

Student Loan Code of Conduct

1. Ban on Financial Ties

Lenders are prohibited from giving anything of value to any college in exchange for any advantage sought by the lender. This severs any inappropriate financial arrangements between lenders and schools and specifically prohibits “revenue sharing” arrangements.

2. Ban on Payments for Preferred Lender Status

Lenders may not pay or give colleges any financial benefits whatsoever to get on a college’s preferred lender list.

3. Gift and Trip Prohibition

Lenders are prohibited from giving college employees anything of more than nominal value. This includes a prohibition on trips for financial aid officers and other colleges officials paid for by lenders.

4. Advisory Board Rules

Lenders are prohibited from paying college employees anything of value for serving on the advisory boards of the lenders.

5. Call-Center and Staffing Prohibition

Lenders must ensure that employees of lenders never identify themselves to students as employees of the colleges. No employee of a lender may ever work in or provide staffing assistance for a college financial aid office.

6. Disclosure of Range of Rates and Defaults

Lenders must disclose to any requesting school the range of rates they charge to students at the school, the number of borrowers at each rate at the school, and the lender’s historic default rate at the school. This will ensure that schools will have the information they need to select preferred lenders who are best for students and parents.

7. Loan Resale Disclosure

Lenders shall fully and prominently disclose to students and their parents any agreements they have to sell loans to any lender.

College Loan Code of Conduct

1. Revenue Sharing Prohibition

Colleges are prohibited from receiving anything of value from any lending institution in exchange for any advantage sought by the lending institution. Lenders can no longer pay to get on a school's preferred lender list.

2. Gift and Trip Prohibition

College employees are prohibited from taking anything of more than nominal value from any lending institution. This includes a prohibition on trips for financial aid officers and other college officials paid for by lenders.

3. Advisory Board Compensation Rules

College employees are prohibited from receiving anything of value for serving on the advisory board of any lending institution.

4. Preferred Lender Guidelines

College preferred lender lists must be based solely on the best interests of the students or parents who may use the list without regard to financial interests of the College.

5. Preferred Lender Disclosure

On all preferred lender lists the College must clearly and fully disclose the criteria and process used to select preferred lenders. Students must also be told that they have the right and ability to select the lender of their choice regardless of the preferred lender list.

6. Loan Resale Disclosure

No lender may appear on a preferred lender list if the lender has an agreement to sell its loans to another lender without disclosing this fact. In addition, no lender may bargain to be a preferred lender with respect to a certain type of loan by providing benefits to a College as to another type of loan.

7. Call – Center Prohibition

Colleges must ensure that employees of lenders never identify themselves to students as employees of the colleges. No employee of a lender may ever work in or provide staffing to a college financial aid office.