



## *Code of Conduct Policy for Financial Aid Employees*

### **Purpose**

The Federal Government has mandated, under the Higher Education Act Title IV, Part G, Sec. 487, that all employees having any financial aid responsibilities must have a written code of conduct policy.

### **Scope**

This code of conduct policy geared specifically to employees with financial aid responsibilities must be posted on the financial aid webpage. In addition, officers, employees, and agents with responsibilities for such loan programs must review the code of conduct annually and demonstrate their understanding through a signoff process.

This policy covers:

1. Ban on revenue sharing arrangements
2. Gift ban
3. Prohibiting contracting arrangements
4. Interaction with borrowers
5. Prohibition on offers of funds for private loans
6. Ban on staffing assistance
7. Rules for advisory board compensation.

### **Policy**

#### **1. Ban on Revenue Sharing Arrangements**

NECO and any of its affiliates, (the College), shall not enter into any revenue sharing arrangements with any lender. This means an arrangement between the College and a lender under which-

- A. A lender provides or issues a loan that is made, insured, or guaranteed under this title to students attending the College or to the families of such students; and
- B. The College recommends the lender or the loan



***Code of Conduct Policy for Financial Aid Employees***

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, or to an officer, employee or agent.

**Policy**

**2. Gift Ban**

No officer, employee or agent of the College who has responsibilities for education loans shall solicit or accept any gift from a lender, guarantor or servicer of education loans.

This includes but is not limited to: any gratuity, favor, discount, entertainment, hospitality, loan, a gift of services, transportation, lodging, or meals, whether provided in kind, by purchase of a ticket, payment in advance, or reimbursement.

A. The term "gift" shall **not** include:

1. 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.
2. Food, refreshments, training, or informational material used as an integral part of a training session 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.
3. Favorable terms, conditions, and borrower benefits on an education loan provided to a student employed by the College, as long as they are comparable to those provided to all students of the College.



*Code of Conduct Policy for Financial Aid Employees*

4. Entrance and exit counseling services provided to borrowers to meet the College's responsibilities for entrance and exit counseling, as long as
  - a. the College staff are in control of the counseling; and
  - b. such counseling may not promote the products or services of any specific lender.

**Policy**

**2. Gift Ban** (cont.)

5. Philanthropic contributions, or any contribution, to the College from a lender, servicer, or guarantor of education loans that are unrelated to education loans may not be 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.

**B. Rules for Gifts to Family Members**

Gifts to family members means a gift to a family member of an officer or employee of the College, to a family member of an agent, or to any other family individual based on that individual's relationship with the officer, employee, or agent, shall be considered a gift 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



***Code of Conduct Policy for Financial Aid Employees***

believe the gift was given because of their official position.



*Code of Conduct Policy for Financial Aid Employees*

**Policy**

**3. Prohibiting Contracting Arrangements**

An officer or an employee who is employed in the financial aid office of the College, or who otherwise has responsibility with respect to education loans, or any 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 relating to education loans.

A. The exceptions include:

1. An officer, an employee of the College or an agent who is not employed in the financial aid office and who does not otherwise have responsibilities for education loans, may serve, paid or unpaid, on a board of directors of a lender, guarantor, or servicer of education loans;
2. An officer, an employee of the College or an agent who is not employed in the financial aid office but who has responsibility for education loans may serve, paid or unpaid, on a board of directors of a lender, guarantor, or servicer of education loans, if our college 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 that institution;
3. An officer, employee or contractor of a lender, guarantor, or servicer of education loans may serve on our board of directors, or as a trustee,



***Code of Conduct Policy for Financial Aid Employees***

if there is a written conflict of interest policy that states that the board member or trustee must recuse themselves from any decision regarding education loans at our college.

**Policy**

**4. Interaction with Borrowers**

The College shall not:

- A. for any first time borrower, assign, through award packaging or other methods, the borrower's loan to a particular Part B (FFEL) lender; or
- B. Refuse to certify, or delay certification of, any loan based on the borrower's selection of a particular lender or guaranty agency if the borrower previously had a Part B (FFEL) loan at the College.

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

The College shall not request or accept from any lender any offer of funds to be used for private education loans including:

- A. funds for an opportunity pool loan\* to students in exchange for the College providing concessions or promises regarding providing the lender with a specified number of loans made, insured, or guaranteed, a specified loan volume or a preferred lender arrangement.



***Code of Conduct Policy for Financial Aid Employees***

\*Pool loan means a private education loan made by a lender to a student, or family member of a student that involves a payment directly or indirectly, of points, premiums, additional interest, or financial support to that lender.



## *Code of Conduct Policy for Financial Aid Employees*

### **Policy**

#### **6. Ban on Staffing Assistance**

The College shall **not** request or accept from any lender any assistance with financial aid office staffing.

Certain assistance is permitted. The College may accept or request assistance from a lender related to-

- 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 disclose to the borrowers the identification of any lender that assisted in preparing or providing such materials; or
- C. Staffing services on a short term basis, 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.

#### **7. Rules for Advisory Board Compensation**

An employee who is employed 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 a group established by a lender or guarantor, or a group of lenders or guarantors, shall be prohibited from receiving anything of value from the lender, guarantor, except that the employee may be





***Code of Conduct Policy for Financial Aid Employees***

reimbursed for reasonable expenses incurred in serving on such advisory board, commission or group.