

California Baptist University

Code of Conduct for Private Student Loans

In accordance with 34 C.F.R. §668.14(b) (27) California Baptist University (CBU) hereby establishes the following Code of Conduct regarding private student loans.¹ The Code of Conduct is intended to assist financial aid professionals in carrying out their 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 conflict of interest. The responsibility for the administration of this Code of Conduct and its enforcement resides with the President of California Baptist University.

The term "employees" refers to any of the CBU's officers, employees and agents who are employed in the financial aid office or who have responsibilities with respect to student loans or who have responsibilities with respect to student loans related to Title IV education loans or private loans for educational purposes.

The Code of Conduct **prohibits** CBU employees from any of the following either on their own behalf or on behalf of CBU:

- Participating in a revenue-sharing arrangement with any lender by which the lender pays a fee or provides other material benefits to CBU or any employee or agent subject to this policy in exchange for CBU's recommendation of that lender or its loan products;
- Soliciting or accepting gifts, including reimbursement of expenses or payment of expenses from any lender, guarantor, or servicer that provides private education loans to students, unless the item or payment in question meets the exceptions set forth in ADDENDUM A;
- Accepting from any lender or affiliate any fee, payment, or other financial benefit as compensation for any consulting arrangement or other services contract with or on behalf of a lender of private education loans. Exceptions may include services set forth in ADDENDUM B;
- Directing borrowers to particular lenders or delaying loan certifications;
- Requesting or accepting from any lender any offer of funds to be used for private education loans in exchange for CBU providing the lender with a specified loan volume or preferred lender arrangement for private education loans;
- Requesting or accepting any lender's request for assistance with a call center or Office of Financial Aid staffing, except that CBU may request or accept from any lender professional development training for financial aid staff members, educational counseling or other materials to provide to CBU's student borrowers (provided that such materials indicate the lender's involvement in preparing or providing them); and
- Receiving anything of value from any lender, other than reimbursement for reasonable expenses, in exchange for service on an advisory board, commission, or group established by a lender, guarantor, or group of lenders or guarantors.

Any employee who is offered any gift or monetary compensation from a lender should contact the Office of Financial Aid for clarification and guidance before responding favorably to that offer. Should an employee subject to this policy inadvertently accept a gift or other type of monetary compensation from a lender, that employee must immediately notify the Director of Financial Aid. The amount received, the name of the employee or agent, a brief description of the activity and the dates of the activity for which the expenses were paid or provided must be reported. The Director of Financial Aid is responsible for reporting this information annually to the Secretary of the Department of Education. The Director of Financial Aid is responsible for notifying all employees and agents of this requirement annually. This notification will be done via email in January of each year. In addition, this code of conduct will be published on the website of the Office of Financial Aid.

ADDENDUM A: Exceptions to the term "gift."

- Standard materials, activities, or programs related to loan issues, default aversion, default prevention or financial literacy, such as a brochure, a workshop, or training.
- Food, refreshments, training, or informational material furnished to an employee of the university as an integral part to a training session designed to improve the service of a lender, guarantor, or

servicer of education loans to the university if the training contributes to the professional development of the university's staff.

- Education grants, scholarships or financial aid funds administered by or on behalf of a state.

ADDENDUM B: Exceptions to "contracting arrangements."

- Paid or unpaid service on a Board of Directors of a lender, guarantor, or servicer of education loans by an employee of the university who is not employed in the financial aid office and who does not have responsibilities with respect to education loans or an agent who does not have responsibilities with respect to education loans.
- Paid or unpaid service on a Board of Directors of a lender, guarantor, or servicer of education loans by an employee of the university who is not employed in the financial aid office but who does have responsibilities with respect to education loans as a result of a position held at the university or an agent who has responsibilities with respect to education loans if the university has a written conflict of interest policy requires the individual's recusal from participating in any decision with the Board regarding education loans at the university.

¹ This regulation requires all institutions that participate in the federal Title IV student loan programs to adopt a code of conduct that meets the requirements of 34 C.F.R. § 601.21. The regulation cited applies to CBU as its terms relating to private education loans. A list of private education loan lenders frequently used by CBU students may be found on InsideCBU at https://insidecbu.calbaptist.edu/ICS/Financial_Aid/1516_Trad_Undergrad.jnz. This is not an exhaustive list, as lenders for private education loans change frequently.