

## **Code of Conduct for Educational Loans**

### **Policy Statement**

Hinds Community College, as a participant in federal loan programs, is required to have a code of conduct applicable to the institution's officer, employees, and agents. The code of conduct requirements are set forth in the Higher Education Opportunity Act (HEOA) signed into law on August 14, 2008. The Code of Conduct for Educational Loans is a requirement specific to certain transactions and activities related to financial aid matters. In addition, the law includes requirements related to publication of the code and annual disclosures.

### **Reason for the Policy**

The HEOA program participation agreement, which must be executed by all institutions participating in Title IV financial aid programs including student loan programs, requires a code of conduct with which the institution's officer, employees, and agents shall comply. Such code must prohibit a conflict of interest with the responsibilities of an officer, employee, or agent of an institution with respect to such loans, and include the provisions set forth in the HEOA related to conflicts. The law further specifies that the code shall be displayed prominently on the institution's website and that all institutional officers, employees, and agents with responsibilities related to such loans be annually informed of the provisions of the code of conduct.

### **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.

Hinds Community College has developed the following Code of Conduct relative to our participation in the William D. Ford Federal Direct Loan (Direct Loan) Program. This Code of Conduct was developed with respect to such loans with which the institution's officers, employees, and agents shall comply. This Code of Conduct prohibits a conflict of interest with the responsibilities of an officer, employee, or agent of the institution with respect to such loans.

1. **BAN ON REVENUE-SHARING ARRANGEMENTS—**
  - a. **PROHIBITION—**The institution shall not enter into any revenue-sharing arrangement with any lender.
  - b. **DEFINITION—**For purposes of this paragraph, the term 'revenue-sharing arrangement' means an arrangement between an institution and a lender under which—

- i. A lender provides or issues a loan that is made, insured, or guaranteed under this title to students attending the institution or to the families of such students; and
- ii. 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, an officer or employee of the institution, or an agent.

## 2. GIFT BAN—

a. PROHIBITION—No officer or employee of the institution who is employed in the financial aid office of the institution or who otherwise has responsibilities with respect to education loans, or agent who has responsibilities with respect to education loans, shall solicit or accept any gift from a lender, guarantor, or servicer of education loans.

### b. DEFINITION OF A GIFT—

i. IN GENERAL—In this paragraph, the term ‘gift’ means any gratuity, favor, discount, entertainment, hospitality, loan, stock, or other item having a monetary value of more than a de minimus amount. The term includes a gift of services, transportation, lodging, or meals, whether provided in kind, by purchase of a ticket, computer hardware, printing costs or services for which the recipient pays below-market value, payment in advance, or reimbursement after the expense has been incurred.

ii. EXCEPTIONS—The term ‘gift’ shall not include any of the following:

1. Standard material, activities, or programs on issues related to loan, default aversion, default prevention, or financial literacy, such as a brochure, a workshop, or training.
2. Food, refreshments, training, or informational material furnished to an officer or employee of an institution, or to an agent, as an integral part of a training session that is designed to improve the service of a lender, guarantor, or servicer of education loans to the institution, if such training contributes to the professional development of the officer, employee, or agent.

3. Favorable terms, conditions, and borrower benefits on an education loan provided to a student employed by the institution if such terms, conditions, or benefits are comparable to those provided to all students of the institution.
  4. Entrance and exit counseling services provided to borrowers to meet the institution's responsibilities for entrance and exit counseling as required by subsections (b) and (l) of section 485, as long as—
    - a. The institution's staff are in control of the counseling, (whether in person or via electronic capabilities); and
    - b. Such counseling does not promote the products or services of any specific lender.
  5. 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.
  6. State education grants, scholarships, or financial aid funds administered by or on behalf of a State.
- iii. RULE FOR GIFTS TO FAMILY MEMBERS—For purposes of this paragraph, a gift to a family member of an officer or employee of an institution, to a family member of an agent, or to any other individual based on that individual's relationship with the officer, employee, or agent, shall be considered a gift to the officer, employee, or agent if—
1. The gift is given with the knowledge and acquiescence of the officer, employee, or agent; and
  2. The officer, employee, or agent has reason to believe the gift was given because of the official position of the officer, employee, or agent.

### 3. CONTRACTING ARRANGEMENTS PROHIBITED—

- a. PROHIBITION—An officer or employee who is employed in the financial aid office of the institution or who otherwise has responsibilities with respect to education loans, or an agent who has responsibilities with respect to education loans, shall not 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 relation to education loans.
  - b. EXCEPTIONS—Nothing in this subsection shall be construed as prohibiting—
    - i. An officer or employee of an institution who is not employed in the institution’s financial aid office and who does not otherwise have responsibilities with respect to education loans, or an agent who does not have responsibilities with respect to education loans, from performing paid or unpaid service on a board of directors of a lender, guarantor, or servicer of education loans;
    - ii. An officer or employee of the institution who is not employed in the institution’s financial aid office but who has responsibility with respect to education loans as a result of a position held at the institution, or an agent who has responsibility with respect to education loans, from performing paid or unpaid service on a board of directors of a lender, guarantor, or servicer of education loans, if the institution has a written conflict of interest policy that clearly sets forth that officers, employees, or agents must recuse themselves from participating in any decision of the board regarding education loans at the institution; or
    - iii. An officer, employee, or contractor of a lender, guarantor, or servicer of education loans from serving on a board of directors, or serving as a trustee, of an institution, if the institution has a written conflict of interest policy that the board member or trustee must recuse themselves from any decision regarding education loans at the institution.
4. INTERACTION WITH BORROWERS (PRIVATE LOANS)—The institution shall not—
- a. For any first-time borrower, assign through award packaging or other methods the borrower’s loan to a particular lender.

- b. Refuse to certify, or delay certification of, any loan based on the borrower's selection of a particular lender or guaranty agency.

5. PROHIBITION ON OFFERS OF FUNDS FOR PRIVATE LOANS—

- a. PROHIBITION—The institution shall not request or accept from any lender any offer of funds to be used for private education loans (as defined in section 140 of the Truth in Lending Act), including funds for an opportunity pool loan, to students in exchange for the institution providing concessions or promises regarding providing the lender with—
  - i. A specified number of loans made, insured, or guaranteed under this title;
  - ii. A specified loan volume of such loans; or
  - iii. A preferred lender arrangement for such loans.
- b. DEFINITION OF OPPORTUNITY POOL LOAN—In this paragraph, the term 'opportunity pool loan' means 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.

6. BAN ON STAFFING ASSISTANCE—

- a. PROHIBITION—The institution shall not request or accept from any lender any assistance with the call center staffing or financial aid office staffing.
- b. CERTAIN ASSISTANCE PERMITTED—Nothing in paragraph (1) shall be construed to prohibit the institution from requesting or accepting assistance from a lender related to—
  - i. Professional development training for financial aid administrators;
  - ii. 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
  - iii. Staffing services with short-term, nonrecurring basis to assist the institution with financial aid-related functions during emergencies,

including State-declared or federally declared natural disasters, federally declared national disasters, or other localized disasters and emergencies identified by the Secretary.

7. **ADVISORY BOARD COMPENSATION**—Any employee who is employed in the financial aid office of the institution, or who otherwise has responsibilities with respect to education loans or other student financial aid of the institution, and who serves on an advisory board, commission, or group established by a lender, guarantor, or group of lenders or guarantors, shall be prohibited from receiving anything of value from the lender, guarantor, or group of lenders or guarantors, except that the employee may be reimbursed for reasonable expenses incurred in serving on such advisory board, commission, or group.

### **Sanctions**

Violations of the code of conduct, including the failure to avoid a prohibited activity or disclose a conflict of interest in a timely manner, will be dealt with in accordance with applicable college policies and procedures, which may include disciplinary actions up to and including termination from the institution.