Bethany Lutheran College

Code of Conduct for Financial Aid Office

Section 487(a)(25)(A) of the Higher Education Act (HEA) requires schools who participate in a Title IV loan program to develop, administer, and enforce a code of conduct governing educational loan activities. The code of conduct shall prohibit a conflict of interest between the responsibilities of an officer, employee, or agent of the school and financial institutions with respect to such loans.

Bethany Lutheran College is committed to providing the best possible customer service to our students and their families. It is our goal to provide information and advice, in keeping with federal requirements, and determined solely by consideration of the best interests of our students and their parents. To ensure students and their families continue receiving sound and impartial advice from the financial aid personnel, and to avoid the potential for, or appearance of, conflicts of interest regarding student loans, Bethany Lutheran College shall abide by this Code of Conduct in its relationships with lenders, guarantors and servicers of education loans. It is the intention of Bethany Lutheran College that this Code of Conduct complies with the Higher Education Opportunity Act of 2008.

A. Prohibition of Certain Compensation to College Employees

1. No Bethany Lutheran College financial aid official, employee, or agent, nor any Bethany Lutheran College official, employee or agent who has responsibilities with respect to student lending, shall accept a gift or anything of more than nominal value on his or her own behalf or on behalf of another from or on behalf of a lender, guarantor, or servicer of education loans, except that this provision shall not be construed to prohibit any Bethany Lutheran College official employee, or agent from conducting (a) non-Bethany Lutheran College business with any lender, guarantor, or servicer of education loans; or (b) Bethany Lutheran College business unrelated to education loans with any lender, guarantor, or servicer of education loans.

2. This prohibition shall extend to gifts to family members of Bethany Lutheran College officials, employees, and agents when the gift was given with the knowledge and acquiescence of the officer, employee or agent and 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. Nothing in this provision or throughout this Code shall prevent Bethany Lutheran College, or any of its officials, employees or agents, from holding membership in any nonprofit professional association or receiving reimbursement for reasonable expenses related to the membership in that nonprofit professional association.

4. Nothing in this provision or throughout this Code shall prevent any official, employee or agent of Bethany Lutheran College from serving on an advisory board, commission or group established by a lender, guarantor, or servicer of education loans, or group of lenders or guarantors of student loans, except that College employees, officials or agents who are employed in the College’s Financial Aid Office, or who otherwise have responsibilities with respect to education loans or other student financial aid offered by the College shall not receive anything of value from the lender, guarantor, servicers of students loans, or group of lenders or guarantors of student loans, except that the officials, employees or agents may be reimbursed for reasonable expenses incurred in serving on such advisory board, commission or group.

5. A “gift” as referred to in this section is defined as any gratuity, favor, discount, entertainment, hospitality, loan, or other item having a monetary value of more than a nominal amount. A gift also includes a gift of services, transportation, lodging, or meals, whether provided in kind, by purchase of a ticket, payment in advance, (or reimbursement after an expense has been incurred). The following items are specifically exempt from the definition of “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, employee or agent of Bethany Lutheran College, 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 College’s officer, employee, or agent.
c. Favorable terms, conditions, and borrower benefits on an education loan provided to a student employed by the College if those terms, conditions, or benefits are comparable to those provided to all students at the College.
d. Entrance and exit counseling services provided to borrowers, as long as Bethany Lutheran College staff is in control of the counseling (whether in person or via electronic capabilities), and the counseling does not promote the products or services or any specific lender.
e. Philanthropic contributions to Bethany Lutheran College from a Lending Institution, servicer, or guarantor of education loans that are unrelated to education loans, or any contribution from a lender, guarantor, or servicer that is not made in exchange for any advantage related to education loans (in which the lender or servicer can prove, if necessary, that a philanthropic contribution was not made in exchange for FFELP loan applications or application referrals, or a specified volume or dollar amount of FFELP loans made or guaranteed, or placement on a list of recommended or suggested lenders).
f. State education grants, scholarships, or financial aid funds administered by or on behalf of a State.

B. Limitations on Participation on Lender Advisory Boards

1. No Bethany Lutheran College official, employee, or agent with education loan responsibilities, shall receive any remuneration from a lender 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. Note that there are some exceptions to this rule:

a. An official or employee of Bethany Lutheran College who is not employed in the Financial Aid Office and who does not have responsibilities related to education loans, may perform paid or unpaid service on a board of directors of a lender, guarantor, or servicer of educational loans;
b. An official or employee of Bethany Lutheran College who is not employed in the Financial Aid Office but who does have responsibility related to education loans may perform paid or unpaid service on a board of directors of a lender, guarantor, or servicer of education loans, based on conflict of interest policy stating that officers, employees, or agents must recuse themselves from participating in any decision of the board regarding education loans at Bethany Lutheran College.
c. An official or employee of Bethany Lutheran College who is employed in the Financial Aid Office, or who otherwise has responsibilities related to education loans or other student financial aid, 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. However, the employee may be reimbursed for reasonable expenses incurred in serving on the advisory board, commission, or group.

C. Prohibition of Revenue-Sharing Arrangements

1. Bethany Lutheran College will not enter into revenue-sharing arrangements with any lenders. A “revenue-sharing arrangement” is an arrangement whereby an educational institution recommends a lender of educational loans, and then 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.

D. Preferred Lender Lists

1. For any year that Bethany Lutheran College promulgates a list of preferred or recommended lenders or similar ranking or designation ("Preferred Lender List"), on at least an annual basis, the College shall compile, maintain and make available the Preferred Lender List for students attending the College, and the families of such students. In compiling, maintaining and making available the Preferred Lender List, the College shall:

a. Prominently disclose the method and criteria used by the College to select the lenders of the Preferred Lender List, and ensure that such lenders are selected on the basis of the best interest of borrowers;
b. Exercise a duty of care and a duty of loyalty in compiling the Preferred Lender List for the sole benefit of students attending the College, and the families of such students;

c. Clearly and fully disclose the reasons for which the College entered into an agreement with each lender on the Preferred Lender List, including the terms, conditions or provisions favorable to the borrower;

d. Clearly and fully disclose that students attending the College and the families of such students do not have to borrow from a lender on the Preferred Lender List;

e. Ensure that the College does not assign any first-time borrower’s education loans, through award packaging or other methods, to a particular lender;

f. Ensure that the College does not deny or otherwise impede a borrower’s choice of a lender, or cause unnecessary delay in loan certification for borrowers who choose a lender that is not included on the Preferred Lender list;

g. Ensure that the College does not deny or otherwise impede a borrower’s choice of a guaranty agency, or cause unnecessary delay in loan certification for borrowers who choose a specific guaranty agency;

h. Comply with the provisions of the Higher Education Opportunity Act that relate to ensuring the appropriate number of unaffiliated lenders on the Preferred Lender List; and

i. Comply with any other requirements as the United States Department of Education may prescribe.

E. Prohibition of Lender of Education Loans Staffing of College Financial Aid Offices

1. Bethany Lutheran College will not request nor accept from any lender of education loans any assistance with call center staffing or Financial Aid Office staffing

2. Nothing in this provision shall prevent Bethany Lutheran College from requesting or accepting certain types of assistance as allowable in the Higher Education Opportunity Act of 2008, including:

   a. Professional development training for financial aid administrators;
   b. Providing educational counseling, financial literacy, or debt management materials for borrowers, provided that such materials disclose to borrowers the identification of any Lending Institution that assisted in preparing or providing the materials.

F. School as a Lender

If Bethany Lutheran College participates in the "School as Lender" program under 20 U.S.C. § 1085(d)(1)(E), or any successor provision, School As Lender loans shall not be treated any differently than if the loans originated directly from another lender; all sections of this rule apply equally to such School as Lender loans as if the loans were provided by another lender.

G. Prohibition of Opportunity Loans

1. As used herein, "override pools," "opportunity funds," and "opportunity loans" refer to any agreement, understanding or practice in which a lender applies more lenient loan underwriting criteria than it otherwise would to a certain class of loan applicants if the campus or Bethany Lutheran College meets certain milestones or metrics with respect to other loans with that lender, such as the number of loans initiated or in force, or the dollar amount of such loans, or where the lender agrees with Bethany Lutheran College to lend money to students outside the Federal Family Education Loan Program (FFELP), at the direction of Bethany Lutheran College, in exchange for Bethany Lutheran College or a campus dropping out of the federal direct loan program and/or marketing the lender's separate FFELP loans to students.

2. Bethany Lutheran College shall not arrange with a Lending Institution to participate in any override pools, opportunity funds, opportunity loans, as defined above, if the participation in such program(s) disadvantages any other borrower, or in exchange for Bethany Lutheran College providing concessions or promises of a specified number or volume of Title IV loans, or a preferred lender arrangement for Title IV loans.