

**CAMBRIDGE JUNIOR COLLEGE CODE OF CONDUCT REGARDING LENDER
RELATIONSHIPS & LOANS**

(based on Federal Regulations & Higher Education Opportunity Act)

I. **ETHICAL PRINCIPLES:**

All decisions and actions made or taken by any of the Cambridge Junior College financial aid office employees or any other officers and employees who have contact with guaranty agencies or lenders (for federal or private loans) are consistent with the following principles:

1. ***STUDENT CHOICE:*** Students must be given have a genuine, fair and equal **opportunity to choose** among and between all lenders and loans, federal and private, which choice shall not limited to those made lenders or loans made available or recommended by Cambridge Junior College.
2. ***STUDENT INTERESTS:*** Cambridge Junior College establishes relationships with those lenders which offer the best benefits for students – interest rates and fees, payment terms and services.
3. ***AVOIDANCE OF CONFLICTS:*** No director, officer or employee of Cambridge Junior College will have any relationship – as director or employee or representative – with any lender or guaranty agency nor accept any thing of value, other than token marketing items and nominal conference refreshments, from any lender. Cambridge Junior College will not accept any service or thing of value from any lender or guaranty agency, other than training for financial aid staff relevant to loan processing, loan processing materials and financial literacy materials, emergency staffing services, entrance and exit counseling services conducted under the supervision of a financial aid officer of the Cambridge Junior College, and reimbursement of reasonable costs for domestic travel to training conferences hosted by lenders and/or guaranty agencies.
4. ***INSTITUTIONAL DISCLOSURE:*** If Cambridge Junior College develops and uses a preferred lender list, the selection process and criteria must be disclosed in writing to students. If any lender or guaranty agency offers to make philanthropic contributions to Cambridge Junior College for institutional aid or student financial assistance, there can be no promise of preferred status or other commitments given in exchange for or because of such contributions.
5. ***STUDENT PRIVACY:*** All student financial information – about need, resources, loans and other aid – will be kept confidential and, without written student authorization, not shared with outside parties, other than the United States Department of Education (DOE), state aid agencies, lenders, servicers and guaranty agencies.

II **CODE OF CONDUCT:** All directors, officers, employees and other representatives of the Cambridge Junior College (“**Institutional Representatives**”) are required to comply with each of the following rules in this Code of Conduct for Lender Relationships & Loans (“**Code**”) and to also promptly inform Cambridge Junior College’s Director or CEO in writing if they become aware of facts indicating that there may have been a violation of the Code:

1. ***PROHIBITED RELATIONSHIPS:***

- a) No Institutional Representative shall act as a officer, employee, consultant or sales representative for any guaranty agency or lender, no financial aid officer or employee of the Institution (including any officer of the Institution with responsibility for overseeing the financial aid office and/or the Institution's relationships with lenders) shall serve on the board of directors of a lender, and no other employee, officer and director of the Institution shall serve as an uncompensated member of the board of directors of any lender, unless such individual has confirmed in writing that he/she will abide by the Institution's published conflict of interest policy and has obtained written permission from the ethics officer, legal counsel or president of the Institution.
 - b) No financial aid officer or employee of the Institution shall serve on any *advisory board* for any guaranty agency or lender, nor shall any other Institutional Representative serve on such a board, unless such service has been *approved in writing* by the Director or CEO for the Institution.
2. **PROHIBITED INVESTMENTS:** No Institutional Representative shall purchase or accept any stock, bond or other equitable or legal interest in any guaranty agency or lender, nor any option to acquire such an interest, but this prohibition shall not preclude ownership of units in a mutual fund holding such stocks or bonds.
3. **PROHIBITED BENEFITS TO INDIVIDUALS:** No Institutional Representative shall accept any prize, gift, compensation, entertainment (including concert and sporting event tickets), meals, travel cost reimbursement or other benefit from any guaranty agency or lender ("**Prohibited Benefits**"), but this does not include promotional items of nominal value, conference meals and refreshments open to all attendees, and reimbursement of reasonable costs for domestic travel to attend conferences or seminars providing training on the administration of loans or to attend advisory board meetings focused on best practices. If any lender or guaranty agency attempts to offer any Institutional Representative any Prohibited Benefit, he or she shall promptly report this to the Institution's Director or CEO [*WHERE REQUIRED*: and to the state department of education for any state in which the Institution maintains a campus.].
4. **PROHIBITED BENEFITS OR INDUCEMENTS TO INSTITUTION:**
- a) The Institution will not accept any payment or benefit of any kind from any guaranty agency or lender, including without limitation any rebate or share of revenue and any computer software or hardware (at no charge or at below market rates), as consideration for entering into a contractual relationship or for placing a lender on a preferred lender list.
 - b) The Institution will not accept from any lender any 'opportunity pool,' revenue sharing arrangements or similar funding arrangements offered for use in making private loans to higher risk students in exchange for promises or concessions by the Institution.

- c) The Institution will accept philanthropic contributions from a lender or guaranty agency, only if such contributions are made without any expectation or promise of any preferred status, advantage, recommendation, business volume, or other benefit.
5. ***PROHIBITED PROMOTIONS:*** The Institution will not allow its name, logo, emblem or mascot, or any other words, symbols or photographs readily associated with the Institution to be used by any guaranty agency or lender in any advertisement, publication or other communication suggesting that the Institution has endorsed loans or services offered or guaranteed by the guaranty agency or lender. The Institution will assure that all materials provided to students about federal or private educational loans shall prominently identify the name of the lender.
6. ***PROHIBITED REPRESENTATIONS & SERVICES:***
- a) The Institution will not allow any employee, agent or representative of any lender or guaranty agency to represent himself or herself to the public, or to otherwise act, as an agent or representative of the Institution.
- b) No Institutional Representative will represent himself or herself to the public, or otherwise act, as an agent or representative of any lender or guaranty agency.
- c) The Institution generally will not accept any assistance from a lender or guaranty agency for financial aid office or call center staffing, but may accept: staffing assistance on a short term basis in the event of a disaster creating emergency needs; entrance and exit counseling services when supervised by a financial aid officer of the Institution; and financial literacy materials not promoting any lender or guaranty agency.
7. ***PROHIBITED INDUCEMENTS BY INSTITUTION:*** The Institution will not offer or provide to any guaranty agency or lender any inducement to secure any business relationship, any particular kind of loans or scholarships, services or other benefits. This prohibition includes, but is not limited to, any promise of loan volume, preferred status, or any other advantage or benefit.
8. ***PREFERRED LENDER LISTS:*** The Institution will comply with the following requirements for any list of preferred federal or private student loan lenders (“**Lender List**”) given to students and parents:
- a) The Lender List will include a prominent **reminder** that **students** may **choose** to use a lender not on the list and that Cambridge Junior College is required to process loan documents for any eligible lender selected by students;
- b) The Institution will include on the financial aid webpage of its website a prominent reminder that students are not required to use any federal or private lender recommended by the Institution and may select any other lender;
- c) The Lender List shall clearly **disclose** the Institution’s selection **process** and selection **criteria** for lenders;

- d) **Criteria** for selecting **preferred lenders** shall emphasize student interests and benefits – competitive rates and high quality service, along with business reputation, financial strength and processing capabilities of the lender;
- e) **Terms** offered by preferred lenders must **be equally available** to **all** of the Institution’s eligible **students**;
- f) The Institution’s financial aid staff shall conduct a **performance review** of its preferred lenders at least once every 12 months & make changes when appropriate;
- g) The Lender List shall include **comparative information** for listed lenders, including interest rates, origination fees & repayment terms, including all information required by the DOE’s Model Disclosure Form for presentation of information required by the federal Truth in Lending Act (TILA);
- h) The Lender List shall include information on the maximum amount of federal grant and loan aid available to students;
- i) The Lender List shall disclose all types of financial aid that may be available from the Institution;
- j) At least **two unaffiliated lenders** for **private loans** shall be listed (periodic reviews of the DOE lender affiliation webpage shall be conducted in order to determine affiliation status of all listed lenders); if one or more lenders withdraw and *fewer than two unaffiliated lenders* remain, then **the Institution shall cease to use a preferred lender list and instead shall only offer contact information for all lenders willing to make loans**;
- k) If any lender listed is affiliated to another lender on the list, such affiliation shall be disclosed on the list;
- l) **No** lender will be included which has **offered** any **payments** or other benefits to the Institution to seek preferred status;
- m) **No** lender will be included which is known to **sell** its **loans** to another lender but has not disclosed such relationship;
- n) **No** lender shall be included which offers **prizes** or other benefits to students for applying for loans; and
- o) **No** lender shall be included which makes **unsolicited mailings** of loan applications to students.

9. ***LOAN PROCESSING ARRANGEMENTS:***

- a) The Institution shall not use any software or processing system or practices that create a ‘default’ arrangement through which a student borrower is automatically referred to any one or more federal or private student lenders, whether or not any such lenders have been designated by the Institution as “preferred lenders.”
- b) The Institution shall not use any financial aid processing or packaging practices that delay certification of borrowers choosing federal or private student loan lenders not on the Institution’s Lender List.

10. ***FEDERAL AND PRIVATE COMPARISONS:*** If the Institution provides students with information on loans from private lenders, it shall provide each student with a separate written reminder of the potential availability of federal student loans and a written

comparison of the principal terms of such loans to the principal terms of federal student loans, including eligibility conditions, interest rates, origination fees, and repayment options & terms.

11. **LIMITATIONS ON STUDENT INFORMATION DISCLOSURES:** In the absence of a signed authorization from specific students or parents (in the case of minors) or documentation showing that the specific students or parents have filed an application with a specific lender, the Institution shall not disclose any information about the financial needs, resources and loan options or considerations of its students to any prospective lender or to any other person or entity, excluding those entities and persons to which disclosure is authorized under FERPA statutory and regulatory provisions.
12. **PREFERRED LENDER LIST DISCLOSURES:** The Institution shall annually give written disclosure to the U.S. Secretary of Education and to students about all lenders selected for inclusion on any Preferred Lender List published by the Institution, explaining the reasons why the lenders were selected, identifying the student benefits they provide, and providing the Model Disclosure Form information and *[IF REQUIRED BY STATE LAW]* shall provide the same written report to any state education department with oversight of the Institution.
13. **PUBLICATION OF CODE:** A copy of this Code shall be provided at least annually to all employees of the Institution, each of whom shall be required to sign a written certification confirming that they have received and read the Code. This Code shall be posted on the Institution's website and, upon request, a paper copy of the Code shall be given to all students either in written mailings or email notices.

THIS CODE IS BASED ON FEDERAL REQUIREMENTS IN THE 2008 HIGHER EDUCATION OPPORTUNITY ACT (HEOA), PL 110-315 (ADOPTED 8-14-08), SPECIFICALLY SECTIONS 120, 422(D), 436 (B), 1001-1022 (CODIFIED AS 20 USC §§ 151-154, 1078 (b)(3) & 1085 (d)(5) and 15 USC §§ 1631 & 1640), AND THE 2009 FEDERAL LENDER RELATIONSHIP REGULATIONS, 34 CFR §§ 601.01, 601.10, 601.11, 601.12, 601.20, 601.21, 602.30 .