

## EDISON COMMUNITY COLLEGE FEDERAL LOAN PROGRAM CODE OF CONDUCT

### I. INTRODUCTION

As a participant in the federal Title IV education loan program, Edison Community College (“the College”) is required to have a Code of Conduct that, among other things, prohibits conflicts of interest, bans revenue-sharing and gifts, and specifies acceptable services.

The College is also required to publish this code of conduct on its Web site and annually inform certain individuals of the code. **The following individuals are bound by the code**, and must be informed of it:

- 1) institutional officers,
- 2) employees, and
- 3) agents of the College.

### II. WHAT IS PROHIBITED

#### A. Prohibition on Revenue-Sharing Arrangements:

1. The College is not permitted to enter into any revenue-sharing arrangement with any education-loan lender.
2. A “revenue-sharing arrangement” is defined as an arrangement between the College and a lender under which *both* of following apply:
  - a. The lender provides or issues a loan that is made, insured, or guaranteed to students attending the College or to the families of such students; and
  - b. The College 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 College, an officer or employee of the College, or an agent of the College.

#### B. Prohibition on Soliciting or Accepting Gifts:

1. These persons are not permitted to solicit or accept any gift from a lender, guarantor, or servicer of education loans (“loan-related personnel”):
  - a. An officer or employee of the College who works in the Financial Aid Office of the College;
  - b. An officer or employee of the College who otherwise has responsibilities with respect to education loans
  - c. An agent of the College who has responsibilities with respect to education loans.

2. Definition of a “gift”:
  - a. In this Code of Conduct, “gift” means any gratuity, favor, discount, entertainment, hospitality, loan, or other item that has a value of more than \$20.
  - b. The term includes services, transportation, lodging, or meals, whether provided in kind, by purchase of a ticket, drawings or other raffles, payment in advance, or reimbursement after the expense has been incurred.
  
3. What is *not* a gift:
  - a. Standard material, 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. Food, refreshments, training, or informational material furnished to an officer or employee of the College, 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 College, if such training contributes to the professional development of the officer, employee, or agent.
  - c. Favorable terms, conditions, and borrower benefits on an education loan provided to a student employed by the College, if such terms, conditions, or benefits are comparable to those provided to all students of the College.
  - d. Entrance and exit counseling services provided to borrowers to meet the College’s responsibilities for entrance and exit counseling required by federal law, as long as the counseling meets *both* of the following conditions:
    - i. College staff are in control of the counseling, whether it takes place in person or via electronic communication; and
    - ii. The counseling does not promote any specific lender’s products or services.
  - e. Philanthropic contributions to the College from an education-loan lender, servicer, or guarantor, where:
    - i. The contributions are unrelated to education loans, or
    - ii. The contributions are not made in exchange for any advantage related to education loans.
  - f. State education grants, scholarships, or financial aid funds administered by or on behalf of a State.
  
4. The rule on gifts to family members: A gift (a) to a family member of an officer or employee of the College, (b) to a family member of an agent, or (c) to any other person based on that person’s relationship with the officer, employee, or agent, is a gift to the officer, employee, or agent if *both* of the following apply:
  - a. The gift is given with the knowledge and acquiescence of the officer, employee, or agent; and
  - b. The officer, employee, or agent has reason to believe the gift was given because of the official position of the officer, employee, or agent.

**C. Prohibition on Contracting Arrangements**

1. The prohibition on contracting arrangements in II.C.2. immediately below applies to loan-related personnel, as designated in II.B. above.
2. The prohibition: The College's loan-related personnel are prohibited from accepting from any education-loan lender or affiliate of such a lender, any fee, payment, or other financial benefit, as compensation for any type of consulting arrangement, or other contract to provide services to an education-loan lender or on behalf of such a lender, that relates to education loans.
3. Exceptions to the prohibition:
  - a. A person who is not among those designated as loan-related personnel may perform paid or unpaid service on a board of directors of a lender, guarantor, or servicer of education loans.

**D. Prohibition on Interaction with Borrowers**

1. The College is prohibited from assigning any first-time borrower's loan to any particular lender, through award packaging or other methods; and
2. The College is prohibited from refusing to certify, or delaying certification of, any loan based on the borrower's selection of a particular lender or guaranty agency.

**E. Prohibition on Offers of Funds for Private Loans**

1. The College is prohibited from requesting or accepting from any lender any offer of funds to be used for private education loans,<sup>1</sup> including funds for an opportunity pool loan, to students in exchange for the College providing concessions or promises regarding providing the lender with any of the following:
  - a. A specified number of education loans made, insured, or guaranteed;
  - b. A specified loan volume of such loans; or
  - c. A preferred lender arrangement for such loans.
2. An "opportunity pool loan" is defined as a private education loan that a lender makes to a student attending the College or to a family member of such a student, that involves a payment, directly or indirectly, by the College 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.

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<sup>1</sup> As defined in the federal Truth in Lending Act, section 140.

**F. Prohibition on Staffing Assistance:**

1. The College is prohibited from requesting or accepting from any lender any assistance with call center staffing or financial aid office staffing.
2. The prohibition on staffing assistance does not prohibit the College from requesting or accepting assistance from a lender related to the following:
  - a. Professional development training for financial aid administrators;
  - b. Providing educational counseling materials, financial literacy materials, or debt management materials to borrowers, provided that such materials identify to borrowers any lender that assisted in preparing or providing the materials; or
  - c. Staffing services on a short-term, nonrecurring basis to assist the College 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 federal government.

**G. Prohibition on Advisory Board Compensation:**

Any employee who works in the Financial Aid Office of the College, or who otherwise has responsibilities with respect to education loans or other student financial aid of the College, and who serves on an advisory board, commission, or group established by a lender, guarantor, or group of lenders or guarantors, is 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.