



**Emory University
Office of Financial Aid**

Operating Principles for Student Loan Provider Relationships

The Office of Financial Aid is committed to ensuring compliance with federal, state and university guidelines while providing exceptional customer service to families seeking financial aid assistance. We understand that our role is one of a trusted advisor and approach our professional duties with the highest ethical standards.

The Office of Financial Aid's practices related to lender-school relationships are guided by Emory University's Vision Statement and Conflict of Interest policy, the National Association of Student Financial Aid Administrators' Statement of Ethical Principles/Code of Conduct and the Association of American Universities Statement of Guiding Principles Regarding Institutional Relationships with Student Loan Providers. The following operating principles are consistent with the documents mentioned above and include:

- Preferred student loan lenders are selected for inclusion on the Office of Financial Aid's website with the best interest of the student or parent borrower in mind.
- Lender choice is the responsibility of the borrower. The Office of Financial Aid provides students with information about lenders that offer competitive products, solid customer service, electronic payment of loan funds and a variety of savings programs during loan repayment.
- Lenders are surveyed and reviewed annually to provide the latest information regarding products and benefits to students. Information and results of the lender survey are available upon request.
- Preferred lender names are displayed on the Office of Financial Aid's website. Information listed on this website should be considered to be a starting point for analysis. Students may choose a lender based on name recognition, immediate benefit of lower origination fees, or the long-term advantage of repayment savings programs, such as an interest rate reduction as a reward for making timely payments.
- Students and parents are informed that they are not required to use a preferred lender listed on the Office of Financial Aid's website. Applications will be certified for any eligible student and lender.
- Employees of the Office of Financial Aid do not accept any personal benefit from student loan providers.
- Staff members within the Office of Financial Aid may participate on a lending institution's advisory board if students benefit from our participation. All expenses to participate will be paid by Emory if participation is deemed prudent for our institutional goals.
- The Office of Financial Aid will not use the services of a lending institution to make phone calls under the guise of Emory University. Lending institutions do not provide staffing to the Office of Financial Aid.
- Emory University participates in a federally approved School as Lender program for graduate and professional continuing borrowers. Under the School as Lender program, Emory serves as a lender for Federal Stafford Loans in partnership with Citibank. Emory certifies loan eligibility, originates and disburses loan funds while Citibank provides all servicing functions. After full disbursement, loans are sold to Citibank to generate proceeds for need-based aid programs for eligible students.
- The Office of Financial Aid does not participate in revenue sharing arrangements whereby Emory receives compensation for student loan volume. While some may consider the School as Lender model to be a revenue-sharing program, it is not such a program and does not violate any local, state or federal laws or university regulations.

Attachment 1:

Emory University Vision Statement

Emory: A destination university internationally recognized as an inquiry-driven, ethically engaged, and diverse community, whose members work collaboratively for positive transformation in the world through courageous leadership in teaching, research, scholarship, health care, and social action.

Emory University Conflict of Interest Statement

<http://emory.hr.emory.edu/policies.nsf>

Policies & Procedures

X-General Policies

Conflict of Interest

Section X, Part I

Faculty and Staff

POLICY

Emory requires its employees to avoid any business or financial relationship, transaction or event that may be viewed, internally or externally, as a conflict of interest between an employee and an outside party. As provided in the Emory By-laws, relations between Emory and contractors, consultants, vendors, suppliers and other third parties are to be maintained without any direct or indirect personal or financial benefit accruing to any employee of Emory or any member of the employee's family.

Specific circumstances, which may constitute a conflict of interest, include, but are not limited to, the following:

- Holding, either directly or indirectly, a position or financial interest* in an outside concern which provides services competitive with services rendered by Emory, or an outside concern from which Emory secures goods or services if the employee is involved in or may influence the ordering of such goods or services.
- Competing, either directly or indirectly, with Emory in the purchase or sale of property or property rights, interests or services.
- Disclosing or using non-public information obtained through Emory employment for personal profit or gain or for the profit or gain of an immediate family member.
- Accepting gratuities or special favors, such as meals, airline tickets, hotel accommodations, entertainment, sporting event tickets, etc., from any outside concern that does, or is seeking to do business with Emory, or extending gratuities or special favors to employees of Emory, under circumstances which might reasonably be interpreted as an attempt to influence the employees in the performance of their duties. This does not include the acceptance of items of nominal or minor value (\$40.00 or less) that are clearly tokens of respect or friendship and are not related to any particular transaction or activity of the university, nor does it include business-related social events where the employee is representing the university's interests.
- Retaining, directly or indirectly, consultants who have a financial interest* or employment that conflicts with services (including sponsored research) provided by Emory.

Any existing or proposed relationship, transaction or other event, which may raise a conflict of interest issue, is to be disclosed to the employee's dean, director or vice president in writing to determine its appropriateness and to receive specific approval to maintain or proceed with such relationship, transaction or event.

* "Financial interest" as used in this policy does not include ownership of interests in diversified investments (e.g., mutual funds, retirement plans) where the employee or consultant does not control investment decisions, nor does it include non-controlling ownership of securities in large, publicly-held corporations unless the activities of the employee or consultant could have an other than inconsequential effect on the value of such securities. With respect to ownership in start-up and other entities utilizing university intellectual property, the *Policies and Procedures for Faculty Members Involved in Sponsored*

Scientific Research and Technology Transfer shall supplement and take precedence over this policy where applicable. Where applicable, governmental regulations regarding conflict of interest shall be followed, as shall other university policies.

Attachment 2:

National Association of Student Financial Aid Administrators (NASFAA)

Statement of Ethical Principles And Code of Conduct For Institutional Financial Aid Professionals

Prologue

In April 1999, NASFAA's Board of Directors adopted a 12-point *Statement of Ethical Principles* that has served as a common foundation for accepted standards of conduct for the financial aid professional. Recognizing that the primary goal of the financial aid professional is to help students achieve their educational potential by providing appropriate financial resources, the statement addressed the standards that should be followed by these individuals in conducting their daily responsibilities.

This *Statement of Ethical Principles* was developed by the Association's Task Force on Standards of Excellence after hours of thoughtful discussion about the unique, multi-faceted role that financial aid professionals have at their institutions.

Recognizing that postsecondary educational institutions across the nation differ in their governing and administrative decision-making structures and operating policies and procedures, the Task Force focused its attention upon those general standards of conduct that financial aid professionals should adhere to regardless of their place of employment or how the institution performs its business practices.

In the past, these principles have served as a sound framework to guide financial aid professionals in their everyday conduct. But as business practices, notably in the highly competitive student loan arena, have changed, NASFAA recognizes that as an organization we must go beyond the general concepts enunciated in our statement of ethical principles.

Individuals confronted with these new circumstances therefore are seeking additional and more specific advice from NASFAA regarding how they should respond to this new environment. As such, NASFAA's Board of Directors has adopted this *Code of Conduct for Institutional Financial Aid Professionals* to further clarify its original *Statement of Ethical Principles* and to provide additional guidance on the standards of conduct that should be followed by all members of the Association in conducting their daily responsibilities.

NASFAA Statement of Ethical Principles

NASFAA's *Statement of Ethical Principles* provides that the primary goal of the institutional financial aid professional is to help students achieve their educational potential by providing appropriate financial resources. To this end, this *Statement* provides that the financial aid professional shall:

Be committed to removing financial barriers for those who wish to pursue postsecondary learning.

Make every effort to assist students with financial need.

Be aware of the issues affecting students and advocate their interests at the institutional, state, and federal levels.

Support efforts to encourage students, as early as the elementary grades, to aspire to and plan for education beyond high school.

Educate students and families through quality consumer information.

Respect the dignity and protect the privacy of students, and ensure the confidentiality of student records and personal circumstances.

Ensure equity by applying all need analysis formulas consistently across the institution's full population of student financial aid applicants.

Provide services that do not discriminate on the basis of race, gender, ethnicity, sexual orientation, religion, disability, age, or economic status.

Recognize the need for professional development and continuing education opportunities.

Promote the free expression of ideas and opinions, and foster respect for diverse viewpoints within the profession.

Commit to the highest level of ethical behavior and refrain from conflict of interest or the perception thereof.

Maintain the highest level of professionalism, reflecting a commitment to the goals of the National Association of Student Financial Aid Administrators.

Task Force on Standards of Excellence
Adopted by Board of Directors, April 1999

The NASFAA Board of Directors recognizes that institutional financial aid professionals do not function in a vacuum. First and foremost, they accept an obligation to their institution, and especially its students and families, to manage and interpret the complexities of the student financial assistance process. They must also work collaboratively with state and federal agencies and with private entities such as student loan providers to promote college access and improve student service. Finally, every student financial aid professional must continually be involved in training and professional development to ensure that he or she can provide efficient service that is in strict compliance with all applicable laws and regulations.

The NASFAA Board of Directors also recognizes that the institutions employing financial aid professionals increasingly are bound under federal and state law, or voluntarily adopted codes of institutional conduct, that bear on the administration of the student financial aid programs in general and the student loan programs in particular. While financial aid professionals cannot dictate institutional conduct, they can – and must – abide by their own professional standards. Ensuring ethical behavior through established standards and guidance is the most important core principle for self-governance in any profession in order to assure the public of the profession's integrity. This is a responsibility we embrace.

In consideration of the complexity of the tasks confronting institutional financial aid professionals, the NASFAA Board of Directors has promulgated this *Code of Conduct* to provide further guidance

respecting the *Statement of Ethical Principles*. The *Code* is intended to help guide financial aid professionals in carrying out these obligations, particularly with regard to ensuring transparency in the administration of the student financial aid programs, and to avoid the harm that may arise from actual, potential, or perceived conflicts of interest.

Code of Conduct for Institutional Financial Aid Professionals

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:

Refrain from taking any action for his or her personal benefit.

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.

Ensure that the information he or she provides is accurate, unbiased, and does not reflect any preference arising from actual or potential personal gain.

Be objective in making decisions and advising his or her institution regarding relationships with any entity involved in any aspect of student financial aid.

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 of expenses) for serving on an advisory body or as part of a training activity of or sponsored by any such entity.

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.

Adopted by Board of Directors, May 2007

Explanation of the Code of Conduct

As previously noted, financial aid professionals work within vastly differing institutional environments and share decision-making authority regarding financial aid policy, practices, and procedures. NASFAA strongly encourages each financial aid professional to engage his or her institutional colleagues so that there is common understanding regarding the conduct of their respective obligations. To facilitate this exchange, NASFAA has provided the following explanation of the elements of the *Code of Conduct*:

1. “Refrain from taking any action for his or her personal benefit.”

While performing one’s work in an exemplary fashion should result in “personal benefit” in the form of professional advancement and recognition, this provision obviously relates to actions that are *contrary* to the obligations the individual has to the institution and its students and their

parents. This includes the individual, or a member of their family, never accepting cash payments, stocks, club memberships, gifts, entertainment, expense-paid trips, or other forms of inappropriate remuneration from any business entity involved in any aspect of student financial aid. It also relates to actions which, while on balance may be supportive of the financial aid professional's work, are chosen from among alternatives *because* they also benefit the financial aid professional.

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.”**

The statement – never taking action contrary to law or regulation – should be self-evident.

However, note the use of the term “*believes* to be contrary to law [or] regulation.” The financial aid professional works in a complex legal environment. Any doubts as to whether a course of conduct is legally proper should be resolved by referring the matter to the institution's legal advisors for guidance. In addition, the individual should understand and adhere to all institutional policies as well as other local, state or federal requirements that are applicable to his or her conduct or job performance.

3. **“Ensure that the information he or she provides is accurate, unbiased, and does not reflect any preference arising from actual or potential personal gain.”**

When providing information, at all times the key should be transparency. Students and parents should be able to fully understand their rights, obligations, and – of paramount importance – their alternatives. Applying these principles to the use of “preferred lender” lists is instructive. If an institution elects to provide such a list, a financial aid professional is expected to demonstrate transparency, completeness, and accuracy of information by ensuring that:

- Students and their parents understand they are not required to use any of the lenders on a “preferred lender” list, are free to select the lender of their choice, and understand the process for selecting a lender and applying for a loan;
- The school will promptly certify any loan from any lender selected by a borrower;
- The process through which “preferred lenders” are selected is fully disclosed;
- Borrowers are provided with consumer information about the loan products offered by entities on a school's “preferred lender” list. Such information must include the disclosure of competitive interest rates, terms, and conditions of federal loans; high quality loan servicing; or additional benefits beyond the standard terms and conditions for such loans.
- The process through which students execute Master Promissory Notes preserves a student's right to select the lender of his or her choice;
- Lenders who are included in a “preferred lender” list disclose agreements to sell their loans to other entities; and
- The selection of lenders for inclusion on a “preferred lender” list is based solely on the best interests of the students and parents who may rely on such a list.

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.”**

Financial aid professionals must always be fair-handed when recommending or entering into a business relationship with any entity offering a product or service related to financial aid. A lender may not be placed on a school's “preferred lender” list in exchange for a prohibited inducement. Placement on a “preferred lender” list, therefore, must not be based on benefits

provided to the institution, an employee of the institution, or its students in connection with loans not covered by such list. In the same light, financial aid professionals should not arrange for alternative (i.e., non-federal or “opportunity”) loan programs that disadvantage students or parents who do not receive such loans.

Transparency also requires that when a student or parent has communication with what he or she believes to be the institution’s financial aid office that is precisely what should occur; no employee or agent of a lender should ever be identified, either directly or by implication, as an employee or agent of the institution.

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 of expenses) for serving on an advisory body or as part of a training activity of or sponsored by any such entity.”**

The first element in the *Code of Conduct* prohibits the conflict of interest that arises when one acts for personal gain. This fifth element is intended to avoid the *appearance* of conflict of interest that arises when a financial aid professional accepts benefits from a lending institution or similar entity. The fact that the financial aid professional may have no intention to provide an advantage to the lender as a result of the benefit he or she receives, and indeed *does not* provide any such advantage, is not the point. The benefit received by the financial aid professional creates an *appearance* that he or she may not be impartial, and may not be acting solely in the best interests of the students and parents he or she serves. In our profession such an appearance can do great harm, and it must be strictly avoided.

The term “nominal value” leaves some room for interpretation. This is intentional: many states and institutions have laws and policies that regulate such activities, and it is common for such laws and policies to define with specificity what is meant here by “nominal value.” As a general guide, and subject to more restrictive laws and policies, a total retail value of not more than \$10 should be considered reasonable.

The last component of this element of the *Code* deals with reimbursement for travel and expenses incurred when serving on lender advisory boards or attending lender-sponsored training activities. There is certainly value in providing lenders with the unique expertise and perspective that only financial aid professionals can provide, but receiving any remuneration for such service, even if only in the form of reimbursement for expenses, creates the *appearance* of conflict that must be avoided. The same principle applies to reimbursement for lender-sponsored training activities. Professional development is a key component of being an effective financial aid professional, and attending lender-sponsored training programs can be a valuable way of obtaining the most current information. Again, however, receiving any remuneration for such attendance from a source other than his or her institution, even in the form of reimbursement for expenses, creates the same impermissible *appearance* of conflict of interest, and must be avoided.

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.”**

The same principle of transparency, or avoiding the *appearance* of conflict of interest, drives this element of the *Code*. Every institution has a written policy on disclosure of *potential* conflicts of

interest, and a process of determining whether an employee's involvement creates an *actual* conflict of interest or the *appearance* of a conflict. It is the obligation of the financial aid professional to strictly abide by the requirements of his or her institution's conflict of interest policy, particularly with regard to any activities, involvement, investment, or interest in any financial aid-related entity. Institutional conflict of interest policies typically describe the nature of investments that require disclosure and review, generally excluding interests held by mutual funds or below a certain minimum value. As a practical matter, financial aid professionals should avoid any investment in or financial relationships with lenders and similar entities.

These principles should apply throughout the administration of the programs for which the financial aid professional is responsible, including Direct Loans, FFELP, and loans originated under the School as Lender program.

There should never be any difference between "ethical" and "best" practices. The ethical practice *is* the best practice. As an organization, NASFAA unequivocally supports the principles and practices described in this Statement. When a practice or policy arises that appears in conflict with these principles, it is the obligation of the financial aid professional to bring this to the attention of those responsible within his or her institution, and to seek a resolution consistent with these principles.

Questions regarding the principles and practices described in this statement should be directed to:

National Association of Student Financial Aid Administrators

1129 20th Street, N.W., Suite 400

Washington, D.C. 20036-3453

202.785.0453

Ethics@NASFAA.org

www.NASFAA.org

May 24, 2007

Attachment 3:



ASSOCIATION OF AMERICAN UNIVERSITIES

**Statement of Guiding Principles Regarding
Institutional Relationships with Student Loan Providers**

April 26, 2007

Preamble

The purpose of the federal student loan program is to provide the best possible terms for students and parents who borrow to help finance higher education. Private student loans are an important additional resource for many students. Students and families must receive trustworthy, reliable guidance from institutions about financial aid.

The first priority in institutional dealings with student loan providers should be the best interests of student borrowers. Institutions should exercise sound judgment in their application of these principles to particular situations that arise.

Key Guiding Principles

- 1) Institutional integrity and the appearance of integrity are essential in processes that identify and recommend student-loan providers.
- 2) Decisions by colleges and universities with respect to student lenders should be based on an assessment of student borrowers' best interests.
- 3) Colleges and universities should inform students and parents that they may select the lender of their choice, and should not penalize students and parents for selecting a lender not on a preferred lender list.
- 4) Colleges and universities should disclose the criteria for recommending student lenders.
- 5) Institutional personnel involved in or responsible for administration of student financial aid programs should not accept any personal benefit from a lender.
- 6) Colleges and universities should take steps to ensure that a) lender representatives dealing with students and parents disclose their affiliation and not assert or imply that they are employees of the institution, and b) no lender representative, in the course of permissibly serving the institution, promotes a particular lender's loan product.