

Harding University Student Loan Code of Conduct

The Higher Education Opportunity Act of 2008 (HEOA) requires that institutions participating in the federal student loan programs develop, publish and enforce a code of conduct with respect to student loans.

Harding University is committed to the highest standard of ethics and conduct, and therefore, Financial Aid staff are bound to the conflict of interest and commitment policies applicable to Harding employees. Additionally, to comply with the HEOA, Harding has adopted the following federally mandated Code of Conduct to address specific legislative concerns relating to educational-loan programs.

If any question arises as to whether an activity would be prohibited by either the University's conflict of interest policies or this Code of Conduct, employees should bring the matter to the attention of their supervisors before engaging in such activity. The University's conflict of interest policies, in some cases, bar conduct that is permitted by federal regulation, such that even if a gift, program, service, or other benefit is not proscribed by federal regulation, University policy may forbid it. For example, although HEOA permits the acceptance of certain gifts of *de minimis* value, or reimbursement of certain expenses associated with service on boards, your supervisor may advise that such gifts or reimbursements are prohibited under University policy.

HEOA requires the prohibition of the following activities:

- Participating in a revenue-sharing arrangement with any lender. The HEOA defines "revenue-sharing arrangement" to mean any arrangement between an institution and a lender under which the lender makes private education loans to students attending the institution (or to the families of those students), the institution recommends the lender or the loan products of the lender and, in exchange, the lender pays a fee or provides other material benefits, including revenue or profit-sharing, to the institution or to its officers, employees, or agents;
- Receiving gifts from a lender, guaranty agency or loan servicer. No officer or employee of an institution's financial aid office (or an employee or agent who otherwise has responsibilities with respect to educational loans) may solicit or accept any gift from a lender, guarantor, or servicer of education loans. The regulations define a "gift" as any gratuity, favor, discount, entertainment, hospitality, loan, or other item having monetary value of more than a *de minimis* amount. However, a gift does not include (1) standard materials, activities, or programs relating to a loan, default aversion, or financial literacy, such as a brochure, workshop or training; (2) food, training, or informational material provided as part of a training session designed to improve the service of a lender, guarantor, or servicer if the training contributes to the professional development of the institution's officer, employee or agent; (3) favorable terms and benefits on an education loan provided to a student employed by the institution, if those terms and benefits are comparable to those provided to all students at the institution; (4) entrance and exit counseling, provided that the institution's staff are in control of the counseling and the counseling does not promote the services of a specific lender; (5) philanthropic contributions from a lender, guarantor, or servicer that are unrelated to education loans, or any contribution that is not made in exchange for advantage related to education loans, and; (6) State education grants, scholarships, or financial aid funds administered by or on behalf of a State;
- Accepting from a lender, or an affiliate of any lender, any fee, payment, or other financial benefit as compensation for any type of consulting arrangement or contract to provide services to or on behalf of a lender relating to education loans;
- Steering borrowers to particular lenders or delaying loan certifications. For any first-time borrower, an institution may not assign, through the award packaging or other methods, the borrower's loan to a particular lender. In addition, the institution may not refuse to certify, or delay the certification, of any loan based on the borrower's selection of a particular lender or guaranty agency;
- Requesting or accepting from any lender any offer of funds for private loans, including funds for an opportunity pool loan, to students in exchange for providing concessions or promises to the lender for a specific number of private education loans made, insured, or guaranteed, a specified loan volume, or a preferred lender arrangement. An "opportunity pool loan" is defined as a private education loan made by a lender to a student attending the institution or the family member of such a student that involves a payment, directly or indirectly, by such institution 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;
- Requesting or accepting from any lender any assistance with call center staffing or financial aid office staffing, except that a lender may provide professional development training, educational counseling materials (as long as the materials identify the lender that assisted in preparing the materials), or staffing services on a short-term, nonrecurring basis during emergencies or disasters; and
- Receiving advisory board compensation. An employee of an institution's financial aid office (or employee who otherwise has responsibilities with respect to education loans or financial aid) who serves on an advisory board, commission, or group established by a lender or guarantor (or a group of lenders or guarantors) is prohibited from receiving anything of value from the lender, guarantor, or group, except for reimbursement for reasonable expenses incurred by the employee for serving on the board.

Resources:

Department of Education, HEOA Website

<http://ed.gov/policy/highered/leg/hea08/index.html>

The Higher Education Opportunity Act (Public Law 110-315) (HEOA) enacted August 14, 2008

http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=110_cong_public_laws&docid=f:publ315.110.pdf

Federal Register: HEOA Final Regulations enacted October 28, 2009

<http://edocket.access.gpo.gov/2009/E9-25073.htm>

For more information contact:

Harding University Financial Aid Office, Box 12282, Searcy, AR 72149-2282