

# Financial Aid Code of Conduct

## 1. Definitions

1. “Lending Institution” or “Lender” shall mean (i) any entity that itself, or through an affiliate, engages in the business of making loans to students, parents or others for purposes of financing higher education expenses or that securitizes such loans, or (ii) any entity, or association of entities, that guarantees education loans. “Lending institution” or “Lender” shall not include the University or the state or federal government.
2. “University” shall mean the university, college, professional trade school or other entity providing post-secondary education that adopts this Code of Conduct.
3. “Opportunity Loans” shall mean loans to international students or other students who, because they have poor or no credit history, do not have access to student loans on reasonable terms.
4. “Compensation” shall mean anything of value including, but not limited to, money, credits, loans, discounts, payments, fees, forgiveness of principal or interest, reimbursement of expenses, charitable contributions, stock options, consulting fees, educational grants, vacations, prizes, gifts or other items of value, whether given directly or indirectly.
5. “Trade Association” shall mean any higher education, financial aid, lending or banking trade, industry or professional association that receives Compensation within the preceding 12-month period from any Lending Institution or Lender. The Connecticut Conference of Independent Colleges shall not be deemed to be a “trade association” solely by virtue of its contract to administer the Connecticut Higher Supplemental Loan Authority (“CHESLA”).
6. “Outside Director” shall mean a member of a Lender’s Board of Directors or Board of Trustees who receives Compensation from such Lender in connection with his or her service on the Board of Directors or Board of Trustees and who receives no other compensation from the Lender as an officer, employee, or agent of the Lender or otherwise.
7. “Agent” shall mean a person acting as a representative of and at the direction of or under the control of a University where such person’s responsibilities with respect to the University relate primarily to the University’s activities involving financial aid or the business of higher education loans.

## 2. Code of Conduct

### 1. Prohibition of Certain Compensation to University Employees

1. No University trustee, director, officer, or Agent, or any employee who is employed in the financial aid office of the University or who otherwise has responsibilities with respect to higher educational loans or other financial aid at his or her University, and no spouse or dependent children of any such persons (“Family Member”), shall accept any Compensation of more than nominal value (not to exceed the gift limits established in the State Code of Ethics), directly or indirectly, during any 12-month period from or on behalf of a Lending Institution or Trade Association,

except that this provision shall not be construed to prohibit any officer, trustee, director, Agent or employee of the University, or any of their Family Members, from receiving Compensation for the conduct of non-University business with any Lending Institution or Trade Association or from accepting Compensation that is offered to the general public, if such Compensation is permitted pursuant to the State Code of Ethics.

2. Notwithstanding the prohibitions in subsection II.A.1 or any other provision of this Code of Conduct: (a) The University may hold membership in any nonprofit professional association; (b) A University trustee, director, officer, or employee who does not have responsibilities with respect to higher educational loans or financial aid, may serve as an Outside Director of a Lending Institution or Trade Association and receive Compensation at the Lending Institution's or Trade Association's established compensation rates for Outside Directors, provided that any University trustee, director, officer or employee serving on the board of the Lending Institution or Trade Association is precluded from participating in such board's discussions or decisions that might affect the interests of the University, and provided further that such University trustee, director, officer or employee complies with the University's conflict of interest policy, and receives annual written notice of the requirements of both this Code of Conduct and the University's conflict of interest policy. Further, notwithstanding the prohibitions in subsection II.A.1, a trustee, director, officer or employee of a Lending Institution or Trade Association who does not have responsibilities with respect to higher education loans or financial aid shall not be prevented from serving on the Board of Directors of a University solely by virtue of his or her position with the Lending Institution or Trade Association, provided that any such person serving on the board of the University is precluded from participating in such board's discussions or decisions that might affect the interests of such Lender or Trade Association or that relate to financial aid or higher education loans.
3. Nothing in this Code of Conduct shall be construed to conflict with the requirements of Connecticut General Statutes §10a-201 et seq., including without limitation §10a-203(a), and §10a-221 et seq.
4. The prohibitions set forth in this subsection II.A shall include, but not be limited to, a ban on any payment or reimbursement by a Lending Institution or Trade Association to a University employee or Family Member for lodging, meals, or travel to conferences or training seminars unless such payment or reimbursement is related solely to non-University business. University employees whose duties relate to financial aid may accept food or refreshments of nominal value provided or paid for by a Lender or Trade Association at a meeting, conference or seminar related to their professional development or training, as permitted pursuant to the State Code of Ethics. University employees are not precluded from attending any educational or training program related to financial aid or higher education loans where no registration fee is charged to any attendee

because of a Lender's or Trade Association's sponsorship or support of the program, and provided that the registration fee is limited to covering the costs associated solely with the education or training component of the program, if permitted pursuant to the State Code of Ethics.

2. **Limitations on University Employees Participating on Lender Advisory Boards** No University officer, trustee, director, Agent or employee, or any of their Family Members, shall serve on an advisory board for a Lender. Lenders can obtain advice and opinions of financial aid officials on financial aid products and services through Trade Associations, industry surveys or other mechanisms that do not require service on Lender advisory boards and provided such person receives no Compensation for such service. This provision shall not apply to participation on advisory boards that are unrelated in any way to financial aid or higher education loans.
3. **Prohibition of Certain Compensation to the University**
  1. Neither the University, nor any alumni association, booster club, foundation, athletic organization, social organization, academic organization, professional organization or other organization affiliated with the University ("Affiliated Organizations"), may accept any Compensation from any Lending Institution or Trade Association in exchange for any advantage or consideration provided to the Lending Institution or Trade Association related to the Lending Institution's or Trade Association's financial aid or education loan activity. This prohibition shall include, but not be limited to (i) revenue sharing by a Lending Institution or Trade Association with the University or Affiliated Organizations, (ii) the receipt by the University or Affiliated Organizations from any Lending Institution or Trade Association of any equipment or supplies, including without limitation, computer hardware and software, for which the University pays below-market prices, and (iii) printing costs or services, provided that a University or Affiliated Organizations shall not be prohibited from accepting a Lender's or Trade Association's own standard printed brochures or informational material that does not contain the University's logo or otherwise identify the University.
  2. Notwithstanding anything else in this subsection I.C., the University may accept assistance comparable to the kinds of assistance provided by the Secretary of the U.S. Department of Education to schools under or in furtherance of the Federal Direct Loan Program.
  3. Nothing in this subsection shall prohibit a University from accepting endowment gifts, capital contributions, scholarship funding, or other financial support from a Lender or Trade Association, so long as the University gives no competitive advantage or preferential treatment to the Lender or Trade Association related to its education loan activity in exchange for such support.
4. **Preferred Lender Lists**

In the event that the University promulgates a list of preferred or recommended lenders or similar ranking or designation ("Preferred Lender List"), then:

1. Every brochure, web page or other document that sets forth a Preferred Lender List must clearly disclose, textually or by clearly designated hyperlink, the process by which the University selected Lenders for said Preferred Lender List, including but not limited to the criteria used in compiling said list and the relative importance of those criteria; and
  2. Every brochure, web page or other document that sets forth a Preferred Lender List or identifies any Lender as being on said Preferred Lender List shall state in the same font and same manner as the predominant text on the document that students and their parents have the right and ability to select the education loan provider of their choice, are not required to use any of the Lenders on said Preferred Lender List, and will suffer no penalty from the University for choosing a Lender that is not on said Preferred Lender List;
  3. The University's selection of Preferred Lenders and the University's decision as to where or how prominently on the list the Lending Institution's name appears shall be based solely on the best interests of student and parent borrowers, utilizing stated criteria that are limited to benefits provided to borrowers (such as competitive interest rates and repayment terms, quality of loan servicing, and whether loans will be sold) and the ability to work efficiently and effectively with the University to process loans, without regard to the pecuniary interest of the University or to any benefits provided by Lending Institutions to the University or any of the University's officers, trustees, directors, Agents or employees or their Family Members. The University's selection of any Preferred Lender shall be limited to the types of loans for which that Lender has been selected, based on the benefits to the borrower for those types of loans, and the University's Preferred Lender list shall indicate the types of loans for which each Lender has been selected as a Preferred Lender. Nothing in this provision is intended to restrict the University's ability to exercise its discretion in making its own, final judgment about which lenders best meet the University's criteria and the needs of its student and parent borrowers.
  4. The University shall review its Preferred Lender List at least annually;
  5. The University shall require that all Preferred Lenders commit, in writing to disclose to the borrower, at the time a loan is issued: (a) whether the loan may be sold to another Lender; (b) that the loan terms and benefits will not change if the loan is sold to another Lender; and (c) that the loan benefits may change if the borrower chooses to consolidate his or her loans; and
  6. The University shall ensure that any Preferred Lender list that it publishes to students contain no less than three (3) Lending Institutions.
5. **Prohibition of Lending Institutions' Staffing of University Financial Aid Offices**
1. No employee or other agent of a Lending Institution may staff the University financial aid offices at any time. The University shall ensure that no employee or other representative of a Lending Institution is ever

identified to students or prospective students of the University or their parents as an employee or agent of the University. The foregoing prohibitions notwithstanding, if the University believes that it would benefit students, the University may allow representatives of Lenders to conduct informational sessions, such as exit interviews and presentations on loan payment and loan consolidation options, so long as: (a) student attendance is voluntary; (b) a University representative explains that other Lenders may provide similar services; (c) the affiliation of the Lender representative is disclosed at the start of the presentation; (d) the Lender representative does not promote the products or services of any Lender, and (e) the University takes reasonable steps to ensure compliance with the requirements of this paragraph.

2. In the event that the University permits a Lender to conduct information sessions or exit interviews as set forth in subsection E.1. above, the University must retain control of any interview or presentation offered by Lenders. Control may be evidenced by: (a) a University employee attending such interview or presentation; (b) the University recording or videotaping the interview or presentation; or (c) with respect to an exit interview conducted electronically via the internet, the University creating or approving in advance the content of such electronic exit interview.
6. **Proper Execution of Master Promissory Notes** The University shall not link or otherwise direct potential borrowers to any electronic Master Promissory Note or other loan agreement unless the Master Promissory Note or agreement allows borrowers to enter the Lender code or name for any Lender offering the relevant loan or the University's link to the electronic Master Promissory Note or agreement informs borrowers of alternative means of entering into a Master Promissory Note or agreement with any Lender of the borrower's choice. Any information the University provides to borrowers about completing a Master Promissory Note or agreement with a Preferred Lender must provide the information required in subsections II.D.1 and II.D.2 above.
7. **Requirements for Opportunity Loans** The University may enter into arrangements with Lenders to provide Opportunity Loans to students whose credit rating would otherwise preclude them from obtaining loans with reasonable rates and terms. The University may enter into such arrangements with a Preferred Lender after the University has selected Preferred Lenders in accordance with the provisions of Section II.D above, or it may use a separate process for selecting Lenders to provide Opportunity Loans, so long as that process also complies with the provisions of Section II.D. above. The University shall not request, accept, solicit or consider a Lending Institution's offer to provide any Opportunity Loans in exchange for the University providing concessions, benefits or promises to the Lender.
8. **Revolving Door Prohibition**
  1. In the event a University hires an employee who will be employed in the financial aid office of the University or who otherwise will have responsibilities with respect to higher educational loans or other financial aid and such employee was employed by a Lender during the 12 month

period prior to the date of hire by the University, such employee shall be prohibited from having any dealings or interactions with such Lender on behalf of the University for a period of 12 months from the date such employee's employment with the Lender was terminated.

2. In the event a Lender hires an employee who was employed by the University during the 12-month period prior to the date of such employee's hire by the Lender, the University shall be prohibited from having any dealings or interactions with such employee for a period of 12 months from the date such employee's employment with the University was terminated.