

NORTHLAND COMMUNITY AND TECHNICAL COLLEGE

1052P STUDENT LOAN CODE OF CONDUCT PROCEDURE

1. Definitions

- a. "Employee" or "School employee" means any employee, agent, student financial aid contractor, director, officer or trustee of Northland Community and Technical College (NCTC). For purposes of the Code provisions relating to gifts and stock ownership, this term includes family members of the Employee. For purposes of Paragraph 2 of this Code, this term includes family members living in the same household as the Employee.
- b. "Student loan lender" or "lender" means any entity involved in making, holding, consolidating, processing, originating, servicing or guaranteeing any loan to students or parents to finance higher education expenses. This includes lenders who provide private educational loans as well as lenders who provide loans that are made, insured or guaranteed by the U.S. Department of Education, except loans under the William D. Ford Direct Loan Program.

2. Employee Compensation Prohibition

No employee of NCTC shall accept/solicit anything of other than nominal value from a student loan lender. "Nominal value" means a total retail value of not more than ten dollars (\$10.00) as calculated over a 12-month period, or as defined by a College policy consistent with applicable federal/state law. This paragraph shall not prohibit College employees from conducting non-student lending business with any lender or accepting or soliciting anything of other than nominal value in any activity unrelated to student loans.

3. Lender Advisory Board Restrictions

A NCTC employee shall not accept any remuneration or reimbursement of expenses for serving as a member of or otherwise participating on a student loan lender's advisory board or committee, consistent with applicable federal student loan requirements.

4. Financial Relationship Prohibition

A person employed in the financial aid office of NCTC, or who otherwise has direct responsibilities with respect to educational loans or other financial aid, shall:

- a. avoid any equity or other interest in any student loan lender other than a remote interest as defined by law;
- b. avoid consulting or similar financial relationships with student loan lenders, and comply with NCTC's and MnSCU's Conflict of Interest Policies & Procedures.

5. Institutional Compensation Prohibition

- a. NCTC will not accept anything of value from a student loan lender in exchange for any advantage or consideration provided to the lender related to its education loan activity. This prohibition shall include, but not be limited to: (1) NCTC's receipt from any lender of any computer hardware for which NCTC pays below market prices, (2) preferential rates for, or access to, a lender's other financial products and (3) printing costs or services. Notwithstanding anything else in this paragraph, NCTC may accept assistance as contemplated by 34 CFR 682.200(b).
- b. NCTC shall not engage in revenue sharing with a student loan lender. "Revenue sharing" means any arrangement under which a student loan lender pays a higher education institution or an affiliated entity or organization a certain sum, fee or percentage calculated in relationship to the volume of loans received by the lender from students of the institution.

6. Preferred Lender List Requirements

- a. Best Interests of Students Paramount. If NCTC decides to develop and/or publish any list of suggested, recommended or preferred student loan lenders ("preferred lender list" or "lender list"), NCTC shall develop and maintain any lender list based solely on the best interest of student/parent borrowers.
- b. Required Disclosures. NCTC shall prominently disclose on all publications of a preferred lender list:
 - i. the process and criteria by which the list was assembled,
 - ii. comparative information regarding interest rates and other benefits offered by the lenders; and
 - iii. that borrowers have the right and ability to select lenders not included on the list.
- c. Prompt Certification of Loans from Any Lender. NCTC will timely certify any loan from any lender selected by the borrower that offers the loan, to the extent consistent with applicable federal student loan requirements. NCTC will not cause unnecessary certification delays for borrowers who use a lender that has not been recommended or suggested by NCTC.
- d. Minimum Number of Lenders Required. The College shall ensure there are at least three (3) student loan lenders named on each preferred lender list and that the lenders are not "affiliates" of each other, as described in 34 C.F.R. §682.212 (h)(3).
- e. Review and Update of Preferred Lender Lists. Preferred lender lists must be reviewed and updated at least once a year. When publishing preferred lender lists, NCTC shall either rotate or randomize the list of lenders or list them alphabetically.
- f. Loan Resale. NCTC shall require that all lenders on a preferred lender list commit in writing to disclose to the borrower at the time a loan is issued whether there is an existing agreement to sell loans to another lender, and if so, the contact information for the lender who will be purchasing the borrower's loan. NCTC shall inform student and parent borrowers that lenders can, and do, sell student loans, and encourage borrowers to contact their lenders for more information. Further, NCTC may remove a lender from its preferred lender list if that lender

sells loans without ensuring that the advertised loan terms and benefits are honored with the new lender.

- g. Different Types of Loans. NCTC shall not include a student loan lender on a preferred lender list for one type of loan in exchange for benefits provided by the lender with respect to a different type of loan.

7. Promotion of Preferred Lenders Prohibited

NCTC shall not allow a lender included on a preferred lender list to use the name, emblem, mascot or logo of the college or other words, pictures, or symbols readily identified with the College, in the marketing of private educational loans to the students attending the College that implies NCTC endorses the private educational loans offered by the lender.

8. Master Promissory Notes

NCTC shall inform borrowers of the procedure(s) for completing the Master Promissory Note or other loan agreement with the lender of the borrower's choice, whether or not the lender appears on NCTC's preferred lender list.

9. Lender Restriction Prohibition.

NCTC shall not restrict borrowers to any particular type of lender (*e.g.*, those that process loans electronically).

10. School as Lender

If NCTC participates in the School as Lender program under 20 U.S.C. § 1085(d)(1)(E) and has an agreement to sell student loans to another lender, it must (a) disclose the existence of the agreement to the borrower and provide contact information for the lender who will be purchasing the borrower's loan and (b) require that any lender to whom the loans are sold honors the loan terms and benefits NCTC advertised to borrowers.

11. Private Loans a Last Resort

NCTC shall not certify student eligibility for a private educational loan without first informing the borrower that (a) federal financial assistance (including grants and loans under Title IV) may be available and (b) federal loans may provide more advantageous terms to the borrower than private loans.

12. Opportunity Loans

- a. NCTC shall not enter into an opportunity loan agreement with a student loan lender under which NCTC provides concessions or promises to the lender that prejudice other borrowers. An "opportunity" loan means a student loan provided to borrowers with poor or no credit history, or who otherwise would not meet the student loan lender's eligibility criteria.

- b. NCTC shall not certify student eligibility for an opportunity loan made available pursuant to an agreement between the College and a lender unless (i) the agreement includes the option of short term or partial loans not to exceed one year and (ii) NCTC informs the borrower of the short term or partial loan option, so the borrower can consider different or less expensive financing if the borrower's financial condition improves.

13. Staffing Assistance from Lenders

NCTC shall not request or accept from any lender any assistance with call center or financial aid office staffing, including in-person school-required initial or exit counseling, except as permitted by applicable federal student loan requirements. NCTC shall ensure that any lender employees on campus are accurately represented as such and not misidentified as College agents or employees. While lenders may provide professional development training to financial aid administrators and participate in financial literacy outreach activities, lender employees must clearly disclose the name of the entity preparing any written materials and may not promote the lender's products.

14. Implementation.

- a. NCTC agrees to publish the Student Loan Code of Conduct prominently on its website within ten business days of its adoption by the College. This policy will be posted to the college policy website at <http://www.northlandcollege.edu/about/policies/> and on the Financial Aid webpage at <http://www.northlandcollege.edu/services/financialaid/>
- b. NCTC shall require all of its employees with direct responsibilities relating to student loans to obtain training concerning the Student Loan Code of Conduct, applicable federal and state student loan laws and regulations, and related College policies and procedures within 90 days of the date the College adopts this Code or, for new employees, within 90 days of the date of hire. NCTC shall adopt procedures to ensure these employees maintain current knowledge of the Code and applicable regulations. The College annually notifies employees who have responsibility related to Title IV federal loans of this Code of Conduct.

Date of Implementation: 8/18/09
Date of Adoption: 8/18/09
Date & Subject of Revisions: