

TEXAS A&M INTERNATIONAL UNIVERSITY™

Standard Administrative Procedure

7.02 Texas Higher Education Fair Lending Practices

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<i>Next scheduled review:</i>	<i>As Needed</i>

Standard Administrative Procedure Statement

This standard administrative procedure will help the University set a code of conduct for Financial Aid Professionals as required under the Higher Education Opportunity Act of 2008 and the Texas A&M University System (TAMUS) policy 07.01 for all financial aid programs adhering to Texas Higher Education Fair Lending practices.

Definitions

1. "Employee of an institution of higher education" includes any employee, agent, student financial aid contractor, director, officer, or regent of the institution.
2. "Gift" means any discount, favor, gratuity, inducement, loan, stock, or thing of value exceeding \$20 in value.

The term "gift" includes:

- 2.1 any money, service, loan, entertainment, honoraria, hospitality, lodging costs, meal, registration fee, travel expense, discount, forbearance, or promise;
- 2.2 a gift provided in kind, by purchase of a ticket, through payment in advance, or through reimbursement after expenses have been incurred;
- 2.3 any computer hardware for which the recipient pays a below-market price; or
- 2.4 any printing costs or services.

The term "gift" does not include:

- 2.5 a student loan lender's own brochure or promotional literature;
- 2.6 training, or informational material furnished to an employee of an institution of higher education as an integral part of a training session, if that training session contributes to the professional development of the employee; or
- 2.7 money from a student loan lender that is given to the institution of higher education, outside the office of student financial aid, for a philanthropic purpose and not for the purpose of securing a benefit relating to student lending for the student loan lender, including, but not limited to, money for:

- 2.7.1 scholarships, grants, work study funds, or similar types of awards that are passed directly on to students;

2.7.2 any building, room, facility, or equipment for a department other than the department in which the office of student financial services is located;

2.7.3 naming a facility or program in accordance with applicable naming regulations and policies adopted by the institution; or

2.7.4 programs or operations other than those related to the office of student financial services. Money donated as described in this section may not have any direct connection or benefit to any University employee involved in decisions relating to the offering of student loan products and may not be considered by the University in the assessment of a lender in the student loan process.

3. "Student loan lender" means: any person who is in the business of, independently or through an affiliate: making, brokering, arranging, or accepting applications for student loans; or any entity or association of entities that guarantees student loans, except for the Texas Guaranteed Student Loan Corporation or any similarly structured entity.

Procedures and Responsibilities

All financial aid employees at Texas A&M International University review the code of conduct, TAMUS policy 07.01, Texas Government Code and the NASFAA Statement of Ethical Principles and Code of Conduct, and sign a document indicating that they have read, understand, and will comply with the principles contained within.

Code of Conduct Principles

A. Prohibition on Revenue Sharing

1. A revenue sharing agreement is defined as "any arrangement between an institution and a lender under which the lender makes Title IV loans to students attending the institution (or to the families of those students), 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 or to its officers, employees, or agents".
2. Neither Texas A&M International University nor any employee of Texas A&M International University who has responsibilities with respect to financial aid shall enter into any revenue-sharing arrangement with any lender.

B. Prohibition on Gifts

1. a. A gift is defined as any gratuity, favor, discount, entertainment, hospitality, loan, or other item having monetary value of more than a de minimus amount.
 - b. A gift does not include:
 - 1) a brochure, workshop, or training using standard materials relating to a loan, default aversion, or financial literacy, such as a brochure, workshop or training;
 - 2) food, training, or informational material provided as part of a training session designed to improve the service of a lender, guarantor, or servicer if the training contributes to the professional development of the institution's officer, employee or agent;

- 3) favorable terms and benefits on an education loan provided to a student employed by the institution if those terms and benefits are comparable to those provided to all students at the institution;
 - 4) entrance and exit counseling as long as the institution's staff are in control of the counseling and the counseling does not promote the services of a specific lender;
 - 5) philanthropic contributions from a lender, guarantor, or servicer that are unrelated to education loans or any contribution that is not made in exchange for advantage related to education loans, and;
 - 6) State education grants, scholarships, or financial aid funds administered by, or on behalf of, a State.
2. No employee of Texas A&M International University's financial aid office (or an employee or agent who otherwise has responsibilities with respect to educational loans), nor any family member of such, may solicit or accept any gift from a lender, guarantor, or servicer of education loans.
 3. Texas A&M International University is not prohibited from accepting endowment gifts, capital contributions, scholarship funding, or other financial support from a lender, guarantor, or servicer of education loans, so long as the University gives no competitive advantage or preferential treatment to the lender, guarantor, or servicer of education loans related to its education loan activity in exchange for such support.

C. Prohibition on Compensation for Consulting, Contracting, or Advising

1. No employee of Texas A&M International University's financial aid office (or an employee or agent who otherwise has responsibilities with respect to educational loans), nor any family member of such, shall accept any fee, payment, or other financial benefit as compensation for any type of consulting arrangement or contract to provide services to, or on behalf of, a lender relating to education loans.
2. No employee of Texas A&M International University's financial aid office (or an employee or agent who otherwise has responsibilities with respect to educational loans), nor any family member of such, shall accept any fee, payment, or other financial benefit as compensation for serving on an advisory board, commission, or group established by a lender or guarantor (or a group of lenders or guarantors), except for reimbursement of reasonable expenses incurred by the employee for serving on the board.
3. The Texas A&M International University financial aid office may hold membership in any nonprofit professional association, or an employee of the Texas A&M International University financial aid office may hold individual membership in any nonprofit professional association.
4. Texas A&M International University financial aid office employees are not precluded from attending any educational or training program related to financial aid or higher education loans where no registration fee is charged to any attendee because of a lender, guarantors, or loan servicer's sponsorship or support of the program, and provided that the registration fee is limited to covering the costs associated solely with the education or training component of the program.
5. These prohibitions shall not apply to participation on advisory boards that are unrelated in any way to financial aid or higher education loans.

D. Prohibition on Loan Awarding Process

1. The Texas A&M International University financial aid office, or an employee of the Texas A&M International University financial aid office, shall not, for any first-time borrower, assign, through award packaging or other methods, the borrower's loan to a particular lender or refuse to certify, or delay certification of, any loan based on the borrower's selection of a particular lender or guaranty agency.
2. The Texas A&M International University financial aid office, or an employee of the Texas A&M International University financial aid office, shall not direct any borrower to a specific lender for the purpose of borrowing an educational loan. However, a list of lenders that Texas A&M International University students have previously selected for educational loans, can be provided to prospective borrowers.

E. Prohibition on Contracting Arrangements for Private Educational Loans

1. Texas A&M International University may not request or accept from any lender any offer of funds to be used for private educational loans to students in exchange for providing concessions or promises to the lender regarding a number of loans, loan volume, or a preferred lender arrangement for private educational loans.
2. This prohibition extends to "opportunity pool loans", which are defined as a private education loan made by a lender to a student (or the student's family) that involves a payment by the institution to the lender for extending credit to the student.

F. Prohibition of Lending Institutions Providing Staffing Assistance

1. No employee or other agent of a lending institution may staff the Texas A&M International University Financial Aid Scholarship office at any time, either in-person or as part of a call center. The University shall ensure that no employee or other representative of a lending institution is ever identified to students or prospective students of the University or their parents as an employee or agent of the University.
2. Representatives of lenders may be allowed to conduct informational sessions, such as exit interviews and presentations on loan payment and loan consolidation options, so long as: (a) student attendance is voluntary; (b) a University representative explains that other lenders may provide similar services; (c) the affiliation of the lender representative is disclosed at the start of the presentation; (d) the lender representative does not promote the products or services of any lender, and (e) the University takes reasonable steps to ensure compliance with the requirements of this paragraph.
3. In the event that the University permits a lender to conduct information sessions or exit interviews as explained above, the University must retain control of any interview or presentation offered by Lenders. Control may be evidenced by: (a) a University employee attending such interview or presentation; (b) the University recording or videotaping the interview or presentation; or (c) with respect to an exit interview conducted electronically via the internet, the University creating or approving in advance the content of such electronic exit interview.
4. Staffing assistance from a lending institution is permitted on a short-term, nonrecurring basis to assist 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. A lender may provide educational counseling materials, financial literacy materials, or debt management materials as long as the materials identify the lender that assisted in preparing the materials.
- G. In addition, Texas A&M International University financial aid office employees shall:
1. Avoid all conflicts of interest, potential conflicts of interest, and the appearance of conflicts of interest which would result in personal financial gain to the employee.
 2. Refrain from knowingly taking any action that is contrary to law, regulation, university policy, or contrary to the best interests of students and their families.
 3. Refrain from taking any action or decision for a family member, friend, or business associate that would result in impacting financial aid eligibility, other than running automated processes in which the student is being processed along with many other students.
 4. Promote the core values and mission of the Texas A&M International University financial aid office.
 5. Notify their supervisor, or Financial Aid Director, of any observed potential conflict of interest by a financial aid office employee.
 6. Notify the Financial Aid Director if any family member, friend, or business associate has been granted the ability to disburse aid by another office of Texas A&M International University.

<i>Related Statutes, Policies, Regulations, Rules or Requirements</i>
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Texas A&M University System (TAMUS) policy 07.01

Texas Education Code, Section 61.003

Title IV, Higher Education Act of 1965 (Pub. L. No.89-329)

Higher Education Opportunity Act of 2008 [HEOA § 487(a)(25)]

<i>Appendix</i>

Code of Conduct for Financial Aid Professional at TAMIU

NASFAA Statement of Ethical Principles

NASFAA Code of Conduct for Institutional Financial Aid Professionals

<i>Contact Office</i>

Office of Student Financial Aid