



FEDERAL AND PRIVATE EDUCATION LOAN

CODE OF CONDUCT

I. Purpose

This Code of Conduct is hereby established and for the purpose to prohibit conflicts of Interest in situations involving student financial aid and to establish standards and requirements of conduct for employees with responsibility for student financial aid.

II. Applicability

This Code of Conduct applies to all employees who work in the Financial Aid Office and all other University employees who have responsibilities related to education loans or other forms of student financial aid. Agents of the University with responsibility for education loans or other student financial aid are also expected to abide by the terms of this Code of Conduct.

III. Definitions

- A. Conflict of Interest:** When an employee's financial interests or other opportunities for personal benefit may compromise, or reasonably appear to compromise, the independence of judgment with which the employee performs his/her responsibilities at the University.
- B. Gift:** Any gratuity, favor, discount, entertainment, hospitality, loan 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, payment in advance or reimbursement after the expense has been incurred. The term "gift" does not include any of the following:
1. Standard materials, 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 furnished to an officer, employee or agent of the University as an integral part of a training session that is designed to improve the service of a lender, guarantor or servicer of educational loans to the University, if such training contributes to the professional development of the University's officers, employees or agents.
 3. Favorable terms, conditions and borrower benefits on an education loan provided to a student employed by the University or an employee who is the parent of a student if such terms, conditions or benefits are comparable to those provided to all students of the University and are not provided because of the student's or parent's employment with the University.

4. Entrance and exit counseling services provided to borrowers to meet the University's responsibilities for entrance and exit counseling under federal law, so long as the University's employees are in control of the counseling and 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.

C. Opportunity pool loan: A private education loan made by a lender to a student attending the University or the family member of such a student that involves a payment, directly or indirectly, by the University 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.

D. Revenue-sharing arrangement: An arrangement between the University and a lender under which (a) a lender provides or issues a loan to students attending the University or to their families; and (b) the University recommends the lender or the loan products of the lender and in exchange, the lender pays a fee or provides other materials benefits, including revenue or profit sharing, to the University or its employees.

Private Education Loan and Lender is based on the definition in the federal Truth in Lending Act, 5 U.S.C. §1631 et seq.

IV. Institutional Code of Conduct Regarding Education Loans and Student Financial Aid

Except as otherwise permitted by law as determined and approved for in advance by an authorized representative of Western Michigan University, requirements regarding employees subject to this Code of Conduct are as follows:

A. Revenue-Sharing Arrangements

The University will not enter into any legally prohibited revenue-sharing arrangement with any lender.

B. Interaction with Borrowers

When participating in the Federal Direct Loan Program, a first-time borrower's federal loan may be assigned to the Federal Government as the lender.

Student's private student loan shall not be assigned to a particular lender, or certification or delay in certification of any private loan, shall not be based upon the borrower's selection of lender or guaranty agency.

C. Private Loans

The University will not request or accept from any lender any offer of funds to be used for private



education loans, including funds for an opportunity pool loan, to students in exchange for the University providing concessions or promises regarding providing the lender with (i) a specified number of federal loans; (ii) a specified federal loan volume; or (iii) a preferred lender arrangement for federal loans.

D. Co-Branding

Private educational lenders shall not be permitted to use the University's name, emblem, mascot, logo or any other words, pictures or symbols associated with the University to imply endorsement of private educational loans by that lender.

E. Staffing Assistance

The University will not request or accept from any lender any assistance with call center staffing or financial aid office staffing. Nothing in this section, however, prevents the University from accepting assistance from a lender related to (i) professional development training for its staff; (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 on a short-term, nonrecurring basis to assist the University 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 Secretary of Education.

V. Additional Provisions

A. Conflicts of Interest

1 Employees shall immediately disclose to the Director of Financial Aid any actual or perceived conflict of interest with respect to any education loan or other student financial aid for which the employee has responsibility. The Director of Financial Aid will work with other appropriate University representatives to determine if such actual or perceived conflict of interest is prohibited under this Code of Conduct and/or what steps must be taken in response to the disclosure and facts in the particular case at hand.

2 No employee may process any transaction related to his/her own personal financial aid eligibility or that of a relative. For the purposes of this Code of Conduct, a "relative" is defined as an individual with whom an employee has a relationship by blood, marriage, adoption, designated other individual, or other personal relationship in which objectivity might be impaired or be perceived to be impaired.

B. Gifts

No employee may accept any gift from a lender, guarantor or servicer of education loans. A gift to a relative of an employee or to any other individual based on that individual's relationship with the employee shall be considered a gift to the employee if the gift is given with the knowledge and acquiescence of the employee and the employee has reason to believe the gift was given because of the employee's position at the University.



However, token awards from professional associations (state, regional, or national) that recognize professional milestones or extraordinary service to parents and students or scholarships for conference attendance or other professional development opportunities or token souvenirs and memorabilia with little financial value may be accepted.

C. Prohibited Contracting Arrangements

No University employee, agent or representative shall 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.

D. Advisory Board Compensation

No employee who serves on an advisory board, commission or group established by a lender, guarantor or group of lenders or guarantors may receive anything of value from the lender, guarantor or group of lenders or guarantors in return for that service.

E. Reimbursement of Expenses

Expenses incurred while attending professional association meetings, conferences or in connection with service on an advisory board, commission or group described in Section V.D. of this Code of Conduct must be paid by the University. Entertainment expenses such as concert or sports tickets or greens fees may not be accepted. Employees are expected to personally pay for such expenses or request reimbursement from the University in accordance with University Code of Conduct.

F. Meals

Employees may occasionally need to share meals with employees of lenders, guaranty agencies, the State of Michigan or other colleges or universities in the course of business. Meals offered as a part of meetings, conferences or other events may be accepted if all participants in the meeting or event are offered the meals or if the meals are included as a part of a registration fee.

VI. Code of Conduct Violations

Violations of this Code of conduct may result in disciplinary action, up to and including dismissal, and/or other legal charges, actions and consequences. Employees are also encouraged to report any actions they perceive in good faith as being in violation of this Code of Conduct in accordance with the University Whistleblower Policy adopted by the Board of Trustees on July 23, 2010.

VII. History

This Code of Conduct was approved by the Office of Financial Aid and the Office for the Vice President for Business and Finance on August 11, 2010.