

**ASU-BEEBE  
CODE OF CONDUCT  
FOR EDUCATION LOANS**

- **Introduction:**

- The Higher Education Act of 1965, as amended (“HEA”), Title IV, Part G., Section 487(a)(25), requires ASU-Beebe ("ASUB") to administer and enforce the following code of conduct to govern educational loans. ASUB's officers, employees, and agents shall comply with this code of conduct.
- This code of conduct shall be prominently published on ASUB's website. At a minimum, ASUB's officers, employees, and agents, with responsibilities associated with educational loans, will be annually informed of the provisions of the code of conduct.

- **Code of Conduct Requirements:**

- Ban on Revenue-Sharing Arrangements
  - *Prohibition*—ASUB shall not enter into any revenue-sharing arrangement with any lender.
  - *Definition*—For purposes of this section, the term “revenue-sharing arrangement” means an arrangement between ASUB and a lender under which (i) a lender provides or issues a loan that is made, insured, or guaranteed under this title to students attending ASUB or to the families of such students; and (ii) ASUB recommends the lender or the loan products of the lender and in exchange, the lender pays a fee or provides other material benefits, including revenue or profit sharing, to ASUB, an officer or employee of ASUB, or an agent of ASUB.
- Gift Ban
  - *Prohibition*—Officers and employees of ASUB who are employed in the financial aid office or who otherwise have responsibilities with respect to education loans, or agents who have responsibilities with respect to education loans shall not solicit or accept any gift from a lender, guarantor, or servicer or education loans.
  - *Definition*
    - Generally—For purposes of this section, the term “gift” means any gratuity, favor, discount, entertainment, hospitality, loan, or other item having a monetary value of more than 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.

- Exceptions—The term “gift” shall not include any of the following:
  - (1) 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.
  - (2) Food, refreshments, training, or informational material furnished to an officer or employee of ASUB, or to an agent, 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 ASUB, if such training contributes to the professional development of the officer, employee, or agent.
  - (3) Favorable terms, conditions, and borrower benefits on an education loan provided to a student employed by ASUB if such terms, conditions, or benefits are comparable to those provided to all students of ASB.
  - (4) Entrance and exit counseling services provided to borrowers to meet ASUB's responsibilities for entrance and exit counseling as required by the HEA, subsections (b) and (l) of section 485, as long as:
    - (a) ASUB’s staff are in control of the counseling (whether in person or via electronic capabilities; and
    - (b) such counseling does not promote the products or services of any specific lender.
  - (5) Philanthropic contributions to ASUB 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.
- Rule for Gifts to Family Members—For purposes of this section, a gift to a family member of an officer or employee of ASUB, to a family member of an agent, or to any other individual based on that individual’s relationship with the officer, employee, or agent, shall be considered a gift to the officer, employee, or agent if (1) the gift is given with the knowledge and acquiescence of the officer, employee, or agent; and (2) the officer, employee, or agent has reason to believe the gift was given because of the official position of the officer, employee, or

agent.

○ Contracting Arrangements Prohibited

- *Prohibition*—An officer or employee who is employed in the financial aid office of ASUB or who otherwise has responsibilities with respect to education loans, or an agent who has responsibilities with respect to education loans, shall not 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.

- *Exceptions*—Nothing in this subsection shall be construed as prohibiting the following:

(1) an officer or employee of ASUB who is not employed in ASUB's financial aid office and who does not otherwise have responsibilities with respect to education loans, or an agent who does not have responsibilities with respect to education loans, from performing paid or unpaid service on a board of directors of a lender, guarantor, or servicer of education loans;

(2) an officer or employee of ASUB who is not employed in ASUB's financial aid office but who has responsibility with respect to education loans as a result of a position held at ASUB, or an agent who has responsibility with respect to education loans, from performing paid or unpaid service on a board of directors of a lender, guarantor, or servicer of education loans, if ASUB has a written conflict of interest policy that clearly sets forth that officers, employees, or agents must recuse themselves from participating in any decision of the board regarding education loans at ASUB; or

(3) an officer, employee, or contractor of a lender, guarantor, or servicer of education loans from serving on a board of directors, or serving as a trustee of ASUB, if ASUB has a written conflict of interest policy that the board member or trustee must recuse themselves from any decision regarding education loans at ASUB.

○ Interaction with Borrowers

- *Prohibition*—ASUB shall not:

(1) for any first time borrower, assign, through award packaging or other methods, the borrower's loan to a particular lender; or

(2) refuse to certify, or delay certification of any loan based on the borrower's selection of a particular lender or guaranty agency.

○ Prohibition on Offers or Funds for Private Loans

- *Prohibition*—ASUB shall 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 ASUB providing concessions or promises regarding providing the lender with (i) a specified number of loans made, insured, or guaranteed under this title; (ii) a specified loan volume of such loans; or (iii) a preferred lender arrangement for such loans.

- *Definitions*

- Private education loan—for purposes of this section, the term “private education loan” --

(A) means a loan provided by a private educational lender that:

(i) is not made, insured, or guaranteed under of title IV of the HEA; and

(ii) is issued expressly for postsecondary educational expenses to a borrower, regardless of whether the loan is provided through the educational institution that the subject student attends or directly to the borrower from the private educational lender; and

(B) does not include an extension of credit under an open end consumer credit plan, a reverse mortgage transaction, a residential mortgage transaction, or any other loan that is secured by real property or a dwelling.

- Opportunity Pool Loan—for purposes of this section, the term “opportunity pool loan” means a private education loan made by a lender to a student attending ASUB or the family member of such a student that involves a payment, directly or indirectly, by ASUB of points, premiums, additional interest, or financial support to each lender for the purpose of such lender extending credit to the student or the family.

○ Ban on Staffing Assistance

- *Prohibition*—ASUB shall not request or accept from any lender any assistance with call center staffing or financial aid office staffing.

- *Certain Assistance Permitted*—Nothing in this section shall be construed to prohibit ASUB from requesting or accepting assistance from a lender related to the following:

(i) professional development training~~4~~for financial aid administrators;

- (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 ASUB 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.
- Advisory Board Compensation—Any employee who is employed in the financial aid office of ASUB, or who otherwise has responsibilities with respect to education loans or other student financial aid of ASUB, and 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, except that the employee may be reimbursed for reasonable expenses incurred in serving on such advisory board, commission, or group.