

TRANSACT THIRD PARTY SERVICER ADDENDUM

THIS ADDENDUM ("Addendum") shall append that certain Master Agreement and any accompanying Transact ordering document which is entered into by the parties and incorporates these terms (an "Order Form"), or the acceptance by Transact of an acknowledgement form or purchase order form referencing an Order Form incorporating these terms form the entire agreement ("Agreement") between the entity listed in any Order Form (hereafter, "Customer", "Client", or "you") and the Transact entity listed in any Order Form (hereafter, "Servicer", "we", "us" or "Transact").

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained herein, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Customer and Servicer hereto agree to the following with respect to the applicable Transact product or service:

1. Representations of Servicer

- a. the Servicer's eligibility to contract with the institution has not been limited, suspended, or terminated under the proceedings of Subpart G of the Title IV Regulations;
- b. the Servicer has not been limited, suspended, or terminated by the Secretary of the U.S. Department of Education ("Secretary") within the preceding five years;
- c. the Servicer has not had, during the Servicer's two most recent audits of the Servicer's administration of the Title IV, HEA programs, an audit finding that resulted in the Servicer's being required to repay an amount greater than five percent of the funds that the Servicer administered under the Title IV, HEA programs for any award year; or
- d. the Servicer has not been cited during the preceding five years for failure to submit audit reports required under Title IV of the HEA in a timely fashion; and
- e. in the case of a Servicer that has been subjected to a termination action by the Secretary, either the Servicer, or one or more persons or entities that the Secretary determines (under the provisions of [§ 668.15](#)) exercise substantial control over the servicer, or both, have submitted to the Secretary financial guarantees in an amount determined by the Secretary to be sufficient to satisfy the servicer's potential liabilities arising from the servicer's administration of the Title IV, HEA programs; and
- f. One or more persons or entities that the Secretary determines (under the provisions of [§ 668.15](#)) exercise substantial control over the Servicer have agreed to be jointly or severally liable for any liabilities arising from the Servicer's administration of the Title IV, HEA programs and civil and criminal monetary penalties authorized under Title IV of the HEA.

2. Servicer Obligations

- a. Comply with all statutory provisions of or applicable to Title IV of the HEA, all regulatory provisions prescribed under that statutory authority, and all special arrangements, agreements, limitations, suspensions, and terminations entered into under the authority of statutes applicable to Title IV of the HEA, including:
 - i. the requirement to use any funds that the Servicer administers 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, and
 - ii. submission of an annual Third Party Servicer compliance audit;
- b. Refer to the Office of Inspector General of the Department of Education for investigation any information indicating there is reasonable cause to believe that the institution might have engaged in fraud or other criminal misconduct in connection with the institution's administration of any Title IV, HEA program or an applicant for Title IV, HEA program assistance might have engaged in fraud or other criminal misconduct in connection with his or her application. Examples of the type of information that must be referred are -
 - (i) False claims by the institution for Title IV, HEA program assistance;
 - (ii) False claims of independent student status;
 - (iii) False claims of citizenship;
 - (iv) Use of false identities;
 - (v) Forgery of signatures or certifications;
 - (vi) False statements of income; and
 - (vii) Payment of 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 engaged in any student recruitment or admission activity or in making decisions regarding the award of title IV, HEA program funds.
- c. Be jointly and severally liable with the institution to the Secretary for any violation by the Servicer of any statutory provision of or applicable to Title IV of the HEA, any regulatory provision prescribed under that statutory authority, and any applicable special arrangement, agreement, or limitation entered into under the authority of statutes applicable to Title IV of the HEA;
- d. In the case of a Servicer that disburses funds (including funds received under the Title IV, HEA programs) or delivers Federal Stafford Loan Program proceeds to a student –

- i. Confirm the eligibility of the student before making that disbursement or delivering those proceeds. This confirmation must include, but is not limited to, any applicable information contained in the records required under [§ 668.24](#); and
- ii. Calculate and return any unearned title IV, HEA program funds to the title IV, HEA program accounts and the student's lender, as appropriate, in accordance with the provisions of [§§ 668.21](#) and [668.22](#), and applicable program regulations; and
- iii. If the Servicer or institution terminates the contract, or if the Servicer stops providing services for the administration of a Title IV, HEA program, goes out of business, or files a petition under the Bankruptcy Code, return to the institution all -

(a) Records in the Servicer's possession pertaining to the institution's participation in the program or programs for which services are no longer provided; and

(b) Funds, including Title IV, HEA program funds, received from or on behalf of the institution or the institution's students, for the purposes of the program or programs for which services are no longer provided.