

Colgate University Code of Conduct Related to Student Loan Activities

Policy Statement

Colgate University (the "University"), as a participant in federal loan programs, is required to develop, administer and enforce a financial aid code of conduct applicable to the University'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. This Colgate University Code of Conduct Related to Student Loan Activities (the "Code") fulfills these requirements and applies to certain transactions and activities related to student lending and financial aid matters.

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 each institution's officers, employees, and trustees shall comply. The code must prohibit a conflict of interest with the responsibilities of an officer, employee or trustee with respect to education loans. 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. Colgate University also adheres to the Student Lending, Accountability, Transparency and Enforcement (SLATE) Act under New York State law, which applies not only to the University's officers, employees and trustees, but also to the University's agents and contractors (collectively, the University's officers, employees, trustees, agents and contractors are referred to in this Code as "Covered Persons").

Code of Conduct

The University hereby adopts the following provisions from the HEOA, codified at 20 USC § 1094(e), as its Code of Conduct Related to Student Loan Activities and will annually inform all Covered Persons of the provisions of this Code. Where appropriate, the statutory language has been adjusted to reflect the specific context of the University. In addition, where New York law under the SLATE Act is stricter than federal law, the provisions of 20 USC § 1094(e) have been revised, replaced and/or supplemented as appropriate in order to comply with both federal and state law. For purposes of this Code, the term "Lending Institution" means any entity that itself or through an affiliate makes educational loans to pay for or finance higher education expenses or that securitizes such loans; any entity, or association of entities, that guarantees educational loans; or any industry, trade or professional association or other entity that receives money, related to educational loan activities, from any of the aforementioned entities.

(1) BAN ON REVENUE-SHARING ARRANGEMENTS

- (A) Prohibition—the University shall not enter into any revenue-sharing arrangement with any Lending Institution.
- (B) Definition—For purposes of this paragraph, the term "revenue-sharing arrangement" means an arrangement between the University and a Lending Institution under which –
 - (i) A Lending Institution provides or issues a loan that is made, insured, or guaranteed to students attending the University or to the families of such students; and
 - (ii) In exchange for the making of a loan and/or the University's recommendation of the Lending Institution or the loan products of the Lending Institution, the Lending Institution pays a fee or provides other material benefits, including revenue or profit sharing, or a percentage of the principal of each loan, to the University or a Covered Person.

(2) GIFT BAN

- (A) Prohibition—Neither the University nor any Covered Person shall, on his or her own behalf or on behalf of another, directly or indirectly, solicit, accept or receive any gift from or on behalf of a Lending Institution or servicer of education loans; provided, however, that the preceding shall not restrict a Covered Person who is not employed in the University's Office of Financial Aid and who does not otherwise have responsibilities with respect to education loans in his/her conduct of business with a Lending Institution that is unrelated in any manner to the University.

(B) Definition of Gift

- (i) In General—The term "gift" means any gratuity, favor, inducement, discount, fee, entertainment, hospitality, loan, stock, thing of value, or other item having a monetary value of more than \$25.00. The term also includes, but is not limited to, a gift of services, transportation, travel expenses, lodging, meals, money, honoraria, registration fees, forbearance or promise, computer hardware at prices below market price, printing costs or services, and gifts or services 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 materials, activities, or programs on issues related to a loan, default aversion, default prevention, or financial literacy, such as a brochure or other promotional literature, a workshop, or training.
 - (II) Reasonable food, refreshments, training, or informational material furnished to a Covered Person as an integral part of a training session that is designed to improve the service of a Lending Institution or servicer of education loans to the

- University, if such training contributes to the professional development of the Covered Person.
 - (III) Favorable terms, conditions, and borrower benefits on an education loan provided to a student employed by the University if such terms, conditions, or benefits are comparable to those provided to all students of the University.
 - (IV) Entrance and exit counseling services provided to borrowers to meet the University's responsibilities for entrance and exit counseling as required by subsections (b) and (l) of sections 485 [20 USC § 1092], as long as –
 - (aa) the University'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 Lending Institution.
 - (V) Philanthropic contributions to the University from a Lending Institution or servicer of education loans that are unrelated to education loans and are 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 for Family Members—For purposes of this paragraph, a gift to a family member of a Covered Person or to any other individual based on that individual's relations with the Covered Person shall be considered a gift to the Covered Person if –
- (I) The gift is given with the knowledge and acquiescence of the Covered Person; and
 - (II) The Covered Person has reason to believe the gift was given because of the official position of the Covered Person.

All Covered Persons shall report to the University, and to the New York State Education Department as required by law, any instance of a Lending Institution attempting to give a gift.

(3) CONTRACTING ARRANGEMENTS PROHIBITED

- (A) Prohibition—A Covered Person who is employed in the Office of Financial Aid or who otherwise has responsibilities with respect to education loans shall not accept from any Lending Institution or affiliate of any Lending Institution any fees, 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 Lending Institution or on behalf of a Lending Institution relating to education loans.
 - (i) Nothing in this subsection shall be construed as prohibiting service on advisory boards or boards of directors to the extent otherwise permitted by this Code (see Section 7 below).

All Covered Persons who are directly involved with or benefit from the functions of the Office of Financial Aid shall report to the University, and to the New York State Education Department as required by law, all participation or financial interests related to any Lending Institution.

(4) INTERACTION WITH BORROWERS. The University shall not--

- (A) for any first-time borrower, assign, through award packaging or other methods, the borrower's loan to a particular Lending Institution; or
- (B) refuse to certify, or delay certification of, any loan based on the borrower's selection of a particular Lending Institution.

The University shall not direct in any manner potential borrowers to any electronic promissory note or other loan agreement that does not provide a reasonable and convenient alternative for the borrower to complete a master promissory note with any federally approved Lending Institution offering the relevant loan in New York State.

The University shall ensure that no employee or agent of a Lending Institution is identified to borrowers or potential borrowers as a employee, representative or agent of the University.

No employee, agent or representative of a Lending Institution may staff the University's Office of Financial Aid or call center.

(5) PROHIBITION ON OFFERS OF FUNDS FOR PRIVATE LOANS

The University shall not enter into any arrangement with a Lending Institution pursuant to which the Lending Institution provides funds for loans to certain University students in exchange for concessions or promises to the Lending Institution that may prejudice other borrowers or potential borrowers. Without limiting the preceding sentence, the following provisions also apply:

- (A) Prohibition. The University shall not request or accept from any Lending Institution any offer of funds to be used for private education loans (as defined in section 140 of the Truth in Lending Act [15 USC § 1650]), including funds for an opportunity pool loan, to students in exchange for the University providing concessions or promises regarding providing the Lending Institution with--
 - (i) a specified number of loans made, insured, or guaranteed under this title;
 - (ii) a specified loan volume of such loans; or
 - (iii) a preferred lender arrangement for such loans.
- (B) Definition of opportunity pool loan. In this paragraph, the term "opportunity pool loan" means a private education loan made by a Lending Institution to a student attending the University or the family member of such a student that involves a payment, directly or indirectly, by the University of points, premiums, additional interest, or financial support to such Lending Institution for the purpose of such Lending Institution extending credit to the student or the family.

(6) BAN ON STAFFING ASSISTANCE

- (A) Prohibition. The University shall not request or accept from any Lending Institution any assistance with call center staffing or financial aid office staffing.
- (B) Certain assistance permitted. Nothing in the immediately preceding paragraph shall be construed to prohibit the University from requesting or accepting assistance from a Lending Institution related to--
 - (i) professional development training for financial aid administrators; or
 - (ii) providing educational counseling materials, financial literacy materials, or debt management materials to borrowers, provided that such materials disclose to borrowers the identification of any Lending Institution that assisted in preparing or providing such materials; or
 - (iii) staffing services on a short-term, nonrecurring basis to assist the University 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 of the United States Department of Education.

(7) ADVISORY BOARD COMPENSATION; BOARD SERVICE

Any Covered Person who serves as a member or participant on an advisory board, commission, or group established by a Lending Institution or group of Lending Institutions shall be prohibited from receiving remuneration or anything of value (including reimbursement of expenses for serving) from the Lending Institution or group of Lending Institutions. The foregoing shall not prohibit a Covered Person who is not employed or involved in, and does not benefit from the functions of, the University's Office of Financial Aid, and who does not otherwise have responsibility over education loans, from receiving remuneration for serving on the board of directors of a publicly traded or privately held company or on an advisory board that is unrelated in any manner whatsoever to educational loans.

Officers, employees and contractors of Lending Institutions or servicers of education loans may serve as members of the University's Board of Trustees. To avoid a conflict of interest, however, any such person serving as a member of the Board of Trustees must recuse himself or herself from any decision regarding education loans at the University.

Sanctions

This Code is in addition to, and does not replace or supersede, any other policies, rules or codes of conduct which apply to the University and Covered Persons. Violations of this Code or other University policies, rules or codes of conduct, 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. In addition, Covered Persons who are found to have violated the terms of the SLATE Act may be held liable for a civil penalty by the New York State Education Department.