



Code of Conduct for Financial Aid Professionals

CU-EM-54

Concord University (University) expects financial aid professionals to always maintain exemplary standards of professional conduct in all aspects of carrying out their responsibilities, specifically including all dealings with all constituencies involved in any manner in student financial aid.

I. Purpose

The purpose of this policy is to prohibit conflicts of interest in situations involving student financial aid and to establish standards of conduct for employees with direct responsibility for student financial aid.

II. Applicability

This policy applies to all employees who work in the Office Financial Aid and all other university employees who have responsibilities related to education loans or other forms of student financial aid. Agents of the university with responsibility for education loans or other student financial aid are also expected to abide by the terms of this policy.

III. Background

The Higher Education Opportunity Act of 2008 (HEOA) requires institutions of higher education to establish and follow a Code of Conduct with respect to student loans that prohibits conflicts of interest for any financial aid professional [HEOA § 487(a)(25)]. In accordance with this requirement, the Office of Financial Aid has issued the following conflict of interest policy and code of conduct that applies to all forms of financial aid.

IV. Definitions

1. **Conflict of Interest:** A conflict of interest exists when an employee's financial interests or other opportunities for personal benefit may compromise, or reasonably appear to compromise, the independence of judgment with which the employee performs his/her responsibilities at the University.

2. **Gift:** Any gratuity, favor, discount, entertainment, hospitality, loan, or other item having a monetary value of more than a *de minimis* amount. The term includes a gift of services, transportation, lodging, or meals, whether provided in kind, by purchase of a ticket, payment in advance, or reimbursement after the expense has been incurred. The term “gift” does not include any of the following:
- a. Standard materials, activities, or programs on issues related to a loan, default aversion, default prevention, or financial literacy, such as a brochure, a workshop, or training.
 - b. Training or informational material furnished to the University as an integral part of a training session that is designed to improve the service of a lender, guarantor, or servicer of educational loans to the University, if such training contributes to the professional development of the University’s employees.
 - c. Entrance and exit counseling services provided to borrowers to meet the University’s responsibilities for entrance and exit counseling under federal law, so long as the University’s employees are in control of the counseling, and such counseling does not promote the products or services of any specific lender.
 - d. Philanthropic contributions to an institution from a lender, servicer, or guarantor of education loans that are unrelated to education loans or any contribution from any lender, guarantor, or servicer that is not made in exchange for any advantage related to education loans.
 - e. State education grants, scholarships, or financial aid funds administered by or on behalf of a State.
 - f. Favorable terms, conditions, and borrower benefits on an education loan provided to a student employed by the University or an employee who is the parent of a student in such terms, conditions, or benefits are comparable to those provided to all students of the University and are not provided because of the student’s or parent’s employment with the University.
 - g. **Opportunity pool loan:** A private education loan made by a lender to a student attending the University or the family member of such a student that involves a payment, directly or indirectly, by the University of points, premiums, additional interest, or financial support to such lender for the purpose of such lender extending credit to the student or the family.
 - h. **Revenue-sharing arrangement:** An arrangement between the university and a lender under which (a) a lender provides or issues a loan to students attending the university or to their families; and (b) the university recommends the lender or the loan products of the lender and in exchange, the lender pays a fee or provides other materials benefits, including revenue or profit sharing, to the university or its employees.

V. Institutional Policy Regarding Education Loans and Student Financial Aid

1. **Revenue-Sharing Arrangements:** The university, or any agent of the university, will not enter into any revenue-sharing arrangement with any lender.
2. **Interaction with Borrowers:** Borrowing under the Federal Stafford Loan Program is now under the Federal Direct Loan Program. Under no circumstances will the university assign a student's private student loan to a particular lender, or refuse to certify or delay certification of any private loan, based upon the borrower's selection of lender or guaranty agency.
3. **Private Loans:** The university will not request or accept from any lender any offer of funds to be used for private education loans, including funds for an opportunity pool loan, to students in exchange for the university providing concessions or promises regarding providing the lender with:
 - a. a specified number of federal loans;
 - b. a specified federal loan volume; or,
 - c. A preferred lender arrangement for federal loans.
4. **Co-Branding:** The university will not permit a private educational lender to use the university's name, emblem, mascot, logo, or any other words, pictures, or symbols associated with the university to imply endorsement of private educational loans by that lender.
5. **Staffing Assistance:** The university will not request or accept from any lender any assistance with call center staffing or financial aid office staffing. Nothing in this section, however, prevents the university from accepting assistance from a lender related to:
 - a. professional development training for its staff;
 - b. providing educational counseling materials, financial literacy materials, or debt management materials to borrowers, provided that such materials disclose to borrowers the identification of any lender that assisted in preparing or providing such materials; or
 - c. Staffing services on a short-term, nonrecurring basis to assist the university with financial aid-related functions during emergencies, including State-declared or federally-declared natural disasters, federally-declared national disasters, and other localized disasters and emergencies identified by the Secretary of Education.

VI. Code of Conduct

1. Conflicts of Interest

- a. 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.

- b. No employee may process any transaction related to his/her own personal financial aid eligibility or that of a relative.
2. **Gifts** No employee may accept any gift from a lender, guarantor, or servicer of education loans. A gift to a family member of an employee or to any other individual based on that individual's relationship with the employee shall be considered a gift to the employee if the gift is given with the knowledge and acquiescence of the employee and the employee has reason to believe the gift was given because of the employee's position at the university. Token awards from professional associations (state, regional, or national) that recognize professional milestones or extraordinary service to parents and students, or scholarships for conference attendance or other professional development opportunities, may be accepted.
3. **Prohibited Contracting Arrangements:** No employee shall accept from any lender or affiliate of any lender any fee, payment, or other financial benefit (including the opportunity to purchase stock) as compensation for any type of consulting arrangement or other contract to provide services to a lender or on behalf of a lender relating to education loans.
4. **Advisory Board Compensation:** No employee who serves on an advisory board, commission, or group established by a lender, guarantor, or group of lenders or guarantors may receive anything of value from the lender, guarantor, or group of lenders or guarantors in return for that service.
5. **Reimbursement of Expenses:** Expenses incurred while attending professional association meetings, conferences, or in connection with service on an advisory board, commission, or group described in Section VI.D. of this Policy must be paid by the University. Entertainment expenses such as concert or sports tickets or greens fees may not be accepted. Employees are expected to personally pay for such expenses or request reimbursement from the University in accordance with University policy. Professional organizations who reimburse for costs associated with activities associated with joint programs may be accepted as long as it does not promote the products or services of any specific organization.
6. **Meals:** Employees may occasionally need to share meals with employees of lenders, guaranty agencies, or other colleges or universities in the course of business. Meals offered as a part of meetings, conferences, or other events may be accepted if all participants in the meeting or even are offered the meals or if the meals are included as a part of a registration fee.
7. **Ensure that all information provided is accurate, unbiased, and does not reflect any preference arising from actual or potential personal gain:** When providing information, transparency is the priority at all times. Students and parents should be able to fully understand their rights, obligations, and – of paramount importance – their alternatives.
8. **Preferred Lender List (private Loans):** In the event that the Office of Financial Aid develops and implements a Private Education Loan Preferred Lender list, a financial aid professional is expected to demonstrate transparency, completeness, and accuracy of information by ensuring that:
 - a. Students and their parents understand that they are not required to use any of the lenders on our list, are free to select the lender of their choice, and understand the process for selecting a lender and applying for a loan.

- b. Concord University will not assign a loan to any specific lender and will promptly certify any loan from any lender selected by a borrower.
- c. If the university implements a Private Education Loan Preferred Lender list, student will be provided with consumer information about the loan products offered by entities on our preferred lender list. Such information must include the disclosure of competitive interest rates, terms and conditions of federal loans; high quality loan servicing; or additional benefits beyond the standard terms and conditions for such loans.
- d. If the university implements a Private Education Loan Preferred Lender list, lenders who are included on the list disclose agreements to sell their loans to other entities, if applicable.
- e. **Be objective and transparent in making decisions and advising the university regarding relationships with any entity involved in any aspect of student financial aid:** Financial aid professionals must always be fair-handed when recommending or entering into a business relationship with any entity offering a product or service related to financial aid. If applicable, a lender may not be placed on the university's preferred lender list in exchange for a prohibited inducement. If applicable, placement on a preferred lender list must not be based on benefits provided to the university; an officer, employee, or financial aid professional of university; or its students in connection with loans not covered by the list. But rather, placement on the list should be based solely on the best interests of the university's students and parents who may rely on the list.

Specifically, lenders would be chosen for the preferred lender list based on factors, including, but not limited to

- 1) payment of origination or other fees on behalf of the borrower;
 - 2) highly competitive interest rates or other terms and conditions or provisions of loans;
 - 3) high-quality servicing;
 - 4) corporate governance;
 - 5) other business affiliations;
 - 6) financial education programs for consumers;
 - 7) Default rate; or (h) additional benefits beyond the standard terms and conditions or provisions. *See* 20 U.S.C. § 487(h)(1)(C) (Sec. 493 of the HEOA). This process would be fully disclosed and included on a preferred lender list.
- f. **Do not take any action that is contrary to law, regulation, or the best interests of the university, students and parents:** Our financial aid professionals work in a complex legal environment. Any doubts as to whether a course of conduct is legally proper should be resolved by referring the matter to the office of Human Resources for guidance. In addition, financial aid professionals should understand and adhere to all institutional policies applicable to their conduct and job performance, as well as to all federal statutes and regulations governing the administration of student financial aid and all applicable state and local statutes, regulations, and ordinances.

VII. Policy Violations

ENROLLMENT MANAGEMET (EM)

Violations of this Policy may result in disciplinary action, up to and including dismissal.

This Policy was developed based on the Statement of Ethical Principles and Code of Conduct adopted by the National Association of Student Financial Aid Administrators (NASFAA).

APPROVAL

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| <u>Intent to Plan Approved by Concord University Board of Governors:</u> | June 06, 2017 |
| <u>Policy Approved by the Board:</u> | July 18, 2017 |
| <u>Effective Date:</u> | July 18, 2017 |
| <u>Affirmed by WVHEPC:</u> | |