kinds of back-up documentation will be required in support of the Submissions. With regard to any request for funds for Transfer Scholarships, the back-up documentation shall include the name and identification number of each student, along with verification that the student has accepted the Transfer Scholarship offer from DCEH, and has enrolled at the Transfer School and begun attendance. For any Transfer Scholarship in excess of \$5,000, the Submission must include support for any amount in excess of \$5,000. This information shall be provided separately from the Student Rosters required in Appendix A.
 6. During the course of its review of the Submissions, the CPA may, in the exercise of its professional judgment, request different or additional documentation from DCEH. Within 10 days following the CPA's receipt of the Submissions, the CPA shall certify the allowable costs determined in accordance with Items 1-3 above. However, the Department's determination to make any payments is within its sole discretion, and the Department is not bound by the CPA's certification of the allowable costs. The CPA shall also certify that DCEH is current on its payments to the CPA as the terms for those payments are set forth in the engagement letter

between DCEH and the CPA, or as thereafter modified by agreement of those two parties. The allowable costs certification and the payment certification are hereinafter jointly referred to as "the CPA Certification." If at any time DCEH is not current on its payments to the CPA, or the CPA otherwise fails or refuses to perform its duties in accordance with the terms of this Addendum, the Department will cease any further release of funds under this Addendum, unless such failure is cured to the Department's satisfaction.

7. The Department will provide DCEH with an Initial Advance in an amount up to \$10,000,000 ("Initial Advance"). No later than the date that DCEH delivers to the Department the executed originals of this Addendum by each of the Purchased Schools and DCEH, DCEH shall submit to the Department and the CPA the necessary back-up documentation to establish the actual use of the Initial Advance for the purposes and within the limitations set forth in Items 1 -3 above, and must include a certificate of that compliance signed by an authorized representative of DCEH and a representative of any individual school that is the beneficiary of the Initial Advance ("Initial Advance Submission"). Release of the Initial Advance will be contingent upon the Department's counter-signature on the Addendums and review of the Initial Advance Submission submitted by DCEH, and the Department's satisfaction that the expenses are for allowable costs. The Department will notify DCEH of its approval/partial approval/disapproval of the Initial Advance within 5 business days of its receipt of the Initial Advance Submission ("Initial Advance Notification"). The Initial Advance (or such portion of which is approved) shall be paid within 5 business days following the Department's receipt of the executed Addendums from DCEH, or the Department's issuance of the Initial Advance Notification, whichever is later. The Department may provide a Supplemental Advance within 7 business days of transmission of the Initial Advance to account for the difference between the amount of initial expenses reported by DCEH (not to exceed \$17,513,457) and the amount paid in the Initial Advance. Payment of the Supplemental Advance is subject to any additional Departmental review of the Initial Advance Submission and the CPA Certification. DCEH's representation that it and/or the Closing Schools have already expended in excess of \$17.5 million in teach-out expenses is a material representation upon which the Department has relied in agreeing to pay the Initial Advance.
8. DCEH may submit requests for additional funds after payment of the Initial Advance and, if applicable, Supplemental Advance. Payments for additional funds will be made according to the following terms and schedule:
 - a. The request for additional funds must be supported by documentation to establish that DCEH has expended funds in addition to the Initial Advance for the purposes and within the limitations set forth in Items 1 - 3 above, and must include a certificate of that compliance signed by an authorized representative of DCEH and a representative of any individual school that will be the beneficiary of the additional funds ("Additional Funds Submission");

- b. The Department will notify DCEH of its approval/partial approval/disapproval of the Additional Funds Submission within 5 business days following the Department's receipt of the CPA Certification ("Additional Funds Notification"). The Additional Funds Submission (or such portion of which is approved) shall be paid within 5 business days following the Department's issuance of the Additional Funds Notification;
 - c. DCEH may not submit an Additional Funds Submission more often than once every 14 calendar days, and no individual Additional Funds Submission may exceed \$4,000,000;
 - d. The final Additional Funds Submission shall be submitted no later than March 30, 2019;
 - e. The Department may withhold any approved final payment pending receipt of close-out audits for the Closing Schools; and
 - f. The Department's decision to approve/deny/partially approve any Additional Funds Submission is final, and is not subject to appeal or reconsideration; however, the Department, in its sole discretion, may request additional or different documentation in regard to all or any portion of the Additional Funds Submission.
9. Payments made under this Addendum by the Department to DCEH for the benefit of the Closing Schools shall not exceed \$50,000,000 in the aggregate, to include the Initial Advance.
10. DCEH acknowledges that any funds advanced or paid to DCEH in accordance with the terms of this Addendum are part of the Proceeds from the LOC that the Department drew down in May 2018. In the event the Department is required by court order to return all or any portion of the Proceeds, or is adjudged liable for damages as a result of the payments made under this Addendum, upon demand from the Department, DCEH and the Purchased Schools must pay the Department an amount equal to the funds advanced or paid by the Department to DCEH. This payment must be made within 30 calendar days of the Department's demand, without offset or other reduction. DCEH and the Purchased Schools agree that the demand may also include a demand for reimbursement to the Department for any costs and expenses related to the Department's defense of any action filed to seek return of the Proceeds advanced or paid to DCEH or the Closing Schools. A failure to timely make the payment and/or the reimbursement shall constitute a liability owed to the Department by DCEH and the Purchased Schools.
11. In addition to the back-up information required to support the Submissions, DCEH and the Closing Schools shall provide additional reports and information to the Department as requested by the Department. At a minimum, that information will include the items set forth in Appendix A. A failure to timely submit any information requested by the Department, whether pursuant to the schedule in Appendix A or requested separately, will constitute a material breach of this Addendum.
12. DCEH and its campus leaders must provide students with accurate information about the teach-out plan, the planned date of the campus closure, the accreditation status of each campus, all education and job placement services available to students during and after the campus closure, and information about how to access student records after the campus closes.

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13. The Department reserves the right to cancel this Addendum in writing at any time, without any notice, and for any reason. The Department will notify DCEH within a reasonable time if it exercises its right to cancel.
14. This Addendum supplements and does not modify or supersede the TPPPA entered into between the Institution and the Department. The Institution agrees that all references herein to "the Purchased Schools" shall include the Institution.
15. For any time period herein that refers to "calendar days," if the day of performance falls on a Saturday, Sunday or legal holiday, the time for performance continues to run until the next business day.

IN WITNESS WHEREOF

The parties hereto have caused this Addendum to be executed by their duly authorized representatives, effective the date of the Department's countersignature below.

South University
By: [Signature]
Title: Interim Chancellor
Date: August 17, 2018

South University
By: [Signature]
Title: Manager
Date: 16 AUGUST 18

Dream Center Educational Holdings, LLC
By: [Signature]
Title: Chairman/Chief Development Officer
Date: 16 AUGUST 18

The owners of the Institution agree to be jointly and severally liable for the performance of the Institution of its obligations under this Addendum.

United States Department of Education

By: Dinae Aylones
For the Secretary

Title:

Principal Deputy Under Secretary delegated to perform
the duties of Under Secretary

Date:

8/20/18

Appendix A

The following documents must be submitted to the Department (and other entities as indicated below) by DCEH and the Closing Schools on the schedule set forth below:

1	All executed teach-out plans, teach-out agreements, transfer agreements, articulation agreements, and document retention plans.	Department Accreditors State higher education authorizing agencies	Upon DCEH's delivery of the executed Addendum to the Department, and beginning on September 15 th , updated on the 15 th and 30 th of each month.
2	<p>A roster of all students enrolled at the Closing Schools as of July 1, 2018. The roster must contain the following information: student name, 4 digit SSN, DOB, student address (divided into 4 fields by street address, city, state & zip code), telephone number, email address, program of study, current courses, educational delivery method (on-campus only, online only, or both on-campus and online), program start date, anticipated completion date, current enrollment status (withdrawn, leave of absence, campus teach out, transfer to another school), 8 digit OPEID, educational location (divided into 4 fields by street address, city, state & zip code).</p> <p><i>Note: this information must be submitted in Microsoft Excel format and sent by encrypted electronic transmission</i></p>	Department	<p>Upon DCEH's delivery of the executed Addendum to the Department, and beginning on September 15th, updated on the 15th and 30th day of every month for the preceding 15 day period.</p> <p>These rosters must be updated to indicate what students have changed their enrollment status, and for those that have transferred to other schools, the identification of those schools.</p>
3	A roster of all students who will complete their program of study at a Closing School (i.e., students who are	Department	Upon DCEH's delivery of the executed Addendum to the

	<p>not transferring), with the anticipated completion date. The roster should include: student name, 4 digit SSN, DOB, student address (divided into 4 fields by street address, city, state & zip code), telephone number, email address, program of study, current courses, educational delivery method (on-campus only or both on-campus and online), program start date, anticipated completion date, 8 digit OPEID, educational location (divided into 4 fields by street address, city, state & zip code).</p> <p><i>Note: this information may be included in the spreadsheet required by Item 2 above and should be transmitted in the same format.</i></p>		<p>Department, and beginning on September 15th, updated on the 15th and 30th day of every month for the preceding 15 day period.</p> <p>These rosters must be updated to indicate what students have changed their enrollment status, and for those that have transferred to other schools, the identification of the Transfer School(s).</p>
4.	<p>A roster of all students who have accepted the Transfer Scholarship and copies of all transfer agreements entered into with such students.</p> <p><i>Note: this is in addition to any information required by the CPA or the Department to provide back-up for any Submission requesting funds for Transfer Scholarships.</i></p>	Department	<p>Upon DCEH's delivery of the executed Addendum to the Department, and beginning on September 15th, updated on the 15th and 30th day of every month for the preceding period.</p>
5.	<p>A copy of all communications provided to students with information about the teach-out plan, the planned date of the campus closure, the accreditation status of each campus, all education and job placement services available to students during and after the campus closure, and information about how to access</p>	Department	<p>Upon DCEH's delivery of the executed Addendum to the Department, and beginning on September 15th, updated on the 15th and 30th day of every month for the</p>

	student records after the campus closes.		preceding period.
6.	A roster of all transfer fairs, including the date and time when the fair was held or will be held, the schools that had or will participate, and the number of students who attended.	Department	Upon DCEH's delivery of the executed Addendum to the Department, and beginning on September 15 th , updated on the 15 th and 30 th day of every month for the preceding period.
7.	A copy of the rosters submitted to the Department pursuant to Items 2-4 above <i>with all personally identifiable information redacted.</i>	Accreditors State higher education authorizing agencies	Upon DCEH's delivery of the executed Addendum to the Department, and beginning on September 15 th , on the 15 th and 30 th day of every month for the preceding period.