



Washington and Lee University

Financial Aid Code of Conduct

Approved By: <u>Provost June Aprille</u>	Related Policies:
History: Issued – <u>September 24, 2007</u> Revised – <u>February 25, 2009</u>	<u>Conflict of Interest Policy (Employee Handbook):</u> http://counsel.wlu.edu/policy/employeehandbook07.pdf ;
Responsible Office: <u>Provost and</u> <u>Office of General Counsel</u>	<u>Conflict of Interest Policy for Officers, Senior Administrators, & Finance Personnel:</u> http://counsel.wlu.edu/policy/offsenbusMay192007FINALclean2.pdf ;
Contact: <u>Leanne Shank (lshank@wlu.edu)</u>	<u>Conflict of Interest Policy for Trustees:</u> http://counsel.wlu.edu/policy/trusteesonly.final.050705.pdf ;
	<u>Whistleblower Policy:</u> (counsel.wlu.edu/policy/whistleblower.htm)

I. INTRODUCTION

Policy Statement

This policy is intended to guide the University's financial aid officers and staff – as well as any other employees or agents who otherwise have responsibilities with respect to education loans at the University – in the ethical execution of their professional responsibilities, in accordance with the Higher Education Opportunity Act of 2008.

Applicability

This policy applies to all Washington and Lee University employees and agents (individuals authorized to work on behalf of W&L).

II. DEFINITIONS

Gift – means any gratuity, favor, discount, entertainment, hospitality, loan, or other item having a monetary value of more than a de minimus amount, including 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. However, the term “gift” does not include:

- i) Standard materials, activities, or programs on issues related to a loan, default aversion, default prevention, or financial literacy, such as a brochure, a workshop, or training.
- ii) Food, refreshments, training, or information material furnished to an officer or employee of an institution, or to an agent, as an integral part of a training session that is designed to improve the service of a lender, guarantor, or service of education loans to the University, if such training contributes to the professional development of the officer, employee, or agent.

- iii) Favorable terms, conditions, and borrower benefits on an education loan provided to a student employed by the University if such terms, conditions, or benefits are comparable to those provided to all students of the institution.
- iv) Entrance and exit counseling services provided to borrowers to meet the University's responsibilities for entrance and exit counseling as required by the Higher Education Opportunity Act, as long as:
 - a) The University'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.
- v) Philanthropic contributions to an institution from a lender, services, or guarantor of education loans that are unrelated to education loans or any contribution from any lender, guarantor, or services that is not made in exchange for any advantage related to education loans.
- vi) State education grants, scholarships, or financial aid funds administered by or on behalf of a State.

With respect to a gift to a family member of an employee or agent of the University, or to any other individual based on that individual's relationship with an employee or agent of the University, such gift shall be considered a "gift" under this policy if:

- i) The gift is given with the knowledge and acquiescence of the employee or agent; and
- ii) The employee or agent has reason to believe the gift was given because of the official position of the employee or agent.

Opportunity Pool Loan – means a "private education loan" made by a lender to a student attending the University or the family member of such a student that involves a payment, directly or indirectly, by the University of points, premiums, additional interest, or financial support to such lender for the purpose of such lender extending credit to the student or family.

Private Educational Lender – a financial institution, Federal credit union, or any other person engaged in the business of soliciting, making, or extending private education loans

Private Education Loan – means a loan provided by a "private educational lender" that:

- i) Is not made, insured, or guaranteed under Title IV of the Higher Education Act of 1965; and
- ii) Is issued expressly for postsecondary educational expenses to a borrower, regardless of whether the loan is provided through the University or directly to the borrower from the private educational lender.¹

Revenue-Sharing Arrangement – means an arrangement between the University and a lender under which:

- i) A lender provides or issues a loan that is made, insured, or guaranteed under Title 20 of the United States Code to students attending the University or to the families of such students; and
- ii) The University 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 the institution, an officer or employee of the institution, or an agent.

¹ This excludes 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 dwelling.

III. POLICY

A. Commitment to Ethical Principles

Washington and Lee University has a unique tradition of commitment to integrity and honor and the University's financial aid officers and staff have a duty to act ethically in fulfilling their employment obligations. Individuals who are aware of a violation of this policy and the principles contained herein should bring their concern immediately to their supervisor, the Provost, the Office of General Counsel, or other appropriate University official under the University's "Whistleblower Policy." In order to affirm its principles and to guide its financial aid officers and staff in the ethical performance of their job responsibilities, the University has adopted the following code of conduct.

B. Higher Education Opportunity Act Required Provisions

In accordance with the Higher Education Opportunity Act, University employees and agents will not:

- 1) Enter into any "revenue-sharing arrangement" with any lender.
- 2) Solicit or accept any "gift."
- 3) 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.²
- 4) Assign, through award packaging or other methods, a first-time borrower's loan to a particular lender.
- 5) Refuse to certify, or delay certification of, any loan based on the borrower's selection of a particular lender or guaranty agency.
- 6) Request or accept any offer of funds to be used for "private education loans," including funds for an "opportunity pool loan," to students in exchange for the University providing concessions or promises regarding providing the lender with:
 - a) A specified number of loans made, insured, or guaranteed under Title 20 of the United States Code;
 - b) A specified loan volume of such loans; or
 - c) A preferred lender arrangement for such loans.
- 7) Request or accept, from any lender, any assistance with call center staffing or financial aid office staffing.³

² This does not prohibit:

- i) An employee of the University who is not employed in the 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;
- ii) An employee of the University who is not employed in the Financial Aid Office but who has responsibility with respect to education loans as a result of a position held at the University, 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 the University has a written conflict of interest policy that clearly sets forth the employees and agents must recuse themselves from participating in any decision of the board regarding education loans at the University; or
- iii) 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 the University, if the University has a written conflict of interest policy that the board member or trustee must recuse themselves from any decision regarding education loans at the University.

³ This does not prohibit the University from requesting or accepting assistance from a lender related to:

- i) Professional development training for financial aid administrators;

- 8) If serving on an advisory board, commission, or group established by a lender, guarantor, or group of lenders or guarantors: receive 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.

C. Additional Guiding Principles

Washington and Lee University also endorses the National Association of Student Financial Aid Association 's (NASFAA's) "Code of Conduct for Institutional Financial Aid Professionals," which states (explanations in bullets):

An institutional financial aid professional is expected to always maintain exemplary standards of professional conduct in all aspects of carrying out his or her responsibilities, specifically including all dealings with any entities involved in any manner in student financial aid, regardless of whether such entities are involved in a government sponsored, subsidized, or regulated activity. In doing so, a financial aid professional should:

1. *Refrain from taking any action for his or her personal benefit.*
 - W&L financial aid officers and staff, as well as members of their families, should never accept cash, stocks, club memberships, gifts, entertainment, expense-paid trips, or other forms of inappropriate remuneration from a business involved in any aspect of student financial aid, nor should these employees use any incidental personal benefit as a factor when making decisions in their employment capacity.
2. *Refrain from taking any action he or she believes is contrary to law, regulation, or the best interests of the students and parents he or she serves.*
 - Knowledge is not a prerequisite – any questions or concerns as to whether a particular action may violate the law, or otherwise be unethical, should be referred to the Office of General Counsel.
3. *See that the information he or she provides is accurate, unbiased, and does not reflect any preference arising from actual or potential personal gain.*
 - The key is to be honest and transparent.
4. *Be objective in making decisions and advising his or her institution regarding relationships with any entity involved in any aspect of student financial aid.*
 - Honesty and transparency are once again paramount.

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- 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, non-recurring basis to assist the University 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.

5. *Refrain from soliciting or accepting anything of other than nominal value from any entity (other than an institution of higher education or a governmental entity such as the U.S. Department of Education) involved in the making, holding, consolidating or processing of any student loans, including anything of value (including reimbursement expenses) for serving on an advisory body or as part of a training activity of or sponsored by any such entity.*
 - This is necessary to avoid the appearance of any conflict of interest, regardless of whether acceptance of any such benefits would actually influence the financial aid officers' decision.
 - "Nominal value" is anything with a total retail value of less than ten dollars (\$10).
 6. *Disclose to his or her institution, in such manner as his or her institution may prescribe, any involvement with or interest in any entity involved in any aspect of student financial aid.*
 - Once again, the key is transparency, as well as the goal of helping the University avoid conflicts of interest.
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IV. ANNOTATED REVISION HISTORY

2/25/09 – Revised in accordance with the requirements of the Higher Education Opportunity Act of 2008, as codified at 20 U.S.C. §§ 1094(a)(25) and 1094(e).
