

## Professional Code of Conduct for William Woods University Financial Aid Office

William Woods University is committed to providing the highest quality customer service to our students and their families. It is our goal to provide information and advice, in keeping with federal requirements, and to base decisions and advice 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, William Woods University shall abide by this Code of Conduct in its relationships with lenders, guarantors and servicers of education loans. It is the intention of William Woods University that this Code of Conduct comply with all the letter and spirit of the Higher Education Act, as amended by the Higher Education Opportunity Act of 2008. Any questions regarding interpretation of, or definitions used in, this Code of Conduct should be interpreted in light of this intention.

### **A. Prohibition of Gifts and Certain Remuneration**

1. No William Woods University Financial Aid Office official, employee, or agent, nor any William Woods University 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 William Woods University official, employee, or agent from conducting (a) non-William Woods University business with any lender, guarantor, or servicer of education loans; or (b) William Woods University 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 William Woods University 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 William Woods University, 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 William Woods University 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 University employees, officials or agents who are employed in the University's Financial Aid Office, or who otherwise have responsibilities with respect to education loans or other student financial aid offered by the University shall not receive anything of value from the lender, guarantor,

services of student 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 de minimus 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":
  - 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.
  - Food, refreshments, training, or informational material furnished to an officer, employee or agent of William Woods University, 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 University, if such training contributes to the professional development of the University's officer, employee, or agent.
  - Favorable terms, conditions, and borrower benefits on an education loan provided to a student employed by the University if those terms, conditions, or benefits are comparable to those provided to all students at the University.
  - Entrance and exit counseling services provided to borrowers, as long as William Woods University 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.
  - Philanthropic contributions to William Woods University 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).
  - State education grants, scholarships, or financial aid funds administered by or on behalf of a State.

**B. Limitations on William Woods University Personnel Participating in Contracting Arrangements**

1. No William Woods University 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 William Woods University 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 William Woods University 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 or 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 William Woods University.
  - c. An official or employee of William Woods University 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. William Woods University 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 William Woods University promulgates a list of preferred or recommended lenders or similar ranking or designation ("Preferred Lender List"), on at least an annual basis, the University shall compile, maintain and make available the Preferred Lender List for students attending the University, and the families of such students. In compiling, maintaining and making available the Preferred Lender List, the University shall:
  - a. Prominently disclose the method and criteria used by the University 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 University, and the families of such students;
  - c. Clearly and fully disclose the reasons for which the University 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 University and the families of such students do not have to borrow from a lender on the Preferred Lender List;
  - e. Ensure that the University does not assign any first-time borrower's education loans, through award packaging or other methods, to a particular lender;
  - f. Ensure that the University 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 University 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.
2. The lenders on the Preferred Lender List have a history with William Woods. Periodic reviews of this list will be performed by University officials. Students have the right to choose any lender, even if they are not on the Preferred Lender List.

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

1. William Woods University will not request nor accept from any lender of education loans any assistance with call center staffing or Financial Aid Office staffing, except for on a short-term, nonrecurring basis to assist William Woods University with financial aid related functions during emergencies, including state-or federally-declared national disasters, and other localized disasters and emergencies identified by the United States Department of Education.
2. Nothing in this provision shall prevent William Woods University 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 Lender**

1. If William Woods University 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 William Woods University 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 William Woods University to lend money to students outside the Federal Family Education Loan Program (FFELP), at the direction of William Woods University, in exchange for William Woods University or a campus dropping out of the federal direct loan program and/or marketing the lender's separate FFELP loans to students.
2. William Woods University 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 William Woods University providing concessions or promises of a specified number or volume of Title IV loans, or a preferred lender arrangement for Title IV loans.

Compliance to the provisions of this rule shall occur no later than July 1, 2009.