Code of Conduct Related to Student Loan Activities
VPSS-01

About This Policy

Effective Dates:
03-01-2009

Last Updated:
02-26-2020

Responsible University Administrator:
Vice President for Student Success

Policy Contact:
Sarah Soper
University Director of Financial Aid
saeaton@iu.edu

Scope

University officers, employees and agents who have any potential for any formal or informal relationships or arrangements with student loan providers, or who perform student loan advising, processing or disbursing activities.

Policy Statement

Code of Conduct

Indiana University hereby adopts the following provisions from the HEOA, Section 493 as its Code of Conduct Related to Student Loan Activities and will annually inform all institutional officers, employees, and agents with responsibilities for student loan activities and decisions of the provisions of this code. This code is supplemental to UA-17, Conflicts of Interests and Conflicts of Commitment.

A. BAN ON REVENUE-SHARING ARRANGEMENTS

1. PROHIBITION — Indiana University shall not enter into any revenue-sharing arrangement with any lender.

2. DEFINITION — For purposes of this policy, the term ‘revenue-sharing arrangement’ means an arrangement between the university and a lender under which —

   a. a lender provides or issues a loan that is made, insured, or guaranteed under this title to students attending the university or to the families of such students; and

   b. the university recommends the lender or the loan products of the lender and in exchange, the lender pays a fee or provides other material benefits, including revenue or profit sharing, to the university, an officer or employee of the university, or an agent.

B. GIFT BAN

1. PROHIBITION — No officer or employee of the university who is employed in the financial aid office of the university or who otherwise has responsibilities with respect to education loans, or agent who has responsibilities with respect to education loans, shall solicit or accept any gift from a lender, guarantor, or servicer of education loans.

2. DEFINITION OF GIFT —

   a. IN GENERAL — In this paragraph, the term ‘gift’ means any gratuity, favor, discount, entertainment, hospitality, loan, or other item having a monetary value of more than a de minimus amount. 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.
3. EXCEPTIONS — The term ‘gift’ shall not include any of the following:

a. Standard material, activities, or programs on issues related to a loan, default aversion, default prevention, or financial literacy, such as a brochure, a workshop, or training.

b. Food, refreshments, training, or informational material furnished to an officer or employee of the university, 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 education loans to the university, if such training contributes to the professional development of the officer, employee, or agent.

c. 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.

d. 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 section 485 of the federal law, as long as —
   i. the university’s staff are in control of the counseling, (whether in person or via electronic capabilities); and
   ii. such counseling does not promote the products or services of any specific lender.

e. Philanthropic contributions to the university from a lender, servicer, or guarantor of education 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 education loans.

f. State education grants, scholarships, or financial aid funds administered by or on behalf of the State of Indiana

4. RULE FOR GIFTS TO FAMILY MEMBERS — For purposes of this paragraph, a gift to a family member of an officer or employee of the university, to a family member of an agent, or to any other individual based on that individual’s relationship with the officer, employee, or agent, shall be considered a gift to the officer, employee, or agent if—

a. the gift is given with the knowledge and acquiescence of the officer, employee, or agent; and

b. the officer, employee, or agent has reason to believe the gift was given because of the official position of the officer, employee, or agent.

C. CONTRACTING ARRANGEMENTS PROHIBITED

1. PROHIBITION — An officer or employee who is employed in the financial aid office of the university or who otherwise has responsibilities with respect to education loans, or an agent who has responsibilities with respect to education loans, shall not 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 or other contract to provide services to a lender or on behalf of a lender relating to education loans.

2. EXCEPTIONS — Nothing in this subsection shall be construed as prohibiting —

a. an officer or employee of the university who is not employed in the university’s financial aid office and who does not otherwise have responsibilities with respect to education loans, or an agent who does not have responsibilities with respect to education loans, from performing paid or unpaid service on a board of directors of a lender, guarantor, or servicer of education loans;

b. an officer or employee of the university who is not employed in the university’s financial aid office but who has responsibility with respect to education loans as a result of a position held at the university, or an agent who has responsibility with respect to education loans, from performing paid or unpaid service on a board of directors of a lender, guarantor, or servicer of education loans, if the university has a written conflict of interest policy that clearly sets forth that officers, employees, or agents must recuse themselves from participating in any decision of the board regarding education loans at the university; or an officer, employee, or contractor of a lender, guarantor, or servicer of education loans from serving on a board of directors, or serving as a trustee, of the university, if the university has a
written conflict of interest policy that the board member or trustee must recuse themselves from any decision regarding education loans at the university.

Reason For Policy

Requirements for the code of conduct related to student loan activities were set forth in the Higher Education Opportunity Act (HEOA) of 2008.

As part of the agreement under which each campus is allowed to participate in the Title IV financial aid programs, Indiana University agrees to abide by all provisions of the Higher Education Act of 1965, as amended. This policy was developed in order to comply.

Procedure

A. Requirements specify that the code of conduct shall be displayed prominently on the university’s website and that all university officers, employees, and agents with responsibilities related to such loans be annually informed of the provisions of the code of conduct. The University Director of Financial Aid reviews required disclosure websites and monitors disclosure email messages to students annually.

B. Each fall, during the process of distributing required disclosures to students and staff, the University Director of Financial Aid will notify campus financial aid directors and the University Bursar of the annual requirement. These university officials distribute it to employees considered in scope.

Sanctions

Violations of university policies, including the failure to avoid a prohibited activity or disclose a conflict of interest in timely manner, will be addressed in accordance with applicable university policies and procedures, which may include disciplinary actions up to and including termination from the university.

Additional Contacts

| University Student Services and Systems | Jim Kennedy | 812-856-4878 | kenedjc@indiana.edu |

History

This policy was created in 2009 to comply with the Higher Education Opportunity Act of 2008. This policy was updated in 2020. On April 21, 2023, this policy was renumbered from USSS-01 to VPSS-01.

Related Information

UA-17, Conflicts of Interest and Commitment