BOARD OF HIGHER EDUCATION

REQUEST FOR COMMITTEE AND BOARD ACTION

COMMITTEE:	Fiscal Affairs and Administrative Policy	**NO**.:	FAAP 07-29
		COMMITTEE DATE:	June 6, 2007
		BOARD DATE:	June 14, 2007

CODE OF CONDUCT—STUDENT LOAN PROGRAMS

MOVED: The Board of Higher Education hereby adopts the attached Code of Conduct—Student Loan Programs and calls on each public institution of higher education to adopt this Code of Conduct.

Authority: Massachusetts General Laws Chapter 15A, Section 9

Contact: Dr. Clantha McCurdy, Vice Chancellor for Student Financial Assistance

MASSACHUSETTS BOARD OF HIGHER EDUCATION
CODE OF CONDUCT—STUDENT LOAN PROGRAMS

Purpose
The following Code of Conduct is proposed to govern the education lending practices of Massachusetts public colleges in an effort to help ensure integrity in all aspects of the student educational loan program. This policy formalizes long-standing code of conducts practiced by public institutions of higher education in their efforts to provide affordable access to higher education.

Statement of Ethical Principals
The Board of Higher Education believes that the practice of institutions, in recommending lenders for federal and private loans, should be based on the cost of the loan but may also consider such factors as the ease and speed of the application process, funds disbursement, and quality customer service, all of which must focus on the best interest and needs of students and without direct regard for any financial advantage to the institution.

Institutions must inform students and their families that they may select the lender of their choice; but to safeguard against predatory lenders, the institutions should provide information to the student that would enable them to make a decision regarding the best possible loan option, with the most favorable terms, customer service, and lender integrity.

Code of Conduct
The primary goal of the institution and its financial aid staff is to help students achieve their educational potential by providing appropriate financial resources. To this end, this document provides institutions, specifically financial aid professionals, with a set of principles that serves as a common foundation for an acceptable standard of conduct.

Institutions and their Financial Aid Professionals shall:

- Maintain the highest level of professionalism
- Commit to the highest level of ethical behavior and refrain from conflict of interest or the perception thereof
- Respect the dignity and protect the privacy of students, and ensure the confidentiality of student records and personal circumstances
- Provide information to families for lenders that have proven to provide the best combination of price, access to funds, and service to students and families

Further, institutions shall ensure that all officers, trustees, directors, employees or agents, and financial aid professionals adhere to the following:

- May not accept gifts, meals, travel, or any other non-trivial items from student loan providers in connection with the institution's loan business

- May not accept, from a lending institution, money, equipment, or printing services or anything of value that may provide or suggest an advantage or grant a preferred status

- If serving as a member of a lending institution's advisory board, may not accept anything of value in exchange for this service, such as "revenue sharing"

- Must review lender choices every year and if a list of preferred lenders is published via brochure, Web page, etc., clearly and fully disclose the criteria and process for selecting preferred lenders

- Must disclose information regarding any lender on the preferred lender list that has an agreement to sell loans to another lender

- Make clear to students and their families that they have the right and ability to borrow through any lender of their choice, regardless of a preferred lender list

- May not link or otherwise direct students and families to any electronic loan process, such as a master promissory note or other loan agreement, that promotes or otherwise suggests a "preferred" status for any lending institution

Reporting of Policy Violations

Any employee who believes that any provision of this policy has been violated shall report such violation to the Chair of the institution's Board of Trustees*, who shall then be responsible for immediately notifying the Chair and Chancellor of the Board of Higher Education. Upon review of the matter, the Board of Higher Education shall refer the violation to the Office of the Attorney General, if deemed appropriate.*