

INCOME SHARE AGREEMENT (ISA)

PARTICIPANT:	ORIGINATOR:			
Business Intelligence	San Diego Workforce Partnership, Inc.	***	THIS IS NOT	***
123 Never Rains Drive	9246 Lightwave Ave., Suite 210	***	A LOAN	***
Sunny, California	San Diego, CA 92123	***	OR CREDIT	***
12345				

PARTICIPATION DISCLOSURE

ISA Amount	Income Share	Maximum Number of Payments	Payment Cap
\$6,500.00	8.00%	48 payments	\$11,700.00
The cost of the educational services you will receive through this ISA	The percent of your gross monthly earned income that you will pay	The maximum number of monthly payments you may have to make	The maximum amount you could pay regardless of your income

ITEMIZED TOTAL ISA AMOUNT

Amount paid to you	\$0.00
Amount credited to others on your behalf	+ \$6,500.00
<ul style="list-style-type: none"> • University of California—San Diego Extension 	
ISA Amount	= \$6,500.00

ABOUT YOUR CONTRACT TERMS

- **Your Income Share is a fixed percentage of your future earned income you will owe in return for the ISA Amount** credited to your account. It is not an interest rate or annual percentage rate.
- **Your payments will vary based on your earned income.** As a result, the total amount you will pay may be **more or less than** your ISA Amount, but will never exceed your Payment Cap.
- **Your minimum income threshold is \$3,333.33/month** (equivalent to \$40,000/year). You will not make monthly payments in months during which your earned income is less than this amount.

FULFILLING YOUR OBLIGATION: Your payment obligation under your ISA ends upon the *earliest* to occur of the following—(a) you make the Maximum Number of Payments; (b) the total of your payments (not including fees) reaches the Payment Cap; or (c) more than 72 months elapse after your Grace Period ends.

FEES: **Late Fee**—The lesser of \$5 and 5% of the payment amount due. **Returned Payment Fee**—\$25.

Payment Illustration

An ISA is different from a loan (which has principal and interest payments) or a conventional tuition payment plan (which requires payment in full and may include interest charges). An ISA requires you to make a payment calculated based upon your earned income each month for a fixed period of time. The table below compares illustrative monthly and total ISA payments for different levels of earned income.

Annual Earned Income	\$6,500.00 ISA		
	8.00% income share, Up to 48 monthly payments		
	Monthly Payment	Number of Payments	Total Payment
<\$40,000	\$0	0	\$0
\$40,000	\$267	44	\$11,700
\$60,000	\$400	30	\$11,700
\$80,000	\$533	22	\$11,700
\$100,000	\$667	18	\$11,700

- This illustration assumes that you make up to 48 monthly payments tied to gross earned income and that your income is constant.
- When you return to school or when your monthly earned income is less than \$3,333.33 (equivalent to \$40,000/year), your account will be placed in a deferment status, and you will not make payments for every month your income is below this threshold.
- If your cumulative payments reach the Payment Cap, then you will make no further payments, and your account will be closed in good standing.
- Since your earnings may change over time, your actual payments may also vary over time, so this illustration may not apply to your specific circumstances.
- All payments have been rounded to the nearest dollar.

Non-ISA Alternatives for Other Programs

Your education and training are important. You should be aware of different sources of financing available for higher education and training. You may qualify for alternative sources of funding depending on the program in which you participate. This Program is offered in cooperation with the University of California—San Diego (“UCSD”) Extension program. Financial resources for students considering other programs through the UCSD Extension Program are available at <https://extension.ucsd.edu/student-resources/financial-resources>.

You should explore all options available to help you pay for education and training. Though this Program is not eligible for federal financial aid, other programs offered by UCSD may be available. Depending on the program, some may be funded with: (i) private student loans, (ii) federal financial aid, and (iii) federal student loans.

More information on financing UCSD Extension programs is available at the UCSD website: <http://www.elmselect.com/?schoolId=208#>.

Next Steps & Terms of Acceptance

**This offer
is good until:
June 28,
2019**

1. Questions?

Contact SDWP ISA Team (alistairpenny@workforce.org) for more information.

2. You have 14 days to accept this offer.

The terms of this offer will not change except as required by law.

To accept the terms of this ISA, sign and date below.

Participation Disclosure Reference Notes

Income Share Agreement (ISA)

- An ISA is not a loan or other credit instrument. It represents your obligation to make payments linked to a specific percentage of your earned income and does not give us any rights regarding the direction of your educational, training, or employment pursuits.
- The amount you will be required to pay under this ISA may be **more or less than** the ISA amount credited to your account and will vary in proportion to your future earned income. If you withdraw from the program, you are still responsible for your ISA payments, subject to SDWP’s refund policy.

Eligibility Criteria

- You must be enrolled in (or plan to enroll in) a San Diego Workforce Partnership, Inc., Program.
- You must have attended an orientation about the Program and how income share agreements work.
- You must pass a Program-specific competency exam provided by the University of California—San Diego Extension program.
- You must be a U.S. citizen (includes naturalized citizens) or permanent resident.
- You must be a resident of the State of California and plan to participate in the Program, in person, in San Diego, California.
- At the time of the application, you must be at least the age of majority for your current state of residence.
- Your total obligations under all income-based agreements with us or another person must not require you to pay an aggregate income share in excess of 15.00% of your earned income in any given month.

Grace Period, Monthly Payments, Annual Reconciliation, and Prepayment

After you leave the program, you will have a 3-month Grace Period during which you will not make payments. You will begin making payments based on income earned in the month following the end of your Grace Period, and your 1st payment will be due when that month ends.

Your monthly payments equal your income share times the amount of your monthly total earned income.

- Your payments will be based on the income you earn based on work performed in any given month and will be due at the end of that month or the month in which you are compensated for that work, whichever comes later.
- We will calculate your initial payments using your pay stub, letter from your employer, or other source acceptable to us and will re-calculate your monthly payments any time your income changes and you provide documentation of those changes.
- If you do not provide documentation of your initial earnings or changes in your earnings, we will assume that your starting earned income matches the average full-time income for occupations directly related to the course of study or training for which this ISA will be used (determined based on federal U.S. data), and we will assume that your income increases by 10% effective June 1st of each year thereafter.

On or before April 30th of each year, you must submit copies of your year-end pay stub, Form W-2, Form 1099, Schedule K-1, consulting agreement, or similar source and validation of the dates of your employment (due on or before April 30th), all of which must reflect each source of your earned income. Each year we may also require your authorization to access your tax return information directly from the Internal Revenue Service or similar taxing authority for any and all years of your payment obligation. We will use this information to confirm that your payment amounts during the prior year were correct. You must reimburse us for any underpayments, and we will credit your account for any overpayments (or refund the excess amount if your payment obligation has ended).

You may extinguish your obligation under your ISA at any time by paying a prepayment amount equal to \$11,700.00, less any prior payments made and plus any outstanding fees or other amounts due under this Agreement.

Deferment and Default

You will not make monthly payments during any period of deferment. Your account will be placed in a deferment if, after you leave the program, (i) you have enrolled full-time in higher education or training or (ii) you earn less than \$3,333.33/month (equivalent to \$40,000/year), including if you are unemployed or not in the labor force, up to a maximum of 24 months.

If your account is delinquent for 180 days or more, we may consider your account to be in default.

See the Additional Terms below for further information about payment calculations, prepayment, nonpayment, deferment, default, and your legal obligations under this Income Share Agreement.

ADDITIONAL TERMS

THIS INCOME SHARE AGREEMENT IS NOT A LOAN OR CREDIT. THIS AGREEMENT IS NOT AN ASSIGNMENT OF WAGES.

THIS AGREEMENT REQUIRES THE USE OF ARBITRATION ON AN INDIVIDUAL BASIS TO RESOLVE DISPUTES, RATHER THAN JURY TRIALS OR CLASS ACTIONS. YOU MAY OPT-OUT OF ARBITRATION BY FOLLOWING THE PROCEDURE SET FORTH IN SECTION 21(B) BELOW. PLEASE READ SECTION 21 CAREFULLY AS IT AFFECTS YOUR LEGAL RIGHTS IN THE EVENT OF A DISPUTE.

YOU SHOULD SEEK ADVICE ABOUT YOUR FINANCING OPTIONS FROM A TRUSTED ADVISOR BEFORE SIGNING THIS AGREEMENT.

Read this entire document carefully and note Section 16 (about your tax liability), Section 17 (about information about you that we use and reports about you that we make to credit bureaus), and Section 22(n) (about this being an arms-length transaction between you and us).

This Income Share Agreement (“ISA” or “Agreement”) includes: (i) this document, including the Participation Disclosure above and the Arbitration Agreement in Section 21(b) below (which you can reject); (ii) the Registration Form; (iii) the Final Disclosure, which will be provided to you upon execution of this Agreement to summarize the terms of the Agreement and your obligations (collectively with the Participation Disclosure referenced as the “Disclosures”); and (iv) the Consent to Electronic Communications. In the event of any inconsistency between this document and the Final Disclosure, or between the Final Disclosure and the other Disclosures, the Final Disclosure controls. In this Agreement, “you,” “your,” and “Participant” mean the person who completes and/or signs the Application and/or Registration Form and this Agreement. “We,” “our,” “us,” and “SDWP” mean San Diego Workforce Partnership, Inc., and any of its successors, successors-in-interest, transferees, assignees, agents, designees, or servicers.

This Agreement is not a loan or other credit instrument. It represents your obligation to pay a specific percentage of your future earned income and does not give us any rights regarding your educational, training, or employment pursuits. The amount of the payments you will make will depend upon your future earned income. The total amount you will pay under this Agreement will vary depending upon your future earned income and may be more or less than the amount of funds credited to your account.

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1. What definitions are used in this Agreement?

In addition to the definitions listed above and as otherwise called out in this Agreement, the following definitions apply to terms used in this Agreement:

- (a) “Business Day” means Monday through Friday, except for federal holidays in the United States.
- (b) “Earned Income” means your total wage and self-employment income. On an annual basis, this amount is currently the sum of Line 1 (“Wages, salaries, tips, etc.”) and Line 12 (“Business income or (loss).”) and Line 17, including Schedule E (“Rental real estate, royalties, partnerships, S corporations, trusts, etc.”) from Schedule 1, IRS Form 1040 of U.S. federal income tax returns (2019 revision). If applicable, “Earned Income” includes all income reported on a joint income tax return, *minus*, to the extent documented to our satisfaction, any income earned solely by your spouse or partner appearing on your joint return. In our discretion, we may estimate your Earned Income using documentation other than your U.S. federal income tax return, provided the documentation is another verifiable source acceptable to us.
- (c) “Higher Education or Training” means a program of study at an institution that is eligible under Title IV of the Higher Education Act, as amended from time to time, a gap year program, or a proprietary or vocational education or training program (e.g., a coding bootcamp program) that provides a more advanced degree or certification than you are receiving through this Agreement.
- (d) “Income Share” means the fixed percentage of your Earned Income that will be used to calculate the amount you will owe during your payment obligation in return for the ISA Amount you receive. It is not an interest rate or annual percentage rate.
- (e) “ISA Amount” means the amount of funds credited to your account. The ISA Amount represents the market charge for the educational or training services you will receive from SDWP, less any up-front payments, scholarships, or other financial assistance.
- (f) “Maximum Deferment” means the maximum number of months that we can place your account in a deferment status.
- (g) “Minimum Monthly Income Threshold” means the monthly earned income below which payments will not be made, and your account will be placed in a paused status.
- (h) “Monthly Payment” means your Income Share multiplied by the amount of your monthly Earned Income.
- (i) “Payment Cap” means the maximum amount you will pay under this Agreement, not including fees and collection costs.
- (j) “Maximum Number of Payments” means the maximum number of payments you will make based on your monthly Earned Income.

2. **When do you have to start making payments under your ISA?**

- (a) **While Enrolled in the SDWP Program.** You are not required to make any payments while you remain enrolled at SDWP.
- (b) **Grace Period.** You are not required to make any payments during your 3-month Grace Period. Your Grace Period begins on the 1st day of the month following the date you complete or withdraw from the program.
- (c) **Start of Your Payment Obligation.** After your Grace Period ends, you will have to start making payments as soon as your monthly earned income is above the Minimum Monthly Income Threshold. For example, if your Grace Period ends in February 2020 and you earn above the Minimum Monthly Income Threshold in March 2020, then your first payment will be due at the beginning of April 2020.

3. **How many payments will you have to make?**

The maximum number of payments you will have to make is the listed in the Participation Disclosure above. However, once either (i) the cumulative total of your payments reaches the amount of the Payment Cap or (ii) the number of months after your Grace Period that have elapsed exceeds the sum of (a) your Maximum Number of Payments and (b) your Maximum Deferment, you will not have to make any additional monthly payments even if you have not made the Maximum Number of Payments listed in your Participation Disclosure above.

4. **How much will you have to pay each month and when?**

- (a) **Monthly Payments.** Monthly payments are due on the 1st day of each month during your payment obligation. If you and we both agree, a different monthly payment date can be chosen.
- (b) **Payment Amount.** Your monthly payment will be your Income Share multiplied by the amount of your monthly Earned Income.
- (c) **Qualifying Circumstances.** In any month during which (1) you have a qualifying circumstance (as described in Section 7); and (2) your account is ineligible for a deferment solely because it has already been placed in a deferment status for 24 months, then your monthly payment due will be \$0 for that month and your remaining payments due will be reduced by 1 month for each such month.

5. **When do your payments end?**

Your monthly payments end upon the earliest to occur of: (i) you make the Maximum Number of Payments; (ii) you have cumulatively paid an amount equal to the Payment Cap (plus any required fees or costs); or (iii) the number of months that pass after your Grace Period ends is greater than the sum of (a) your Maximum Number of Payments and (b) your Maximum Deferment Months.

6. **What is the maximum total amount that you may have to pay?**

You will never have to pay more than the Payment Cap.

7. **When are payments suspended?**

(a) **Deferments.** During your payment obligation, you will not make monthly payments during months in which you meet certain criteria, such as going back to school or earning below an Earned Income threshold (each a “Deferment Period”).

(b) Your account will be placed in a deferment status for no more than 24 months. In any month during which (1) you have a qualifying circumstance (as described in Section 7); and (2) your account is ineligible for a deferment solely because it has already been placed in a deferment status for 24 months, then your monthly payment due will be \$0 for that month and your remaining payments due will be reduced by 1 month for each such month.

(c) **Deferment Period Criteria.** Your account will be placed into a paused status, and you will not make payments if you:

- Are enrolled at full-time (as defined by your institution) in Higher Education or Training and are making satisfactory academic or training progress in the program
- Are employed and earning less than \$3,333.33 monthly (equivalent to an annual Earned Income of \$40,000)
- Are unemployed (not working but actively seeking employment)
- Are not in the labor force (not working and not actively seeking employment; for instance, taking time off due to illness or to care for a child, relative, or spouse)
- Document your eligibility for a Deferment Period to us
- Continue to provide all information requested by us to continue to determine your eligibility for a Deferment Period
- Remain current on all other obligations under this Agreement, including any obligations to remit information of documentation to us

8. **What is Annual Reconciliation?**

Annual Reconciliation is the process by which we verify that you have been paying the proper amounts owed to us and, if not, make appropriate adjustments to future Monthly Payment amounts if you have underpaid us, or, if you have overpaid, we will credit your account for any such overpayments.

- (a) **Reconciliation Information.** In order to conduct Annual Reconciliation, you must provide the information described in the “**What information do you need to provide and when?**” section (Section 9) of the Additional Terms regarding the total income you earned in the prior calendar year.
- (b) **Prior Year Reconciliation.** On or before April 30th of each year, we will review your Reconciliation Information for the prior year and determine if you overpaid or underpaid in the prior year. The reconciliation will be based on the total income you earned in the prior calendar year. If you assert that your income in any given month was below the Minimum Monthly Income Threshold, you must provide documentation to our satisfaction to demonstrate that your income during that month did not exceed that Minimum Monthly Income Threshold, in which case, we will assume you owed nothing for that month. If you underpaid, we will bill you for, and you agree to pay, the difference by the deadline stated in the bill. If you overpaid, we will apply excess amounts first to unpaid fees and second as a credit toward future payments due. If you overpaid in the final year of your payment obligation, we will refund the excess amounts.
- (c) **Current Year Reconciliation.** On June 1st of each year, we use your Reconciliation Information regarding your expected Earned Income for the coming year to re-estimate the amount of your Monthly Payment. If you have not provided us with your expected Earned Income as part of your Reconciliation Information, we will assume your Earned Income has increased by 10% and adjust your Monthly Payments accordingly, beginning with the payment due June 1st. Since this is an estimate of your current Earned Income, it may result in Monthly Payments that are either higher or lower than what you actually owe. Any overpayments or underpayments will be reconciled the following calendar year.

9. **What information do you need to provide to us and when?**

- (a) **Initial Income Information.** Not later than one month before your first scheduled payment is due, you agree to provide us with one of the following kinds of documentation, dated not earlier than 30 days before the date you provide it to us:
 - (i) A copy of any pay stub or letter from your employer containing your salary information, a self-employment contract, a consulting agreement, a good faith estimate of your self-employment income for the current calendar year (along with documentation of the basis for your estimate), or another verifiable source acceptable to us (collectively, “**Informal Earned Income Documentation**”) for each source of Earned Income; or
 - (ii) Documentation acceptable to us demonstrating a circumstance that qualifies you for a deferment as described in Section 7 (“Deferment Period Criteria”).
- (b) **Reconciliation Information.** On or before April 30 each year of your payment obligation and April 30 following the end of your payment obligation, you agree to provide us with:

- (i) A completed and signed IRS Form 4506-T or Form 4506T-EZ (or any successor form), designating us as the recipient of your tax return information for returns covering any and all months of your payment obligation, dated not earlier than 30 days before the date you provide it to us; and one of the following to verify your Earned Income or deferment status for the preceding year:
 - (1) A year-end pay stub, Form W-2, Form 1099, Schedule K-1, or other verifiable source acceptable to us (collectively, “**Formal Earned Income Documentation**”) for each source of Earned Income in the prior calendar year, or
 - (2) If your ISA is in a deferment status, updated documentation to re-verify your Documentation for Deferment.
- (ii) Informal Earned Income Documentation for each source of Earned Income that you expect to have in the coming year.
- (c) **Deferment Information.**
 - (i) You must notify us as soon as possible if you have a Qualifying Circumstance that would make you eligible for a Deferment Period and provide supporting documentation acceptable to us (“**Documentation for Deferment**”).
 - (ii) If you are in a Deferment Period, you must notify us as soon as possible when you are no longer eligible for that Deferment Period and provide us with relevant Formal Earned Income Documentation or Informal Earned Income Documentation so that we can compute an updated monthly payment amount. If your ISA is in a deferment status, you agree to provide us with updated documentation to re-verify your Documentation for Deferment at any time we request such information.
- (d) **Notice of Certain Changes.** You agree to notify us within 30 days of any change in your:
 - (i) primary residence address, phone number or email, or any other material change to information you previously provided to us;
 - (ii) employment status, including both terminations of employment and new employment;
 - (iii) Earned Income measured on a monthly basis;
 - (iv) marital status, to the extent reasonably required for us to exclude earnings of your spouse from the calculation of your Earned Income; and
 - (v) enrollment status in Higher Education or Training.

(e) **Tax Information.**

- (i) **Tax returns; extensions.** For the tax year in which your payment obligation begins through the tax year in which your payment obligation ends, you agree either (a) to file your U.S. federal income tax returns by no later than April 15th of the following year or (b) to notify us as provided in Section 20 of any extension you seek for filing federal income tax returns. Moreover, if we request, you agree to complete, sign, and provide to us IRS Form 4506-T or Form 4506T-EZ (or any successor form), designating us as the recipient of your tax return information for returns covering any and all years of your payment obligation, within 30 days of our request. You agree to perform any similar requirements or procedures for any other applicable country’s taxing authority.
- (ii) **Joint tax filing information.** If you are married or get married and file your taxes jointly with your spouse, you agree to provide evidence of your individual Earned Income so that we can exclude your spouse’s income from your Monthly Payment. If such documentation is not provided, we may assume that all Earned Income is attributable to you.

10. **How are your payments applied to your obligations?**

Payments are applied first to fees, costs, or expenses due under this Agreement, if any, and then to the Monthly Payment amount owed. If you make all required payments on time, you will not owe anything at the end of your payment obligation regardless of how much you have paid.

11. **What additional fees might you have to pay?**

The following fees apply, subject to applicable law:

Description	Amount
<p>Late Payment Fee A fee charged if you do not make any payment due under this ISA on or before the 10th day after the due date. Any payment received after 6:00 PM Eastern time on a Business Day is deemed received on the next Business Day. Payments due on a non-Business Day will be considered to be due on the next Business Day.</p>	<p>The lesser of \$5 and 5% of the payment amount due</p>
<p>Returned Payment Fee A fee charged if any payment is returned or fails due to insufficient funds in your account or for any other reason.</p>	<p>\$25</p>
<p>Service Fees You may be required to pay for certain optional value-added services that you request, such as overnight mail, expedited payments, certain types of payments, faxes, etc. The amount of each Service Fee will be clearly disclosed to you beforehand.</p>	<p>Varies</p>

12. **What if you leave your school early?**

If you leave the program before completion, you may be entitled to a reduction of your ISA Amount, Income Share, and other terms based on our refund policy. We will notify you as provided in Section 20 of any changes to your ISA Amount or other terms.

13. **Can you prepay your ISA?**

You can prepay your ISA at any time by paying to us an amount (the “**Prepayment Amount**”) equal to (i) the Payment Cap, (ii) less all previous Monthly Payments, (iii) plus any outstanding fees, costs, or expenses due under this Agreement.

14. **What if you don’t comply with the requirements of this Agreement?**

- (a) **Default.** Without prejudice to our other rights and remedies hereunder, and subject to applicable law, we may deem you to be in default under this Agreement upon: (i) if any payment to us is more than 180 days late; (ii) your failure to provide any information required under this Additional Terms agreement when required, including, without limitation, your failure to provide us a completed and signed IRS Form 4506-T or Form 4506T-EZ (or any successor form) within 30 days of the annual deadline or our separate request; or (iii) your violation of any other provision of this Agreement that impairs our rights, including but not limited to our receipt of information we deem to be materially false, misleading, or deceptive.
- (b) **Remedies Upon Default.** Subject to applicable law (including any notice and/or cure rights provided by applicable law), upon default, we may elect to (i) collect the Prepayment Amount, (ii) enforce all legal rights and remedies in the collection of such amount and related fees (including any rights available to us to set off any state tax refund), or (iii) utilize any combination of these remedies. You agree to pay our court costs, reasonable attorneys’ fees, collection fees charged by states for state tax refund set-off, and other collection costs related to the default (including our fees and costs due to your bankruptcy or insolvency, if applicable) to the extent permitted by applicable law. In no event will we assert that you owe attorneys’ fees in an amount that is the greater of (i) 35% of the amount we recover; or (ii) \$20,000.
- (c) **Equitable Remedies.** If we conclude that money damages are not a sufficient remedy for any particular breach of this Agreement, then we will be entitled to seek injunctive or other equitable relief as a remedy for any such breach to the fullest extent permitted by applicable law. Such remedy shall be in addition to all other remedies available at law or equity to us.
- (d) **Continued Accrual.** In the event that you do not provide Informal Earned Income Documentation, monthly payments will continue to accrue each month at the last-calculated amount, subject to annual escalations as provided in Section 8(c). Only by providing updated Informal Earned Income Documentation will these amounts change.

15. **Can you enter into other Income Share Agreements during the term of this Agreement?**

You agree that you have not and will not enter into additional private income-based agreements with us or another person that, in the aggregate, obligate you to pay a total share of your income exceeding 15.00% of your Earned Income in any given month. Loans with income-driven repayment plans, including federal student loans, will not be considered private income-based agreements under this Section.

16. **What are the tax implications of entering into this Agreement?**

(a) You acknowledge and agree that the federal, state, and local income tax consequences of this Agreement are not certain and that we have not provided you with any tax advice or assurance of specific consequences.

(b) You acknowledge that because the appropriate tax reporting is uncertain, the IRS and/or state or local taxing authorities may dispute a method of reporting your obligations under this Agreement, and new legislation may affect the federal, state, or local tax treatment of this Agreement. While we are under no obligation to do so, it also is possible that we may seek a ruling from the IRS during your payment obligation regarding these tax consequences. **You agree and acknowledge that you have had an opportunity to consult with your own trusted advisor about the tax consequences of entering into this ISA and receiving the ISA Amount.**

17. **Will we obtain a copy of your credit report and will we report your ISA to a credit reporting agency?**

You authorize us to obtain your credit report, verify the information that you provide to us, and gather additional information that may help us assess and understand your performance under this Agreement. You understand that we may verify your information and obtain additional information using a number of sources, including but not limited to consumer reporting agencies, other third-party databases, past and present employers, other school registrars, public sources, and personal references provided by you. If you ask, you will be informed whether or not we obtained a credit report and, if so, the name and address of the consumer reporting agency that furnished the report. You also understand and agree that we may obtain a credit report and gather additional information, including from the sources described above, in connection with the review or collection of your ISA. You consent to our sharing of your information with our affiliates and financing parties, which we will do using reasonable data security procedures.

Although this Agreement is not a loan or other credit instrument, we may inform credit bureaus about the amount advanced under this Agreement, the term of this Agreement, and your positive payment behavior when you make payments as agreed. However, this also means that late payments, missed payments, or other defaults under this Agreement may be reflected in your credit report.

18. **Who can we share information with about you, your payment behavior, and your ISA?**

You agree that we may share information about you, your payment behavior, and your ISA with (a) our agents, servicers, and service providers; (b) other schools you may attend, but only to the extent necessary to enforce this ISA (for example, to ensure that you qualify for any in-school deferment periods or that that you do not exceed your maximum ISA commitment as specified in Section 15); (c) investors in your ISA; (d) anyone to whom you authorize us to disclose information about this ISA; and (e) anyone else as permitted by law or as set forth in our Privacy Policy. If we sell or assign some or all of our rights under this ISA, you authorize such assignee or purchaser of your ISA to share with us information about you, your payment behavior, and your ISA.

19. **What information about you must be true in order for you to enter into this Agreement?**

(a) You represent that all information provided in connection with your Application and/or Registration Form is true and accurate and you have not provided any false, misleading or deceptive statements or omissions of fact.

(b) You represent that:

(i) you have never been convicted of a felony or of any crime involving dishonesty or breach of trust under any federal or state statute, rule, or regulation;

(ii) you are not contemplating bankruptcy and you have not consulted with an attorney regarding bankruptcy in the past 6 months;

(iii) you are at least the age of majority based on your current state of residence;

(iv) you are a U.S. citizen (includes naturalized citizens) or permanent resident;

(v) you are a resident of the State of California and plan to participate in the Program, in person, in San Diego, California; and

(vi) you have filed all federal tax returns and reports as required by law, they are true and correct in all material respects, and you have paid all federal taxes and other assessments due.

20. **How can we communicate with you?**

(a) **Electronic Communications.** We may decide to deliver any documents or notices related to this Agreement by electronic means. Except as otherwise provided in the Consent to Electronic Communications, you agree to receive such documents or notices by electronic delivery and to participate through an online or electronic system established and maintained by us or a third party designated by us. You agree that we may communicate with you using any telephone number, email address, or other contact information that you provide in the application, or using any telephone number, email address, or other contact information that you provide in the future.

- (b) **Automatic Reminders.** We may use automated telephone dialing, text messaging systems, and electronic mail to provide messages to you about payment due dates, missed payments, and other important information. We may send you automated telephone dialing, text messages, or emails relating to our efforts to collect amounts that you owe to us. The telephone messages may be played by a machine automatically when the telephone is answered, whether answered by you or someone else. These messages may also be recorded in your voicemail. You give us your permission to call or send a text message to any telephone number you provide us now or in the future and to play pre-recorded messages or send text messages with information about your application, amounts owed to us, and this Agreement over the phone. You also give us permission to communicate such information to you via electronic mail. You agree that we will not be liable to you for any such calls or electronic communications, even if information is communicated to an unintended recipient. You understand that, when you receive such calls or electronic communications, you may incur a charge from the company that provides you with telecommunications, wireless, and/or Internet services. You agree that we have no liability for such charges. If you want to change your communication preferences, such as no longer wanting to receive automatic reminders, you can update your preferences through your online servicing account or by contacting us at answers@vemo.com.
- (c) **Telephone Recording.** You understand and agree that we may monitor and/or record any of your phone conversations with us.

21. **What if we have a dispute about this Agreement? What are the terms of the arbitration agreement and how can you opt-out of mandatory arbitration?**

- (a) **Notice and Cure.** Prior to initiating a lawsuit or arbitration regarding a Claim (as defined in Section 21 below), the party asserting the Claim (the “**Complaining Party**”) shall give the other party (the “**Defending Party**”) written notice of the Claim (a “**Claim Notice**”) and a reasonable opportunity, not less than 30 days, to resolve the Claim. If we are the Complaining Party, we will send the Claim Notice to you at your email and/or physical mail address appearing in our records or, if you are known to be represented by an attorney, to your attorney at his or her office address. Any Claim Notice must explain the nature of the Claim and the relief that is demanded. The Complaining Party must reasonably cooperate in providing any information about the Claim that the Defending Party reasonably requests.
- (b) **Arbitration Agreement.** Except as expressly provided below, Participant and SDWP agree that any past, present, or future claim, dispute, or controversy, regardless of the legal theory on which it is based, arising out of, relating to, or in connection with this Agreement (including any issues of arbitrability of a dispute or the negotiation and execution of this Agreement), or that arises or is related to any relationship resulting from this Agreement, in any form including contract, tort, or otherwise, (a “**Claim**”), will be submitted to and resolved on an individual basis by binding arbitration under the Federal Arbitration Act, 9 U.S.C. §§1 et seq. (the “**FAA**”) before the American Arbitration Association (the “**AAA**”) under its Consumer Arbitration Rules (the “**AAA Rules**”), in effect at the time the arbitration is brought, unless SDWP and the

Participant agree in writing to arbitrate before a different party. If the AAA is unable to serve as administrator and SDWP and the Participant cannot agree on a replacement, a court with jurisdiction will select the administrator or arbitrator. The AAA Rules are available online at <http://www.adr.org>. If a Claim is arbitrated, it will be resolved by a neutral third-party arbitrator, and not by a judge or a jury, and the Participant and SDWP knowingly and voluntarily waive the right to a jury trial on such Claim.

The party bringing the Claim may elect arbitration of the Claim by initiating an arbitration in accordance with the Administrator's rules. The other party may elect arbitration by giving written notice of an election to arbitrate. This notice may be given after a lawsuit has been filed and may be given in papers or motions in the lawsuit. If such a notice is given, the Claim shall be resolved by arbitration under this Arbitration Agreement and the applicable rules of the Administrator then in effect. It will be up to the party bringing the Claim to commence the arbitration proceeding. Even if all parties have opted to litigate a Claim in court, SDWP or the Participant may elect arbitration with respect to any Claim made by a new party or any Claim later asserted by a party in that or any related or unrelated lawsuit (including a Claim initially asserted on an individual basis but modified to be asserted on a class, representative, or multi-party basis). Nothing in that litigation shall constitute a waiver of any rights under this Arbitration Agreement. The arbitrator will be selected under the Administrator's rules, except that the arbitrator must be a lawyer with at least ten years of experience or a retired judge, unless you and we agree otherwise.

For purposes of this Arbitration Agreement, (1) the term "SDWP" includes (a) San Diego Workforce Partnership, Inc.; (b) any successor, agent, service provider, successor-in-interest, transferee, assignee, agent, designee, or servicer of SDWP; (c) any affiliates, subsidiaries, and/or parent of the persons and entities referenced in (a) or (b); (d) the officers, directors, employees, stockholders, members, affiliates, subsidiaries, and parents of all of the foregoing in (a) through (c); and (e) any party named as a co-defendant with SDWP in a Claim asserted by the Participant, such as servicers and debt collectors; and (2) the term "Participant" means the Participant. Notwithstanding the above, if a Claim that the Participant or SDWP wishes to assert against the other is cognizable in a small claims court (or your state's equivalent court with a jurisdictional limit of less than \$15,000) having jurisdiction over the Claim and the parties, the Participant or SDWP may pursue such Claim in that small claims court; however, if the Claim is transferred, removed, or appealed to a different court, it shall be resolved by arbitration. Nothing in that small claims court lawsuit shall constitute a waiver of any party's rights under this Arbitration Agreement with respect to Claims asserted in any related or unrelated lawsuits. Moreover, any dispute concerning the validity or enforceability of this Arbitration Agreement or any part thereof (including, without limitation, the class action waiver below) must be decided by a court; any dispute concerning the validity or enforceability of the Agreement as a whole is for the arbitrator.

Any arbitration hearing that you attend will take place in a location that is reasonably convenient for you. If you cannot obtain a waiver of the AAA's or arbitrator's filing, administrative, hearing, and/or other fees, we will advance such fees on your behalf.

Each party will bear the expense of its own attorneys, experts, and witnesses, regardless of which party prevails, unless applicable law or this Agreement gives a right to recover any of those fees from the other party. The arbitrator shall follow applicable substantive law to the extent consistent with the FAA, applicable statutes of limitation, and privilege rules that would apply in a court proceeding, and shall be authorized to award all remedies available in an individual lawsuit under applicable substantive law, including, without limitation, compensatory, statutory, and punitive damages (which shall be governed by the constitutional standards applicable in judicial proceedings), declaratory, injunctive, and other equitable relief, and attorneys' fees and costs. Upon the timely request of either party, the arbitrator shall write a brief explanation of the basis of his or her award. The arbitrator's award will be final and binding, except for any appeal right under the FAA. Any court with jurisdiction may enter judgment upon the arbitrator's award. No arbitration award involving the parties will have any preclusive effect as to issues or claims in any dispute involving anyone who is not a party to the arbitration, nor will an arbitration award in prior disputes involving other parties have preclusive effect in an arbitration between the parties to this Arbitration Agreement.

This Arbitration Agreement shall survive the termination of this ISA, your fulfillment or default of your obligations under this ISA, and/or your or our bankruptcy or insolvency (to the extent permitted by applicable law). In the event of any conflict or inconsistency between this Arbitration Agreement and the administrator's rules or other provisions of this ISA, this Arbitration Agreement will govern.

CLASS ACTION WAIVER: IF A CLAIM IS ARBITRATED, NEITHER THE PARTICIPANT NOR SDWP WILL HAVE THE RIGHT TO PARTICIPATE IN A CLASS ACTION, PRIVATE ATTORNEY GENERAL ACTION, OR OTHER REPRESENTATIVE ACTION IN COURT OR IN ARBITRATION, EITHER AS A CLASS REPRESENTATIVE OR CLASS MEMBER. Further, unless both the Participant and SDWP agree otherwise in writing, the arbitrator may not join or consolidate Claims with claims of any other persons. The arbitrator shall have no authority to conduct any class, private attorney general, or other representative proceeding, and shall award declaratory or injunctive relief only in favor of the party seeking relief and only to the extent necessary to provide relief warranted by that party's individual claim. The arbitrator shall have no authority to issue any relief that applies to any person or entity except the Participant or SDWP individually.

If any portion of this Arbitration Agreement cannot be enforced, the rest of the Arbitration Agreement will continue to apply, except that (A) if a determination is made in a proceeding involving SDWP and the Participant that the class action waiver is invalid or unenforceable, only this sentence of this Arbitration Agreement will remain in force and the remainder of this Arbitration Agreement shall be null and void, provided that the determination concerning the class action waiver shall be subject to appeal, and (B) if a Claim is brought seeking public injunctive relief and a court determines that the restrictions in the class action waiver prohibiting the arbitrator from awarding relief on behalf of third parties are unenforceable with respect to such Claim (and that determination becomes final after all appeals have been exhausted), the Claim for public injunctive relief will be determined in court and

any individual Claims seeking monetary relief will be arbitrated. In such a case the parties will request that the court stay the Claim for public injunctive relief until the arbitration award pertaining to individual relief has been entered in court. In no event will a Claim for public injunctive relief be arbitrated.

(c) **RIGHT TO REJECT:**

Participant may reject this Arbitration Agreement by mailing a signed rejection notice to San Diego Workforce Partnership, Inc., c/o Vemo Education, 3905 Tampa Rd #2453, Oldsmar, FL, 34677, or by faxing it to (813) 438-7862 within 30 calendar days after the date of this Agreement. Any rejection notice must include the Participant's name, address, email address, telephone number, and account number. If you reject this Arbitration Agreement, that will not affect any other provision of the Agreement.

- (d) **Waiver of Jury Trial.** YOU ACKNOWLEDGE AND AGREE THAT, INASMUCH AS THE PURPOSE OF THE ARBITRATION AGREEMENT IN SECTION 21(B) IS TO REQUIRE THAT ALL CLAIMS BE RESOLVED BY BINDING ARBITRATION, NO PARTY TO THIS AGREEMENT SHALL BE ENTITLED TO A TRIAL BY JURY IF SUCH ARBITRATION AGREEMENT IS IN EFFECT. MOREOVER, TO THE EXTENT YOU TIMELY AND ADEQUATELY REJECT THE ARBITRATION AGREEMENT IN SECTION 21(B), OR IF FOR ANY OTHER REASON A CLAIM IS NOT ARBITRATED (SUCH AS IF A CLAIM IS SUBMITTED TO A SMALL CLAIMS COURT), SDWP AND YOU KNOWINGLY AND VOLUNTARILY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO A TRIAL BY JURY WITH RESPECT TO ANY CLAIM.

22. **What other information do you need to know?**

- (a) **ISA proceeds; Setoff.** We will credit the ISA Amount set forth in your Final Disclosure against your financial obligations to us, and, if so, we will send you an account confirmation notice that itemizes the allocated amounts. You understand that we may apply the ISA proceeds toward any preexisting financial obligations you owe to us, in which case this ISA may not be sufficient to meet your entire tuition obligation to us and a balance may remain due.
- (b) **Servicemembers Civil Relief Act ("SCRA").** If you are a "Servicemember" of the U.S. uniformed military services and, after you enter into this ISA, you enter "military service," as those terms are defined in the Servicemembers Civil Relief Act (SCRA) at 50 U.S.C. § 3911, your monthly payment will be limited to the lesser of (i) your ISA payment as calculated based on your Informal Earned Income Documentation, or (ii) the maximum payment that would be due for a loan charging six percent (6%) interest, calculated based on the funding amount of your ISA. In order for this limitation to apply, you must provide us with: (i) written notice of your request, (ii) a copy of the military orders calling you to military service, and (iii) any other information we reasonably request to establish your eligibility.

- (c) **Your ISA Contract Terms.** The Participation Disclosure above sets forth your ISA Amount, Income Share, Maximum Number of Payments, and Payment Cap, which terms will also be reflected in your Final Disclosure. In the event that these terms are adjusted during a review or certification process, you will be provided with a new or amended Final Disclosure. Your Final Disclosure and any new or amended Final Disclosure(s) will also inform you of your right-to-cancel period and instructions for exercising your right to cancel this Agreement in its entirety. In the event of any inconsistency between this ISA and the Disclosures, or between the Disclosures, the last Final Disclosure controls.
- (d) **Waiver of ISA Due to Death or Total and Permanent Disability.** We will waive the remainder of what you owe under this Agreement, including any past due amounts and fees, if you die or become totally and permanently disabled. You or your estate must provide us with any tuition or Program cost refund, which we will apply to the ISA Amount. If you would like to assert a waiver based on total and permanent disability, you will need to submit an application accompanied by a physician's statement (or a governmental determination) and such other information or documentation that we may require, showing that you are unable to work in any occupation due to a condition that began or deteriorated after the date of the Final Disclosure and that the disability is expected to be permanent. Unless your Monthly Payments already are deferred under Section 7, you must continue to make payments until the time the disability application is completed to our satisfaction. If we approve your disability waiver application, the waiver will be effective as of the date of the completed application.
- (e) **Correction of Errors.** All parties to this Agreement agree to fully cooperate and adjust all typographical, computer, calculation, or clerical errors discovered in any or all of the ISA documents including this document, the Application and/or Registration, the Application and Solicitation Disclosure, the Participation Disclosure, the Final Disclosure, and any Notice to Married Residents of Arizona or Wisconsin, as applicable. Errors in the names and/or addresses of the parties will be corrected by notice to all parties. In the event this procedure is used for any other errors, all parties involved will be notified and will receive a corrected copy of the changed document.
- (f) **Amendments and Waivers.** We may amend this Agreement by providing you with 30 days advance written notice as provided in Section 20 of any significant changes to the address in our records. However, if an amendment is necessary to comply with changes in applicable law, we may amend this Agreement without providing you with advance notice. No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance.
- (g) **Customer Identification Policy.** To help the government fight the funding of terrorism and money laundering activities, we will obtain, verify, and record information that identifies each person who enters into this Agreement. What this means for you: when you enter into this Agreement, we reserve the right to ask for your name, address, date of birth, and other information that will allow us to identify

- you. We may also ask to see your driver's license or other identifying documents, or for you to provide true and correct copies to us.
- (h) **Governing Law.** The validity, interpretation, construction, and performance of this Agreement, and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto and thereto shall be governed, construed, and interpreted in accordance with the laws of the State of California, without giving effect to principles of conflicts of law. Notwithstanding the foregoing, federal law shall govern the Arbitration Agreement in Section 21(b).
 - (i) **Entire Agreement.** This Agreement sets forth the entire agreement and understanding of the parties relating to the subject matter herein and supersedes all prior or contemporaneous discussions, understandings, and agreements, whether oral or written, between you and us relating to the subject matter hereof.
 - (j) **Successors and Assigns.** Except as otherwise provided in this Agreement, this Agreement, and the rights and obligations of the parties hereunder, will be binding upon and inure to the benefit of their respective successors, assigns, heirs, executors, administrators, and legal representatives. We may sell, assign, or otherwise transfer any of our rights, economic benefits, or obligations under this Agreement. You may not assign, whether voluntarily or by operation of law, any of your rights, economic benefits, or obligations under this Agreement, except with our prior written consent given in accordance with Section 20.
 - (k) **Notices.** Any notice, demand, or request required or permitted to be given under this Agreement shall be in writing and, except as otherwise provided, shall be deemed sufficient when sent by email or 2 Business Days after being deposited in the U.S. mail as certified or registered mail with postage prepaid. Notices to San Diego Workforce Partnership, Inc., shall be sent to answers@vemo.com or to San Diego Workforce Partnership, Inc. c/o Vemo Education, 3905 Tampa Rd #2453, Oldsmar, FL, 34677, or as subsequently modified by written notice. Notices to Participant shall be sent to the email and/or physical mail addresses you provided in your Application and/or Registration Form, or as subsequently modified by written notice to us.
 - (l) **Severability.** Except as set forth in the Arbitration Agreement, if one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of the Agreement shall be interpreted as if such provision were so excluded, and (iii) the balance of the Agreement shall be enforceable in accordance with its terms.
 - (m) **Execution; Electronic Transactions.** This Agreement may be executed electronically or manually. Execution may be completed in counterparts (including both counterparts that are executed on paper and counterparts that are electronic records and executed electronically), which together constitute a single agreement. Any copy of this Agreement (including a copy printed from an image of this Agreement that has been stored electronically) shall have the same legal effect as an original.

- (n) **Independent Decision to Enter into this ISA.** You agree that this Agreement is an arms-length transaction. You agree that we are not an agent or fiduciary or advisor in your favor in connection with the execution of this Agreement. You agree that we have not provided any legal, accounting, investment, regulatory, or tax advice with respect to this Agreement.

- (o) **Marital Property.** If you are married and live in Wisconsin on the date you sign this Agreement or during the term hereof, your signature on this ISA confirms that any financial obligation incurred as a result of this ISA is being incurred in the interest of your marriage or family. If you are married and live in Texas on the date you sign this Agreement or during the term hereof, you agree to hold your Earned Income in a separate bank account from your spouse.

[Signature Page Follows]

The parties, intending to be legally bound, have executed this Agreement as of the date set forth below.

NOTICE TO PARTICIPANT

1. Do not sign this ISA before you read it or if it contains any blank terms.
2. You are entitled to a completely filled-in copy of this ISA.
3. You have the right to pay off this Agreement in advance by paying the amount set forth in Section 13.

PARTICIPANT: By signing below, you acknowledge that you have read this entire Agreement carefully and agree to its terms, including Section 16 (about your tax liability), Section 17 (about information about you that we use and reports about you that we may make to credit bureaus), Section 22(n) (about this being an arms-length transaction between you and us), and Section 21 (about arbitration on an individual basis and class-action waiver, including your opt-out right).

**SAN DIEGO WORKFORCE PARTNERSHIP,
INC.:**

PARTICIPANT:

By: *Andy Hall*
(Signature)

By: *Business Intelligence*
Business Intelligence (Sep 6, 2019)
(Signature)

Date: Sep 6, 2019

Date: Sep 6, 2019

Name: Andy Hall

Name: Business Intelligence

Title: Chief Operating Officer

Address: San Diego Workforce
Partnership, Inc.
9246 Lightwave Ave., Suite 210
San Diego, CA
92123

Address: 123 Never Rains Drive
Sunny, California
12345

E-mail: alistairpenny@workforce.org

Phone: 1234556789
jennifer.jenkins+businessintellige
E-mail: nce@vemo.com