

# Borrower Defense Rule

To comply with 2016 Rule, 81 Fed. Reg. at 75,926 aka the Borrower Defense Rule, which became effective on October 16, 2018, the following language has been substituted for the Arbitration Section (Page 3 and 4) of all Enrollment Agreements between students and PMI:

**ARBITRATION:** Any and all claims, disputes, and causes of action arising out of this contract or the school/ student relationship between PMI and the student, whether sounding in contract or tort, shall be resolved by arbitration. The Federal Arbitration Act (9 U.S.C. § 1 et seq.) (FAA) shall govern with respect to all issues concerning dispute resolution, except as otherwise set forth herein. All claims shall be brought on an individual basis. There shall be no right or authority for any claims to be arbitrated on a class action basis, and no right to avoid the agreement to arbitrate because a student wants to pursue a claim on behalf of a class of individuals who may be similarly situated. The arbitrator shall be selected by the parties jointly; if the parties cannot agree on the identity of the arbitrator, the arbitrator shall be chosen pursuant to 9 U.S.C. § 5. Jurisdiction and venue for all purposes associated with the FAA and arbitration proceedings are vested in the federal court district in which the student's campus is located; provided, however, that a student may always choose to have jurisdiction and venue vest in the U.S. District Court for the District of Arizona, Tucson division, located in Tucson, Arizona; and further provided that with respect to all disputes involving a student who receives his or her education through the Internet or by some other means that does not involve physical attendance at a campus, jurisdiction and venue vest in the U.S. District Court for the District of Arizona, Tucson division. Arbitration procedure shall be determined pursuant to the American Arbitration Association Commercial Arbitration Rules (Rules), but arbitrations shall not be conducted under the auspices of the American Arbitration Association (AAA). Where not having the AAA administer the arbitration process conflicts with the Rules, the arbitrator shall adapt the Rules in an appropriate manner.

Anything to the contrary notwithstanding, the arbitration provisions set forth in the preceding paragraph do not apply to any disputes between the student and PMI, if and to the extent by which 2016 Rule, 81 Fed. Reg. at 75,926 aka the Borrower Defense Rule applies to the dispute. Specifically, PMI agrees that it and any successor interest to it will not use this pre-dispute arbitration agreement to stop student from bringing a lawsuit concerning PMI's acts or omissions regarding the making of the Federal Direct Loan or the provision by PMI of educational services for which the Federal Direct Loan was obtained. Student may file a lawsuit for such a claim and may be a member of a class action lawsuit for such a claim even if student does not file it. This provision does not apply to other claims. PMI agrees that the court has exclusive jurisdiction to decide whether a claim asserted in the lawsuit is a claim regarding the making of the Federal Direct Loan or the provision of educational services for which the loan was obtained.

With this provision PMI intends to fully comply with the Borrower Defense Rule, with 34 CFR 685.300(f)(3)(iii) (A) and (B), with 34 CFR 685.300(e)(3)(iii)(A) and (B), and with any other applicable statutes, rules, or regulations.

Student is legally responsible for the payment of all sums referenced in this agreement. If Student borrows money, pursuant to 20 U.S.C. § 1070 et seq. (STUDENT ASSISTANCE), Student is liable to the lending entity for repayment of any and all borrowed sums. Student is also liable for any remaining balance due after application of all payments from 3rd parties, whether in the form of loans or grants, or on behalf of Student.