

Financial Aid Code of Conduct

Purpose

The purpose of this Financial Aid Code of Conduct is to prevent conflicts of interest, real or perceived, in the award and administration of educational loans at Washtenaw Community College. These guidelines establish standards of conduct and policies for all employees and others that administer or contribute to any process in the awarding and disbursing of financial aid funds.

A. Prohibitions

1. Revenue-Sharing Arrangements Prohibited: No person who is employed in the Financial Aid Office (FAO) or who has responsibilities pertaining to educational loans shall enter into a revenue sharing arrangement.
2. Conflicts of Interest Prohibited: No officer, employee, or agent of WCC shall have a conflict of interest with respect to any education loan, or any other type of financial aid, that s/he is responsible for directly or as a College employee or agent.
3. Personal Conflicts of Interest Prohibited: No employee shall process any transaction that is directly or indirectly related to his or her personal financial aid or that of a family member.
4. Gifts Prohibited: No officer, employee, or agent of WCC shall solicit and/or accept any gift, as defined below, from a lender, guarantor, or servicer of educational loans.
5. Contracting Arrangements Prohibited: No officer or employee who is employed in the FAO who otherwise has responsibilities with respect to education loans, or an agent who has responsibilities with respect to educational loans, shall accept from any lender, or affiliate of any lender, any fee, payment, or other financial benefit, including the opportunity to purchase stock, as compensation for any type of consulting arrangement to provide services to a lender or on behalf of a lender relating to educational loans. This provision does not prohibit a person who is not employed in the FAO and does not otherwise have responsibilities for educational loans from serving on the board of directors of a lender, guarantor, or servicer of educational loans in either a paid or unpaid capacity. This provision does not prohibit a person who is not employed in the FAO but who does have some responsibilities for educational loans as a result of his/her position from serving, in a paid or unpaid capacity, on such a board of directors provided that s/he recuses him/herself from any decision regarding loans at the College.
6. Particular Assignment or Delay Prohibited: The College shall not assign, through award packaging or any other method, a borrower's loan to any particular lender nor shall it refuse to certify or delay a loan based on a borrower's chosen lender or guarantor selection.
7. Offers of Funds for Private Loans Prohibited: The College shall not request or accept from any lender funds to be used for private education loans, including funds for an opportunity pool loan for the College, providing any concessions or promises regarding increased revenue or loans for any particular lender or its affiliate.
8. Staffing Assistance Prohibited: The College shall not accept or request any assistance with call center staffing or Financial Aid Office staffing from any lender or its affiliate. This excludes professional development training, providing educational counseling materials, and staffing services for a short-term emergency basis, including natural disasters.
9. Advisory Board Compensation Prohibited: Any employee who is employed in the FAO of the College or who otherwise has responsibilities with respect to education loans, or other student financial aid, and who serves on an advisory board, commission, or group established by a lender, guarantor, or group of lenders, or guarantors shall be prohibited from receiving anything of value from any of the entities except to be reimbursed for reasonable expenses incurred while serving. Any employee who receives reimbursement covered by this provision shall report the expenses incurred and the amount of the reimbursement to the Vice President for Administration and Finance.

B. Preferred Lender List

1. If WCC enters into a preferred lender arrangement, with any lender, with respect to terms and conditions or provisions favorable to a borrower (student) attending the institution or the families of such students, the student(s) and their families do not have to borrow from a lender on the preferred lender list.
2. WCC must include at least three lenders that are not affiliates of each other on their lender list, and if the institution recommends, promotes, or endorses private education loans WCC must include at least two lenders of private education loans that are not affiliates of each other on their preferred lender list.
3. WCC must include information on the preferred lender list that explains if the lenders are or are not affiliates.

4. If WCC includes lenders on the preferred lender list that are affiliates they must include that information on such lender list.
5. If WCC includes lenders on their preferred lender list that are affiliates they must describe the details of such affiliation.
6. WCC must disclose the method and criteria used by the institution in selecting lenders to enter into a preferred lender arrangement to ensure that lenders are selected on the basis of being the best choice for WCC's borrowers including:
 - Payment of originations or other fees for the borrower
 - Competitive interest rates
 - High-quality servicing
 - Additional benefits beyond standard terms or conditions
7. WCC must compile the preferred lender list without prejudice and for the sole benefit of students attending the institution or the families of such students.
8. WCC will not deny or otherwise impede the borrower's choice of a lender or cause unnecessary delay in loan certification for those borrowers who choose a lender that is not included on the WCC preferred lender list.

C. Definitions

Affiliate: A person that controls, is controlled by, is under common control, or has the power to vote five percent or more of any class of voting securities of such person.

Affiliate Organization: An alumni association, booster club, foundation, social organization, academic organization, professional organization, or any other form of organization that is affiliated with the College that is not a separate legal entity.

Agent: An officer or employee of a covered institution or an affiliate organization.

College: Any person, or affiliate, of Washtenaw Community College, including members of the Board of Trustees.

Compensation: Anything of value including, but not limited to, money, credits, loans, discounts, payments, fees, forgiveness of principal or interest, reimbursement of expenses, charitable contributions, stock options, consulting fees, educational grants, vacations, prizes, gifts, or other items of value, whether given directly or indirectly.

Conflict of Interest: When an employee, or other affiliate of the College, has financial interest or opportunity for some form of personal or professional benefit that may compromise, or appear to compromise, the independent judgment of said person which performs duties at the College.

Covered Institution: Any institution of higher education that receives any federal funding or assistance.

Education Loan: Any loan made, insured, or guaranteed under Title IV Regulations.

Gift: Any gratuity, favor, discount, entertainment, hospitality, loan,

or other item having a monetary value of more than minimal (not to exceed gift limitations as explained in the State Code of Ethics). The term includes a gift of services, transportation, lodging, or meals, whether provided in kind, by purchase of a ticket, payment in advance, or reimbursement after the expense has been incurred.

Gift excludes:

1. Standard materials, activities, or programs on issues related to a loan, default aversion, default prevention, or financial literacy, such as a brochure, a workshop, or training.
2. Food, refreshments, training, or informational material furnished to an officer or employee or an institution, or to an agent, as an integral part of a training session that is designed to improve the service of a lender, guarantor, or servicer of educational loan to the institution, if such training contributes to the professional development of an officer, employee or agent.
3. Favorable terms and conditions, and borrower benefits on an education loan provided to a student employed by the institution if such terms, conditions, or benefits are comparable to those provided to all students of the institution.
4. Entrance and exit counseling services provided to borrowers to meet the institution's responsibilities for entrance and exit counseling as required, as long as the institution staff are in control of the counseling whether in person or via electronic capabilities; and such counseling does not promote the products or services of any specific lender.
5. Philanthropic contributions to an institution from a lender, servicer, or guarantor of educational loans that are unrelated to education loans or any contribution from any lender, guarantor, or servicer that is not made in exchange for any advantage related to educational loans.
6. State education grants, scholarships, or financial aid funds administered by or on behalf of a state.

Lender or Lending Institution: Any entity that itself, or an affiliate, engages in the business of making or guaranteeing loans to students, parents, or others for purposes of financing higher education expenses. This does not include WCC.

Officer: Includes a director or trustee of a covered institution or affiliated organization, if such individual is treated as an employee of such covered institution or affiliated organization, respectively.

Opportunity Pool Loan: A private education loan made by a lender to a student attending the College, or a family member of such student, that involves a payment directly, or indirectly, of points, premiums, additional interest, or financial support to a lender for the purpose of the lender extending credit to the student or their family.

Preferred Lender Arrangement: An arrangement, or agreement, between a lender and a covered institution, or an institution affiliated with such covered institution, where a lender provides, or issues education loans, to a student attending the covered institution, or families of said student, promoting or endorsing the education loan products of a lender.

Revenue Sharing Arrangement: An arrangement between an institution and a lender under which a lender provides or issues a loan that is made, insured, or guaranteed under this title to students attending the institution or to the families of such students, or if the institution recommends the lender or the loan products of the lender in exchange for the lender to pay a fee or provide other material benefits, including revenue or profit sharing to the institution, an officer, or employee of the institution, or an agent.

D. Policy Violations

Any employee of Washtenaw Community College (WCC), or its affiliate, who violates this policy, may be subject to disciplinary actions up to or including dismissal from the College.