



# National-Louis University Student Loan Code of Conduct

All National-Louis University (NLU) employees who are in anyway responsible for the administration of student educational loans will adhere to the National-Louis University Student Loan Code of Conduct. This includes all Financial Aid Staff, supervisors of Financial Aid Administrators, Business Office personnel who deal with loans and anyone who otherwise has responsibility, authority or is involved in decision-making regarding student loans.

## **Prohibition against remuneration to NLU**

- 1) NLU will not solicit, accept or agree to accept anything of value from any Lending Institution, Guarantee Agency or Servicer in exchange for any advantage or consideration provided by the Lending Institution related to its student loan activity. This prohibition covers, but is not limited to:
  - Revenue-Sharing Agreements
    - Any computer hardware which NLU pays below market prices
    - Any computer software used to manage loans unless the software can manage disbursements from all lenders
    - Any printing costs, postage or services
- 2) This does not prevent NLU from soliciting, accepting or agreeing to favorable terms and conditions where the benefit is made directly to student borrowers.

## **Prohibition against remuneration to NLU Employees**

- 1) NLU will require and enforce that no officer, trustee, director, employee or agent of the University will accept anything more than a nominal value on his or her own behalf or on behalf of another during any 12-month period from, or on behalf of any Lending Institution, Guarantee Agency or Servicer.
- 2) This prohibition will include, but not be limited to a ban on any payment or reimbursement from any Lending Institution, Guarantee Agency or Servicer to University employees for lodging, meals or travel to conferences or training seminars.
- 3) This does not preclude any officer, trustee, director, employee or agent of the University from receiving compensation for conducting non-University business with a Lending Institution, Guarantee Agency or Servicer or from accepting compensation that is offered to the general public.
- 4) This prohibition does not prevent the University from holding membership in any non-profit professional associations.

## **Ban on gifts**

- 1) No NLU employee involved in the affairs of the University's financial aid office shall solicit or accept any gift from a lender, guarantor or servicer of education loans.
- 2) 'Gifts' are defined, but not limited to:
  - Any type of gratuity, favor, discount, entertainment, hospitality, loan, or other item having more than a token monetary value. 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 following items are not to be considered to be 'gifts'**

- 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.
- Food, refreshments, or informational material furnished to any officer, trustee, director or University employee, as an integral, guarantor, or servicer of education loans to the institution, if such training contributes to the professional development of the officer, trustee, director or employee.
- Favorable terms, conditions, and a 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.
- Entrance and exit counseling services provided to borrowers to meet the institution's responsibilities for entrance and exit counseling as required..."as long as" :
  - The institution's staff are in control of the counseling (and)
  - Such counseling does not promote the products or services of any specific lender.
- Philanthropic contributions that are unrelated to education loans or any contribution not made in exchange for any advantage related to education loans.
- State education grants, scholarships, or financial aid funds administered by or on behalf of a State.

### **Ban on gifts to family members**

- Gifts to family members of any officer, trustee, director or University employee will be considered a gift to any officer, trustee, director or University employee if:
  - The gift is given with the knowledge and acquiescence of the officer, trustee, director or University employee (and)
  - The officer, trustee, director or University employee has reason to believe the gift was given because of the official position of said officer, trustee, director or University employee.

### **Limits of University employees participating on lender advisory boards**

- NLU will require and enforce that no officer, trustee, director or employee of the University will receive any remuneration for serving as a member or participant of an advisory board for any Lending Institution, Guarantee Agency or Servicer or will receive any reimbursement of expenses from said participation.
- This does not preclude any officer, trustee, director or employee from participating on any lender advisory boards that are unrelated to student loans.
- This does not preclude any NLU employee not involved in the affairs of the University's financial aid office from serving on the Board of Directors of a publicly-traded or privately-held company.

### **Contracting arrangements prohibited**

- 1) Any officer, trustee, director or employee is prohibited from accepting any payments of any kind from a lender in exchange for any type of consulting services related to educational loans.
  - This does not prevent anyone else in the University who has nothing to do with student loans from entering into these agreements.
  - This does not prevent anyone not employed in the financial aid office who has 'some' responsibility for student loans from entering into these agreements if that individual, in writing, recuses him or herself from any decision regarding educational loans.
  - This does not prevent anyone from serving on a Board of Directors or trustee of an institution if the individual recuses him or herself from any decision regarding educational loans.

### **Revenue-sharing agreements prohibited**

- 1) NLU will not enter into any revenue-sharing agreement where:
  - 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
  - The institution recommends the lender and in exchange the lender pays a fee or provides other material benefits.

### **Prohibition on offers of funds for private loans**

- 1) NLU will not request or accept any agreement or offer of funds for private loans in exchange for concessions or promises of:
  - A specified number of loans made, insured or guaranteed
  - A specified loan volume
  - A preferred lender arrangement

### **Ban on staffing assistance**

- 1) NLU will not request or accept from any lender any assistance with call center staffing or financial aid office staffing.
- 2) This does not include:
  - Professional development training for financial aid administrators.
  - 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.
  - Staffing services on a short-term, nonrecurring basis to assist the institution with financial aid related functions during emergencies, including State-declared or federally-declared natural disasters.

### **Interaction with borrowers**

- 1) NLU participates in the Federal Family Educational Loan Program and all student and parent borrowers are packaged under that program. With respect to alternative loans:
  - NLU will not, for any first-time borrower, assign, through award packaging or other methods, the borrower's loan to a particular lender.
  - NLU will not refuse to certify, or delay certification of, any loan based on the borrower's selection of a particular lender or guaranty agency

## Guaranty Agency

### Prohibited Activities

- Use any funds or assets to offer any premium, payment, or other inducement to any prospective FFEL borrower, or to a school\* to secure applications for FFEL loans. This includes but is not limited to—
  - Payments or offerings of other benefits\*\* to a prospective borrower in exchange for processing a loan using the agency's loan guarantee
  - Payments or other benefits to a school based on the school's agreement to use the guarantee agency for processing loans, or to provide a specified volume of loans using the agency's loan guarantee
  - Payments or other benefits to a school, or to any individual in exchange for FFEL loan applications or application referrals, a specified volume or dollar amount of FFEL loans using the agency's loan guarantee, or the placement of a lender that uses the agency's loan guarantee on a school's list of recommended or suggested lenders
  - Payment of entertainment expenses related to any activity sponsored by the guarantee agency or a lender participating in the agency's program for school employees or employees of school-affiliated organizations
  - Philanthropic gifts in exchange FFEL loan applications or application referrals, a specified volume or dollar amount of FFEL loans using the agency's loan guarantee, or the placement of a lender that uses the agency's loan guarantee on the school's list of recommended or suggested lenders. This includes:
    - Scholarships, grants, restricted gifts, or financial contributions
  - Staffing services to a school on more than a short-term, emergency basis, which is non-recurring, to assist the institution with financial aid-related functions
- Assess additional costs or deny benefits on the basis of the lender's or school's failure to agree to participate in the agency's program
- Offer inducement to any lender or other guarantee agency to administer or market FFEL loans, in an effort to secure the guarantee agency as an insurer of FFEL loans. This includes, but is not limited to—
  - Compensating lenders or their representatives for the purpose of securing loan applications for guarantee
  - Performing functions normally performed by lenders without appropriate compensation
  - Providing equipment or supplies to lenders at below market cost or rental
  - Offering to pay a lender that does not hold loans guaranteed by the agency a fee for each application forwarded for the agency's guarantee
- Mail or otherwise distribute unsolicited loan applications to students, or to parents of those students, unless the potential borrower has previously received loans insured by the guaranty agency
- Conduct fraudulent or misleading advertising concerning loan availability

## Permissible Activities

- Assistance to a school that is comparable to that provided by the Secretary to a school under the Direct Loan Program
- Default aversion activities approved by the Secretary
- Student aid and financial-literacy related outreach activities as long as the name of the entity that developed and paid for the materials does not promote its student loan or other products
- The reasonable cost of meals and refreshments provided in connection with guaranty agency provided training
- The reasonable cost of meals and refreshments provided in connection with training, meeting, or conference events as long as the event is open to all training or conference attendees
- The reasonable cost of travel and lodging costs for an individual to attend training, or to participate in activities of an agency's governing board, a standing official advisory committee, or in support of other official activities of the agency
- Toll-free telephone numbers for use by schools or others to obtain information about FFEL loans
- Free data transmission services for use by schools to electronically submit loan application information or student status confirmation data
- Payment of Federal default fees
- Items of nominal value offered as a form of generalized marketing or advertising to create good will
- Loan forgiveness programs for public service and other targeted purposes approved by the Secretary, provided the programs are not marketed to secure loan applications
- Other services identified by the Secretary through a public announcement such as a Federal Register Notice
- Conduct in person school required initial and exit counseling on behalf of the school

\* School includes school-affiliated organization or any employee of a school or school-affiliated organization

\*\* Payments or other benefits includes prizes or additional financial aid funds

\*\*\* Except for services provided to participating foreign schools at the direction of the Secretary, as a third party servicer or otherwise

**Reference: 34 CFR 682.401(e)**

## Lender

### Prohibited Activities

- Offer directly or indirectly, points, premiums, payments, or other inducements to a school\*\* or other party to secure applications for FFEL loans or to secure loan volume. This includes but is not limited to—
  - Payments or offerings of other benefits\* to a prospective borrower in exchange for applying for or accepting a loan from the lender
  - Payments or other benefits to a school\*\* or any individual in exchange for FFEL loan applications, or a specified volume or dollar amount of loans, or placement on the school's list of recommended or suggested lenders
  - Providing income or benefits to a student at a school to secure loan applications for a lender
  - Payments or other benefits to a lender representative who visits school to solicit prospective borrowers to apply for FFEL loans from a lender
  - Payment to another lender or any other party of referral fees or processing fees
  - Solicitation of an employee or school to serve on a lender's advisory board or committee
  - Payment of conference or training registration, transportation, and lodging costs for an employee of a school
  - Payment of entertainment expenses related to lender-sponsored activities for employees of a school. This includes:
    - Hospitality suites, tickets to shows or sporting events, meals, alcoholic beverages, and any lodging, rental transportation, and other gratuities
  - Philanthropic activities in exchange for FFEL loan applications or referrals, or a specified volume or dollar amount of FFEL loans, or placement on a school's list of recommended or suggested lenders. This includes:
    - Scholarships, grants, restricted gifts, or financial contributions
  - Staffing services to a school\*\* on more than a short-term, emergency basis, and which is non-recurring, to assist a school with financial aid-related functions
- Conduct unsolicited mailings to a student or a student's parents of FFEL loan application forms unless the student or parent has previously received a FFEL loan from the lender
- Offer, directly or indirectly, a FFEL loan to a prospective borrower to induce the purchase of a policy of insurance or other product or service by the borrower or other person
- Engage in fraudulent or misleading advertising with respect to FFEL loan activities

## Permissible Activities

- Assistance to a school that is comparable to that provided by the Secretary to a school under the Direct Loan Program
- Support of and participation in a school's or a guaranty agency's student aid and financial-literacy related outreach activities as long as the name of the entity that developed and paid for the materials does not promote its student loan or other products
- The reasonable cost of meals, refreshments and receptions scheduled in conjunction with training, meeting, or conference events as long as the event is open to all training or conference attendees
- Toll-free telephone numbers for use by schools or others to obtain information about FFEL loans
- Free data transmission services for use by schools to electronically submit loan application information or student status confirmation data
- A reduced origination fee
- A reduced interest rate
- Payment of Federal default fees
- Purchase of a loan by another lender at a premium
- Other benefits to a borrower under a repayment incentive program that requires, at a minimum, one or more scheduled payments to receive or retain the benefit or under a loan forgiveness program for public service or other targeted purposes approved by the Secretary, provided the programs are not marketed to secure loan applications
- Items of nominal value offered to schools as a form of generalized marketing or advertising to create good will
- Provide in-person initial or exit counseling services on behalf of a school

\* Payments or other benefits includes prizes or additional financial aid funds

\*\* School includes school-affiliated organization or any employee of a school or school-affiliated organization

\*\*\* Except for services provided to participating foreign schools at the direction of the Secretary, as a third party servicer or otherwise

**Reference: 34 CFR 682.200 Definitions (Eligible Lender)**

November 2009