



Code of Conduct for Educational Loans

Section 487(a)(25)(A) of the Higher Education Act (HEA) requires schools which participate in a Title IV loan program to develop, administer, and enforce a code of conduct governing educational loan activities.

Educational loan activities are those associated with any loan made, insured, or guaranteed under the Federal Direct Loan Program (DL) or any private educational loan.

A private educational loan is any loan that is not made, insured, nor guaranteed under Title IV of the Higher Education Act and is issued to a borrower expressly for postsecondary educational expenses, regardless of whether the loan is provided through the institution that the student attends or directly to the borrower from the lender. Private educational loans secured by a dwelling (e.g., a residential mortgage or reverse mortgage transaction), real property, or under an extension of credit under an open-end consumer credit plan (e.g. a home equity line of credit, or open line of credit tied to a Certificate of Deposit) are exempted from the definition of a private education loan.

The code of conduct shall prohibit a conflict of interest between the responsibilities of an officer, employee, or agent of the school and financial institutions with respect to educational loans. All of the following individuals or entities associated with Bellin College must comply with the code of conduct governing educational loan activities¹:

- An employee
- A contract employee
- An administrator or officer
- A trustee
- An agent – including an alumni association, student group, or any other organization directly or indirectly associated with or authorized or employed by Bellin College.

This code of conduct must be published prominently on the Bellin College website (www.bellincollege.edu) and will be reviewed annually by the Director of Financial Aid. All Bellin College administrators, employees, and agents must be informed of the provisions of this code of conduct on an annual basis².

Violations of this Code of Conduct are subject to disciplinary action up to and including termination of employment and may subject the College to possible sanctions or liability.

¹HEA Section 487 (a)(25)(A)

²HEA Section 487 (a)(25)(B) and (C)

Activities Governed by this Code of Conduct

Advisory Board Compensation. A Bellin College employee, administrator, trustee, or agent who serves on an advisory board, commission, or group established by a lender, guarantor, or group of lenders or guarantors will not accept any fee, payment, or other financial benefit (including the opportunity to purchase stock) as compensation from the lender, guarantor, or group of lenders or guarantors. However, the employee may be reimbursed for reasonable expenses incurred in serving on the advisory board, commission, or group including but not limited to travel (mileage, meals, lodging) and supplies provided the advisory board, commission, or group offers similar reimbursement to all members in the same manner.

Choice of Lender. The Bellin College financial aid office will not assign, through award packaging or other methods, any first-time borrower's non-Title IV loan (ie private loan) to a particular lender nor refuse to certify or delay certification of any loan based upon the borrower's selection of a particular lender or guarantor. Bellin College affirms every student's right to select any lender she/he wishes regardless of whether or not that lender is listed on a preferred lender list published by the College.

Contracting or Consulting Arrangements. Bellin College, or any employee, administrator, trustee, or agent thereof, will not accept any fee, payment, or other financial benefit (including the opportunity to purchase stock) as compensation from any lender or affiliate for any type of consulting arrangement or other contract to provide services to the lender or on behalf of the lender with regard to student loans.

❖ Exceptions:

- Paid or unpaid service on a Board of Directors of a lender, guarantor, or servicer of education loans by an officer or employee of a school who is not employed in the financial aid office nor an agent thereof who does not have responsibilities with respect to education loans.
- Paid or unpaid service on a Board of Directors of a lender, guarantor, or services of education loans by an officer or employee of a school who is not employed in the financial aid office but who does have responsibilities with respect to education loans as a result of a position held at the school or an agent who has responsibilities with respect to education loans if the school has a written conflict of interest policy that clearly sets forth the requirement that officers, employees, or agents must excuse themselves from participating in any decision of the Board with regard to education loans at the school.
- Service by an officer, employee, or contractor of a lender, guarantor, or servicer of education loans on a Board of Directors or as a trustee of a school if the school has a written conflict of interest policy that the Board member or trustee must excuse himself/herself from any decision with regard to education loans at the school.

Gifts. Bellin College, or any employee, administrator, trustee, or agent thereof, will not solicit or accept any gift from a lender, guarantor, or servicer of education loans. A gift is defined as any gratuity, favor, discount, entertainment, hospitality, loan, or other item having a monetary value of more than a *de minimis* amount³.

³ Under IRS guidelines, the *de minimis* rule can also apply to any benefit, property or service provided to an employee that has so little value that reporting for it would be unreasonable or administratively impracticable. Cash is not excludable, regardless of the amount.

- ❖ Exceptions. A gift does not include any of the following:
 - Materials, activities, or programs related to loan issues, default aversion, default prevention or financial literacy (such as brochures, workshops, training), or general marketing materials (pens, pencils, notepads). Food, refreshments, training, or informational material furnished to an officer or employee of the College or to an agent as a part of a training session designed to improve the service of a lender, guarantor, or servicer of education loans to the school if such training contributes to the professional development of the College's staff.
 - Favorable terms, conditions, and borrower benefits on an education loan provided to a student employed by the College if the same terms, conditions, or benefits are comparable to those provided to all students at the College.
 - Entrance and exit counseling materials or services provided as long as the College's staff is in control of the counseling (whether in person or via electronic capabilities) and the counseling does not promote the products or services of any specific lender.
 - Philanthropic contributions to a College from a lender, servicer, or guarantor that are unrelated to education loans and not made in exchange for any advantage related to education loans.
 - Education grants, scholarships or financial aid administered by or on behalf of a State.
 - An employee of Bellin College may also accept items of value from a lender, lender servicer, or guarantor that are also offered to the general public.
- ❖ A gift to a family member of an officer or employee of the College or an agent or to any other individual based on that individual's relationship with the administrator, employee, or agent shall be considered a gift if the administrator, employee, or agent knew about the gift and had reason to believe that the gift was given based on the official position of the officer, employee, or agent.

Funds for Private Loans. Bellin College will not request or accept funds from any lender for private education loans including funds for an opportunity pool loan⁴ to its students in exchange for the College providing concessions or promises to the lender regarding the number or volume of loans as part of a preferred lender arrangement. Since Bellin College emphasizes the student's right to choose any lender, no promises or guarantees regarding loan volumes or related issues will be made or implied at any time by the College, or by an employee, administrator, trustee, or agent thereof.

Preferred Lender Arrangement (PLA). Bellin College will use a fair process in evaluating potential lenders for our preferred lender list. The preferred lender list will refer to private education loan lenders only. The list will be compiled annually and made available to students and prospective students and their families. The list will include at least two unaffiliated lenders. In addition, all Bellin College printed materials containing the preferred lender list shall also advise students and their families that they have the right to select any lender, are not required to use any of the lenders on the preferred lender list, and will suffer no penalty nor incur unnecessary delay for choosing a lender not included on the list. The preferred lender list will also include a statement that federal loans under the Federal Direct Loan Program may have more favorable terms and conditions than those of private loans.

⁴An opportunity pool loan is defined as a private education loan made by a lender to a student or the family of a student attending the school that involves a payment, directly or indirectly, by the school of points, premiums, additional interest, or financial support to the lender for the lender's extension of credit to the student or family.

All preferred lenders must satisfy the following minimum expectations:

- Demonstrate a commitment to helping borrowers avoid going into default. This may include but is not limited to: proactively contacting borrowers who are late on payments, providing resources that help borrowers manage their loans and avoid borrowing too much.
- Demonstrate the commitment and ability to provide educational loans for the long term.
- Clearly communicate the terms and conditions of their educational loans.
- Provide high levels of customer service, including, but not limited to, online loan applications, access to online loan management information, disbursement of loan funds via EFT, and prompt response to any loan processing issues identified by our borrowers or staff.
- Provide a means by which applicants may appeal a credit decision and/or apply using a credit-worthy co-signer.

The following criteria will be considered when selecting private loan lenders to be included on the preferred lender list:

- Competitive terms and conditions including, but not limited to, interest rates, repayment terms, no up-front loan fees, no payments required during enrollment, no penalty for early repayment, borrower benefits, grace period, potential co-signer release, and annual loan limits.
- Ease of use of lender's website and clarity of information.
- Ease of application.

Revenue-Sharing. Bellin College will not enter into a revenue-sharing arrangement which is defined as an arrangement between a school and a lender under which the lender pays a fee or provides other material benefits, including revenue or profit sharing to the school, an officer or employee of the school, or an agent and in exchange, the school recommends the lender or the lender's loan products and the lender makes loans to students⁵.

Staffing Assistance. Bellin College will not request nor accept any financial aid office staffing assistance from any lender. However, professional development training for financial aid administrators, or staffing services on a short-term, non-recurring basis during State or federally declared natural disasters, federally declared national disasters, and other localized disaster and emergencies identified by ED are permitted.

Use of Bellin College Identity. Bellin College will not allow a lender to use Bellin College's name, logo, or other words, pictures or symbols that readily identify Bellin College in a manner that implies any loan is offered or made by Bellin College.

Conflict of Interest. A conflict of interest exists when an employee's (including administrator, trustee, and agent) personal interest has the potential to interfere with her/his judgment and the expectation that she/he will act in the best interest of the College or its students. Bellin College and its employees will refrain from taking any action we believe is contrary to law, regulation, or the best interests of the students and parents we serve. Bellin College will ensure that the information we provide is accurate, unbiased, and does not reflect any preference arising from actual or potential personal gain.

⁵HEA Section 487(e)(1); Truth in Lending Act Section 140(b)(2).