

COLLEGE OF CHARLESTON
CODE OF CONDUCT
FOR THE
ADMINISTRATION OF TITLE IV, HEA LOAN PROGRAMS

July 1, 2010

1.0 PURPOSE

The Higher Education Opportunity Act of 2008 (“HEOA”)¹ conditions the eligibility of educational institutions to participate in Title IV loan programs (“Educational Loans”) on the development of and compliance with a Code of Conduct prohibiting certain conduct by their officers, employees, or agents with respect to student Education Loans.

The College of Charleston (“College”) is authorized by the U.S. Department of Education to participate in Title IV, HEA loan programs. Therefore, to comply with the HEOA, as well as, ensure continued eligibility of the College’s participation in such loan programs, the College has developed this Code of Conduct (“Code”) with respect to the administration of such programs. The College and all its officers, employees and agents who have responsibilities with respect to Education Loans shall comply with this Code.

As more fully set forth in Section 4.0, this Code contains provisions prohibiting: (a) revenue sharing arrangements; (b) the solicitation or acceptance of gifts, receipt of fees, payments or other financial benefits for consulting services by anyone at the College with responsibilities for Education Loans; (c) the receipt of assistance with call centers or staffing; (d) the acceptance of funds to be used for private loans in exchange for providing concessions to a private lender and; (e) the acceptance of anything of value, except for reimbursement for reasonable expenses, by an employee or a College agent with responsibilities for financial assistance that sits on a lender’s advisory board or commission.

2.0 APPLICATION

This Code applies to the College, as an institution, and to all employees and volunteers working in or for the College’s Office of Financial Assistance & Veterans Affairs, the Treasurer’s Office, and Student Loan Accounting (collectively “Covered Employees”); and to any agent or other representative of the College who has responsibilities with respect to Education Loans (“Covered Agent”).

¹ Section 493(a)(25) and (e)(1)-(7) of Public Law 110-315, August 14, 2008; 122 STAT. 3316; Higher Education Act of 1965, as amended [Section 487(a)(25) and (e)(1)-(7), codified at 20 U.S.C. 1094(a)(25) and (e)(1)-(7); and implemented at 34 CFR 668.14(b)(27)].

3.0 DEFINITIONS

For purposes of this Code of Conduct, the terms below shall have the meaning ascribed next to each:

(a) *“Anything of Value”* – A pecuniary item, including money, a bank bill, or a bank note; a promissory note, bill of exchange, an order, a draft, warrant, check, or bond given for the payment of money; a contract, agreement, promise, or other obligation for an advance, a conveyance, forgiveness of indebtedness, deposit, distribution, loan, payment, gift, pledge, or transfer of money; a stock, bond, note, or other investment interest in an entity; a receipt given for the payment of money or other property; a chose-in-action; a gift, tangible good, chattel, or an interest in a gift, tangible good, or chattel; a loan or forgiveness of indebtedness; a work of art, an antique, or a collectible; an automobile or other means of personal transportation; real property or an interest in real property, including title to realty, a fee simple or partial interest in realty including present, future, contingent, or vested interests in realty, a leasehold interest, or other beneficial interest in realty; an honorarium or compensation for services; a promise or offer of employment; and any other item that is of pecuniary or compensatory worth to a person.

(b) *“De minimus Amount”* – An amount of more than \$10.00.

(c) *“Gift”* – 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.

(d) *“Education Loan”* – Any loan made, insured, or guaranteed under the Federal Family Education Loan Program, William D. Ford Federal Direct Loan Program, or a private education loan.

(e) *“Covered Agent”* – Any agent or any other representative of the College who has responsibilities with respect to education loans.

(f) *“Covered Employee”* – Any employee (including any officer or director or volunteer) of the College who works for or in the Office of Financial Assistance & Veterans Affairs; Treasurer’s Office or Student Loan Accounting and who has responsibilities with respect to Education Loans.

(g) *“Covered Individual”* – A person who is either a Covered Agent or a Covered Employee.

(h) *“Lender”* – A bank, financial institution, person or any other entity in the business of securing, making, or extending Education Loans to Students.

(i) *“Opportunity Pool Loan”* – A private education loan made by a *Lender* to a *Student* or a family member of such a *Student* that involves a payment, directly or indirectly, by the College of points, premiums, additional interest, or financial support to such *Lender* for the purpose of such *Lender* extending credit to the *Student* or to a family member of that *Student*.

(j) “*Private Education Loan*” – A loan provided by a private educational lender that is not made, insured, or guaranteed under of Title IV of the Higher Education Act of 1965, *as amended*; and is issued expressly for postsecondary educational expenses to a borrower, regardless of whether the loan is provided through the College or directly to the borrower from the private educational lender. The term does not include an extension of credit under an open end consumer credit plan, a reverse mortgage transaction, a residential mortgage transaction, or any other loan that is secured by real property or a dwelling

(k) “*Revenue-sharing Arrangement*” – An arrangement between the College and a *Lender* under which (i) a *Lender* provides or issues a loan that is made, insured, or guaranteed under Title IV of the Higher Education Act to Students or to the families of such Students; and (ii) the institution 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 institution, an officer or employee of the College, or a Covered Agent.

(l) “*Servicer of Education Loans*” – Any individual, or any private, for-profit or nonprofit organization, which enters into a contract with the College to administer, through either manual or automated processing, any aspect of the College’s Education Loan program or any guaranty agency, or any *Lender*, that administers, through either manual or automated processing, any aspect of such guaranty agency's or *Lender's* Student Education Loan including originating, guaranteeing, monitoring, processing, servicing, or collecting loans.

(m) “*Student*” – Any person who is enrolled at the College.

4.0 PROHIBITED CONDUCT

4.1 Ban on Revenue-Sharing Arrangements

The College shall not enter into any *Revenue-Sharing Arrangement* with any Lender.

4.2 Ban on Soliciting or Receiving Gifts

(a) Covered Individuals are prohibited from soliciting or accepting any gift from a *Lender*, guarantor, or *Servicer of Education Loans*.

(b) Rule For Gifts To Family Members of Covered Individuals

A gift to a family member of a *Covered Individual*, or to any other individual based on that individual's relationship with the *Covered Individual* shall be considered a gift to the *Covered Individual* if the gift is given with the knowledge and acquiescence of the *Covered Individual*; and the *Covered Individual* has reason to believe the gift was given because of the official position of the *Covered Individual*.

4.3 Contracting Arrangements Prohibited

Covered Individuals shall not accept from any *Lender* or affiliate of any *Lender* any fee, payment, or other financial benefit (including an opportunity to purchase stock) as compensation for any consulting arrangement or other contract to provide services to a *Lender* or on behalf of a

Lender relating to education loans; nor perform (paid or unpaid) service on a board of directors of a *Lender*, guarantor or servicer of *Education Loans*.

4.4 Interaction With Borrowers

The College shall not assign a borrower's private student loan to a particular lender; all decisions will be made by the borrower in his/her independent review of borrower benefits and lender services. Further, the College will not refuse to certify, or delay certification of, any loan based on the borrower's selection of a particular *Lender* or guaranty agency.

4.5 Prohibition on Offers of Funds for Private Loans

The College will not request or accept from any *Lender* any offer of funds to be used for private education loans, including funds for an *opportunity pool loan* in exchange for the College providing concessions or promises regarding providing the *Lender* with a specified number of loans made, insured or guaranteed under Title IV of the HEA; a specified loan volume of such loans; or a preferred lender arrangement for such loans.

4.6 Ban on Staffing Assistance

(a) Except as provided in subsection (b) of this Section 4.6, the College will not request or accept from any *Lender*, guarantor, or servicer of Student loans any assistance with call center staffing or Financial Aid Office staffing.

(b) In limited circumstances, as recommended by the Director of the Office of Financial Aid & Veterans Affairs and approved by the Provost and Executive Vice President for Academic Affairs in writing, the College may request and accept assistance from a *Lender* related to (i) professional development training for financial aid administrators; (ii) providing educational materials, financial literacy materials, or debt management materials to borrowers, provided that such material disclose to borrowers the identification of any *Lender* that assisted in preparing or providing such materials; or (iii) staffing services on a short-term, non-recurring basis to assist the College 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 U.S. Department of Education.

4.7 Advisory Board Compensation

Covered Employees who serve on an advisory board, commission, or group established by a *Lender*, guarantor, or group of *Lenders* or guarantors are prohibited from receiving *Anything of Value* from the *Lender*, guarantor, or group of *Lenders* or guarantors, except that *Covered Individuals* may be reimbursed for reasonable expenses incurred in serving on such advisory board, commission, or group.

5.0 ENFORCEMENT

5.1 Employees

Alleged violations of this Code of Conduct and disciplinary proceedings involving employees shall be conducted in accordance with the provisions and controlling law and, to the extent applicable, the College's *Code of Conduct and Disciplinary Actions*; *Policy on Ethics*; and the College's *Grievance Procedure*.

5.2 Covered Agents

Any *Covered Agent* found to have violated this Code of Conduct may be held in breach of contract and, in such event, may be subjected to such sanctions and damages as may be allowed under the contract and/or applicable law including, but not limited to, ineligibility to be considered a responsible source for subsequent contracting with the College.

5.3 Responsibility

The Provost, Executive Vice President for Business Affairs, Associate Provost for Enrollment Management, Director of Financial Aid and Veteran's Affairs, and the Treasurer shall be responsible for enforcing this Code of Conduct with respect to the Covered Individuals under their respective supervision or management.

6.0 ADMINISTRATION

All Covered Individuals within the employ of the College as of the effective date of this Code , and any new employee or agent hired or retained thereafter, shall be issued a copy of this Code, and each such person shall acknowledge receipt of the same in writing. Annually therefore, each such person shall be reminded by the appropriate person listed in Section 5.3 of the provisions of this Code.

7.0 PUBLICATION

This Code of Conduct shall be placed on the College's website, to reside on the web pages of the Office of Financial Assistance & Veterans Affairs; Treasurer's Office; Academic Affairs; and Business Affairs.

8.0 RESPONSIBILITY

The Provost and the Director of Financial Aid & Veterans Affairs shall be responsible for the maintenance of this Policy. Questions regarding legal matters arising under this Code of Conduct may be addressed to the Office of Legal Affairs. All other inquiries about this Code are to be directed to the Director, Financial Assistance & Veterans Affairs.

9.0 EFFECT ON OTHER POLICIES

This Code of Conduct supplements and shall be interpreted in a manner that is consistent with the College's *Code of Conduct and Disciplinary Actions*, and the *Ethics Policy*.

10.0 AMENDMENTS

This Code of Conduct may be amended in accordance with the College's *Campus-Wide Policy Making Procedures*.

11.0 EFFECTIVE DATE

This Code of Conduct shall become effective and fully implemented on July 1, 2010.
