

Code of Conduct Related to Student Loan Activities

USSS-01



About This Policy

Effective Date:

03-01-2009

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Responsible University Office:

University Student Services and Systems

Responsible University Administrator:

Executive Vice President for University Academic Affairs

Policy Contact:

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Related Information

* [Indiana University Conflicts of Interest Policy](#)

* [Indiana University Conflicts of Commitment policy](#)

* [Federal Higher Education Opportunity Act \(HEOA\) August, 2008](#)

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Scope

All university officers, employees and agents.

Annual distribution of the Code of Conduct to all university officers, employees and agents with responsibilities related to student loan activities.

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Policy Statement

Indiana University as a participant in federal loan programs is required to have a code of conduct applicable to the institution's officers, employees, and agents. The code of conduct requirements are set forth in the Higher Education Opportunity Act (HEOA) signed into law on August 14, 2008.

Indiana University has adopted conflicts of interest and commitment policies but the Code of Conduct Related to Student Loan Activities is an additional requirement specific to certain transactions and activities related to financial aid matters. In addition, the law includes requirements related to publication of the code and annual disclosures.

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Reason For Policy

The HEOA program participation agreement which must be executed by all institutions participating in Title IV financial aid programs including student loan programs, requires a code of conduct with which the institution's officers, employees, and agents shall comply. Such code must prohibit a conflict of interest with the responsibilities of an officer, employee, or agent of an institution with respect to such loans, and include the provisions set forth in the HEOA related to conflicts. The law further specifies that the code shall be displayed prominently on the institution's website and that all institutional officers, employees and agents with responsibilities related to such loans be annually informed of the provisions of the code of conduct.

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Procedure

Code of Conduct

Indiana University hereby adopts the following provisions from the HEOA, Section 493 as its Code of Conduct Related to Student Loan Activities and will annually inform all institutional officers, employees, and agents with responsibilities for student loan activities and decisions of the provisions of this code. This code is supplemental to existing university policies related to conflicts of interest and commitment.

“(1) *BAN ON REVENUE-SHARING ARRANGEMENTS.*—

“(A) *PROHIBITION.*—*The institution shall not enter into any revenue-sharing arrangement with any lender.*

“(B) *DEFINITION.*—*For purposes of this paragraph, the term ‘revenue-sharing arrangement’ means an arrangement between an institution 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 the institution or to the families of such students; and*

“(ii) *the institution 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.*

“(2) *GIFT BAN.*—

“(A) *PROHIBITION.*—*No officer or employee of the institution who is employed in the financial aid office of the institution or who otherwise has responsibilities with respect to education loans, or agent who has responsibilities with respect to education loans, shall solicit or accept any gift from a lender, guarantor, or servicer of education loans.*

“(B) *DEFINITION OF GIFT.*—

“(i) *IN GENERAL.*—*In this paragraph, the term ‘gift’ means any gratuity, favor, discount, entertainment, hospitality, loan, or other item having a monetary value of more than a 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.*

“(ii) *EXCEPTIONS.*—*The term ‘gift’ shall not include any of the following:*

“(I) *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.* “(II) *Food, refreshments, training, or informational 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 servicer of education loans to the institution, 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 institution 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 institution’s responsibilities for entrance and exit counseling as required by subsections (b) and (l) of section 485, as long as—*

“(aa) *the institution’s staff are in control of the counseling, (whether in person or via electronic capabilities); and*

“(bb) *such counseling does not promote the products or services of any specific lender.*

“(V) *Philanthropic contributions to an institution 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.*

“(VI) *State education grants, scholarships, or financial aid funds administered by or on behalf of a State.*

“(iii) *RULE FOR GIFTS TO FAMILY MEMBERS.*—*For purposes of this paragraph, a gift to a family member of an officer or employee of an institution, 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—

“(I) the gift is given with the knowledge and acquiescence of the officer, employee, or agent; and

“(II) 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) **CONTRACTING ARRANGEMENTS PROHIBITED.**—

“(A) **PROHIBITION.**—An officer or employee who is employed in the financial aid office of the institution 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.

“(B) **EXCEPTIONS.**—Nothing in this subsection shall be construed as prohibiting—

“(i) an officer or employee of an institution who is not employed in the institution’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;

“(ii) an officer or employee of the institution who is not employed in the institution’s financial aid office but who has responsibility with respect to education loans as a result of a position held at the institution, 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 institution 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 the institution; 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 an institution, if the institution has a written conflict of interest policy that the board member or trustee must recuse themselves from any decision regarding education loans at the institution.

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Sanctions

Violations of university policies, including the failure to avoid a prohibited activity or disclose a conflict of interest in timely manner, will be dealt with in accordance with applicable university policies and procedures, which may include disciplinary actions up to and including termination from the university.

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Additional Contacts

<i>Subject</i>	<i>Contact</i>	<i>Phone</i>	<i>Fax/Email</i>
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History

This policy was created in 2009 to comply with the HEOA Act of 2008.