



**Title:** Financial Aid Code of Conduct  
 And Policy on Educational Loans

**Policy No.:** ADM 4.09

**Date:** 4/7/10  
**Rev.:** 8/1/13, 8/1/15

Areas Affected: All BSMCON

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**POLICY STATEMENT:**

Financial Aid Code of Conduct and Policy on Education Loans This code of conduct applies to all college divisions and to all trustees, employees, officers and agents of the college, including without limitation individuals who are employed in a financial aid office or who otherwise have responsibilities with respect to education loans. This code reiterates and reflects the college's continuing commitment to conducting financial aid practices with integrity, free from conflicts of interest, in the interest of students, and in compliance with applicable law.

**Definitions:**

For purpose of this code of conduct, lending institution means:

- (a) Any entity that itself or through an affiliate engages in the business of making loans to students, parents or others for purposes of financing higher education expenses or that securitizes such loans; or
- (b) Any entity, or association of entities, that guarantees or services education loans; or
- (c) Any industry, trade or professional association that receives money from any entity described above in subsections (a) and (b).

**POLICY:**

**I. CONFLICT OF INTEREST**


- No employee shall have a conflict of interest\* with respect to any education loan or other student financial aid for which the employee has responsibility.
- Employees may not process any transaction related to their own personal financial aid eligibility or that of a relative\*\*.

*[\*]A conflict of interest exists when an employee's financial interest or other opportunities for personal benefit may compromise, or reasonable appear to compromise, the independent judgment with which the employee performs his or her responsibilities at the College.*

*[\*\*] For the purpose of this policy, a "relative" is defined as an individual with whom an employee has a relationship by blood, marriage, adoption, domestic partnership, or other personal relationship in which objectivity might be impaired.*

**II. Prohibition on Revenue Sharing with Lending Institutions and on Solicitation or Acceptance of Remuneration or Assistance from a Lending Institution**

Reference Policy # \_\_\_\_\_

<p><b>Approved by:</b>            Signature</p>	<p>Dean of Student Services _____          Provost/VP _____          Title</p>	<p>8/1/15          8.1.15          Date</p>
<p><b>Approval History:</b>          Committees and Dates:          Office of Financial Aid – 11/12, 3/15          Policy Committee – 11/12, 3/15</p>		
<p>Key words: Code of conduct, Financial Aid</p>		

The college prohibits any revenue-sharing arrangement with any lending institution. Revenue sharing is any arrangement by which a lender pays the college a percentage of the principal loan taken by a borrower or otherwise compensates the college as a result of a borrower taking a loan.

The college may not accept or solicit anything of value from any lending institution related to its education loan activity. This prohibition shall include, but not be limited to, (i) revenue sharing by a lending institution with the college, (ii) the college's receipt from any lending institution of any computer hardware for which the college pays below-market prices and (iii) printing costs or services.

The college also may not accept or solicit staffing assistance from a lending institution, including but not limited to call center staffing or financial aid office staffing. The college shall ensure that it does not identify any employee or other agent of a lending institution to students or prospective students of the college or their parents as an employee or agent of the college.

### III. Ban on Opportunity Loans

The college shall not arrange with a lending institution to provide any opportunity loans, if the provision of such opportunity loans prejudices any other borrower.

The college also may not accept or solicit any funds to be used for private educational loans or opportunity pool loans in exchange for providing a lending institution with a specified number of federal loans, a specified loan volume or a preferred lender arrangement.

For purpose of this code, an opportunity loan agreement is an arrangement whereby a lending institution agrees to make loans up to a specified aggregate amount to students with poor or no credit history, or to international students whom the lending institution claims would not otherwise be eligible for its loan programs, in exchange for concessions or promises by a college that may prejudice other borrowers.

### IV. Ban on Actions that Limit a Borrower's Choice of Lending Institutions

The college shall not assign a first-time borrower to a particular lender, or refuse to certify, or delay certification, of any loan based on the borrower's selection of a lending institution.

### V. Prohibition on Gifts and Remuneration to College Employees

The college shall inquire and ensure that no officer, trustee, director, employee, or agent of the college solicits or accepts gifts or anything of more than de minimus value on his or her own behalf or on behalf of another from or on behalf of a lending institution, except that this provision shall not be construed to prohibit any officer, trustee, director, employee, or agent of the college from conducting non-college business with any lending institution. Nothing in this provision or otherwise shall prevent the college from holding membership in any nonprofit professional association. This prohibition shall include, but not be limited to, any ban on any payment or reimbursement by a lending institution to a college employee for lodging, meals, or travel to conferences or training seminars.

For purpose of this code, "gifts" include any gratuity, favor, discount, entertainment, hospitality, loan, or other item having a monetary value of more than a de minimus amount, including services, transportation, lodging, and meals. A gift does not include standard materials, activities or programs related to a loan being provided; favorable terms, conditions or borrower benefits provided to a student employed by the college if comparable terms are provided to all students of the college; philanthropic contributions to an institution unrelated to education loans; or state education grants, scholarships or financial aid funds.

#### VI. Limitations on College Employees Participating on Lender Advisory Boards

The college prohibits any officer, trustee, director, employee, or agent of the college from receiving any remuneration for serving as a member or participant of an advisory board of a lending institution, or receiving any reimbursement of expenses for so serving, provided, however, that participation on advisory boards that are unrelated in any way to higher education loans shall not be prohibited by the code. Notwithstanding the above, neither this paragraph nor Part IV of this code of conduct shall prohibit any officer, trustee, director, employee, or agent of the college, who is uninvolved in the affairs of the college's financial aid office, from serving on a board of directors of a publicly traded or privately held company.

#### VII. Prohibition on Consulting for Lending Institutions by Financial Aid Officers and Other Employees or Officers who have Student Lending Responsibilities

Individuals employed in a financial aid office and other employees or officers who otherwise have student lending responsibilities are prohibited from consulting or providing other contract services for a lending institution. This article does not prohibit a financial aid officer from consulting for, or serving on advisory board constituted by, the federal government consistent with the college's Policy on Conflict of Interest and Conflict of Commitment and federal law.

#### VIII. Prohibition on Stock Ownership in Lending Institutions by Financial Aid Officers

A person employed as a financial aid officer of the college shall not own stock or hold any another financial interest in a lending institution, other than through ownership of shares in a publicly traded mutual fund or similar investment vehicle in which the person does not exercise any discretion regarding the investment of the assets of the investment vehicle.

#### REFERENCE:

Section 487(a)(25), 487(e) of the Higher Education Opportunity Act