Introduction

Section 487(a)(25)(A) and (e) of the Higher Education Act (HEA), 34 CFR 668.14(b)(27), and 34 CFR 601.21 require an institution that participates in Title IV HEA student loan programs to develop, administer, and enforce a code of conduct with respect to loans made under the Federal Family Education Loan Program (FFELP) and private education loans. The code of conduct provides standards for business relationships between university officers, employees, and agents, their affiliated organizations, FFELP and private education loan lenders and servicers, and FFELP guarantors.

A private education loan is any loan that is not made under Title IV of the Higher Education Act and is issued to a borrower expressly for postsecondary education expenses, regardless of whether the loan is provided through the institution that the student attends or directly to the borrower from the lender. All of the following are not considered a private education loan for the purpose of this code of conduct.

- A private education loan secured by:
  - A residential mortgage transaction
  - A reverse mortgage transaction
  - An extension of credit under an open-end consumer credit plan (e.g., a home equity line of credit, or open line of credit tied to a Certificate of Deposit)
  - Real property
  - A dwelling
- An extension of credit in which Webster University is the lender if the term of the extension of credit is 90 days or less, or an interest rate will not be applied to the credit balance and the term of the extension of credit is one year or less

34 CFR 601.2

Our agents (i.e., our officers, trustees, and employees) must comply with this code of conduct. References below to persons with responsibilities for FFELP or private education loan responsibilities must be informed of the provisions of this code of conduct.

HEA Sections 487(a)(25)(A); 34 CFR 601.21(a)(2)(i); 34 CFR 668.16(d)(2)

An organization that is affiliated with us must comply with our code of conduct, and if it has an internet web site, publish the code of conduct on its web site, if the affiliated organization is engaged in the practice of recommending, promoting, or endorsing education loans for families and students who attend this institution. An affiliated organization may include, but is not limited to, an alumni organization, foundation, athletic organization, social, academic, or professional organization. An organization does not need to be directly related to us or dependent on us to be affiliated. An education loan lender is not an affiliated organization.

34 CFR 601.2 and 34 CFR 601.21(b)

This code of conduct must be published prominently on our internet site. At least annually, our agents with FFELP or private education loan responsibilities must be informed of the provisions of this code of conduct.

34 CFR 601.21(a)(2)(ii) and (ii)
**Gifts**

**Impermissible Activities**

An agent of the university who is employed in the financial aid office or who otherwise has direct responsibilities with respect to FFELP or private education loans must not solicit or accept any prohibited gift from a private of FFELP education loan lender, lender servicer, or guarantor. See the definition of a prohibited gift below, and exceptions to the gift ban under “Permissible Activities.”

**Gifts to Family Members or Others**

A gift to a family member of an agent of the university, or a gift to an individual based on that individual’s relationship with an agent of the university is not permissible if both of the following apply:

- The gift is given with the knowledge and acquiescence of our agent, and
- Our agent has reason to believe the gift was given because of that person’s official position with the institution.

34 CFR 601.21(c)(2)(iv)

**Prohibited Gift Definition**

A gift means any gratuity, favor, discount, entertainment (including expenses for shows, sporting events, or alcoholic beverages), hospitality (including private parties of select training or conference attendees), loan, or other item having a monetary value of more than a *de minimus* amount [*a de minimus amount is undefined in federal law or the US Department of Education’s inducement regulations.*] A gift includes 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.

*HEA Section 487(e)(2); 34 CFR 601.21(c)(2); 34 CFR 682.200(b)(5)(i)(A)(8); 34 CFR 682.401(e)(1)(i)(D); November 1, 2007, Federal Register, Vol. 72, No. 211, p. 61981*

**Permissible Activities**

An agent of the university, or a member of an organization affiliated with the university may accept items of a *de minimus* amount from a private or FFELP education loan lender, lender servicer, or guarantor that are offered as a form of generalized marketing or advertising or to create good will.

Examples of permissible gifts include, but are not limited to, the following:

- Pens or pencils
- Notepads
- Sticky-notes
- Rulers
- Calculators
- Small tote bags
- Other individual office supply items

An agent of the university may also accept items of value from a lender, lender servicer, or guarantor that are also offered to the general public.

*HEA Section 487(e)(2)(B); 34 CFR 682.200(b)(5)(ii)(J); 34 CFR 682.401(e)(2)(ix)*
See below for more information about loan-related materials, activities, and programs that are exempted from the gift definition.

**Philanthropic Gifts/Contributions to the University**

**Impermissible Activities**

We must not accept philanthropic contributions from a lender, lender servicer, or guarantor that are related to the education loans provided to our students by the lender, lender servicer, or guarantor, or that are made in exchange for any advantage related to education loans. In addition:

- We must not accept scholarships or grants from a FFELP lender or guarantor in exchange for FFELP loan applications or application referrals, a specified volume or dollar amount of FFELP loans made or guarantee, or placement of a lender on a FFELP preferred lender list (PLL).
- We must not accept financial aid funds under any Title IV, State, or private program from a guarantor based on an agreement to use the guarantee agency for processing loans, or to provide a specified volume of loans using the agency’s guarantee.

*HEA Section 487(e)(2)(B)(ii)(V); 34 CFR 682.200(b)(5)(i)(A)(9); 34 CFR 682.401(e)(1)(i)(E)*

**Permissible Activities**

We may accept philanthropic contributions from a lender, lender servicer, or guarantor that are not related to the education loans provided by the lender, lender servicer, or guarantor, and that are not made in exchange for any advantage to the lender, guarantor, or servicer.

*HEA Section 487(e)(2)(B)(ii)(V); 34 CFR 601.21(c)(2)(iii)(E); November 1, 2007, Federal Register, Vol. 72, No. 211, p. 61976*

**Advisory Boards**

**Impermissible Activities**

An agent of the university who is employed in the financial aid office or who otherwise has direct responsibilities with respect to FFELP or private education loans or other student aid must not accept anything of value for service on an advisory board established by a lender, group of lenders, guarantor, or group of guarantors. See the exception below for reasonable compensation under “Permissible Activities.”

*HEA Section 487(e)(7); 34 CFR 601.21(c)(7)*

**Permissible Activities**

An agent of the university who is employed in the financial aid office, or who otherwise has responsibilities with respect to FFELP or private education loans or other student aid may serve on an advisory board for a lender, group of lenders, guarantor, or group of guarantors and be compensated for reasonable expenses incurred in that service.

Expenses are considered to be reasonable if either of the following conditions are met:
• The expenses meet the standards of and are paid in accordance with a state government reimbursement policy applicable to the university.
• The expenses meet the standards of and are paid in accordance with the applicable federal cost principles for reimbursement. Federal cost principles are those contained in either OMB Circular A-21 or Circular A-122.

**HEA Section 487(e)(7); 34 CFR 601.21(c)(7); 34 CFR 668.16(d)(2)(ii)**

**Boards of Directors**

**Impermissible Activities**

**Lender, Lender Servicer, and Guarantor**
An agent of the university who is employed in the financial aid office must not serve on or otherwise participate in a lender’s, lender servicer’s, or guarantor’s board of directors.

An agent of the university who is not employed in the financial aid office but who has responsibility with respect to education loans must not serve on or otherwise participate in a lender’s, lender servicer’s, or guarantor’s board of directors if that agent will participate in any decision of the board with respect to FFELP or private education loans offered to students that attend Webster University.

**HEA Section 487(e)(3)(B)(i) and (ii); 34 CFR 601.21(c)(3)**

**Institutional Boards of Directors or Trustees**
No officer, employee, agent, or contractor of a lender, lender servicer, or guarantor may serve on our board of directors or trustees, if that individual will participate in any decision of the board with respect to FFELP or private education loans offered to students that attend Webster University.

**HEA Section 487(e)(3)(B)(iii); 34 CFR 601.21(c)(3)**

**Permissible Activities**

**Lender, Lender Servicer, and Guarantor**
An agent of the university who is not employed in the financial aid office and who has no responsibility with respect to FFELP or private education loans may serve unrestricted and with compensation on the board of directors of a lender, lender servicer, or guarantor.

An agent of the university who is not employed in the financial aid office but who has responsibility with respect to FFELP or private educational loans may serve with compensation on the board of directors of a lender, lender servicer, or guarantor, if that agent will not participate in any decision of the board with respect to FFELP or private education loans offered to students that attend Webster University.

**HEA Section 487(e)(3)(B)(i) and (ii); 34 CFR 601.21(c)(3)**

**Institutional Board of Directors and Trustees**
We may permit an officer, employee, or agent of a lender or lender servicer, or a guarantor to serve as a member of our board of directors or trustees if that individual will not participate in any decision of the board with respect to FFELP or private education loans offered to students that attend Webster University.

**HEA Section 487(e)(3)(B)(iii); 34 CFR 601.21(c)(3)**
Choice of Lender

Impermissible Activities

Our agents will not:

- Require a prospective borrower to use a lender on our Preferred Lender List
- Assign a first-time borrower’s loan to a particular lender through award packaging or other methods
- Refuse to certify or unnecessarily delay certification for a borrower based on the borrower’s selection of a particular lender or guarantor

*HEA Section 487(e)(4); 34 CFR 601.21(c)(4)*

Consulting and Contractual Arrangements

Impermissible Activities

An agent of the university who is employed in the financial aid office or who otherwise has responsibilities with respect to FFELP or private education loans will not accept from any lender or lender affiliate any fee, payment, or other financial benefit as compensation for any type of consulting arrangement or other contract to provide services to or on behalf of the lender relating to FFELP or private education loans. A prohibited financial benefit includes the opportunity to purchase stock on other than free market terms.

*HEA Section 487(e)(3); 34 CFR 601.21(c)(3)*

We will not enter into a contractual arrangement with a FFELP lender to provide services that are related to student aid, or to provide services in exchange for securing FFELP loan applications or otherwise limiting a borrower’s choice of FFELP lender. An organization that is affiliated with us will not enter into a contractual arrangement with a FFELP lender to provide services that are relate to student loans, or to provide services in exchange for securing FFELP loan applications or otherwise limiting a borrower’s choice of FFELP lender.

*November 1, 2007, Federal Register, Vol. 72, No. 211, pp. 61976, 61979, and 61981*

Permissible Activities

An agent of the university who is not employed in the financial aid office and who has no responsibilities with respect to education loans may accept compensation from a lender or lender affiliate for a consulting arrangement or other contract to provide services to or on behalf of the lender. However, if a lender is a FFELP lender, additional restrictions apply as noted in the following paragraph.

*34 CFR 601.21(c)(3)*

We may enter into a contractual arrangement with a FFELP lender to provide services only if those services are unrelated to any type of student aid, and are not undertaken to secure FFELP loan applications or limit a borrower’s choice of FFELP lender. An organization affiliated with us may enter into a contractual arrangement with a FFELP lender to provide services only if those services are unrelated to student loans.

*November 1, 2007, Federal Register, Vol. 72, No. 211, p. 61978 and 61979*
Loan Counseling

Permissible Activities

We may request and accept assistance from a lender or guarantor in conducting in-person, initial and exit loan counseling for our students, provided:

- Our staff controls the counseling. Appropriate university staff must review and approve the content of the loan counseling and provide oversight for how the counseling is conducted.
- The lender or guarantor does not promote a specific lender’s products or services. A guarantor may promote benefits provided under other federal and state programs that the guarantor administers.

We may also request and accept materials, presentations, or on-line loan counseling resources from a lender or guarantor. The materials must disclose the identity of the entity that assisted in preparing or providing the materials, and must not be used to promote the lender’s or guarantor’s education loan or other products. A guarantor’s materials may promote benefits provided under other federal and state programs that the guarantor administers.

*HEA Section 487(e)(2)(B)(ii)(IV); 34 CFR 682.200(b)(5)(ii)(A); 34 CFR 682.401(e)(2)(i); Federal Register dated October 28, 2009, Vol. 74, NO. 207, p. 55631*

Loan Terms and Conditions

Impermissible Activities

An agent of the university who is a student must not in any way process, award, or certify their own or any relative or associate’s application for financial aid. Records (both electronic and hard copy) that need to be updated in relation to an agent’s financial aid application are not to be updated or altered in any way by the agent.

Further, Financial Aid Office staff may not be debarred or suspended by a federal agency. Any staff member that has been found to be suspended or debarred by a federal agency is subject to range of administrative actions to include termination of employment.

*34 CFR Part 85*

Permissible Activities

We may solicit and accept the following favorable FFELP loan terms and conditions on behalf of our student and parent borrowers:

- A reduced origination fee
- A reduced interest rate
- Payment of the federal default fee on a Stafford or PLUS loan made under the FFELP (if applicable)
- Benefits offered to a borrower under a repayment incentive program that requires, at a minimum, one or more scheduled payments to receive or retain the benefit
- Benefits under a federal loan forgiveness program for public service or other targeted purposes approved by the U.S. Department of Education

*34 CFR 682.200(b)(5)(ii)(E) – (I)*
An agent of the university who is a student may accept favorable terms, conditions, and borrower benefits on an education loan if the terms, conditions, and benefits on the employee’s loan are comparable to those provided to all of our students.

**HEA Section 487(e)(2)(B)(ii)(III)**

**Meals, Refreshments, and Receptions**

**Impermissible Activities**

See the definition of “Gift” for information about cases when meals, refreshments, or other hospitality is considered a prohibited gift.

**Permissible Activities**

An agent of the university may accept from any lender or guarantor food and refreshments that are reasonable in cost and are offered as an integral part of a training session or conference that is designed to contribute to the agent’s professional development. The food and refreshment sponsored by the lender or guarantor must be offered to all who attend the training session or conference.

An agent of the university may attend a lender- or guarantor-sponsored reception for which food and refreshments are provided, so long as the reception is a general gathering that is held in conjunction with a training session or conference and is open to all attendees. These events provide attendees with the opportunity for information-sharing on the training being conducted.

In addition, an agent of the university may accept from a guarantor food and refreshments that are reasonable in cost and provided in connection with other workshops and forums the agency uses to fulfill its guaranty agency responsibilities.

**HEA Section 487(e)(2)(B)(ii)(II); 34 CFR 682.200(b)(5)(ii)(C); 34 CFR 682.401(e)(2)(iv) and (v)**

An agent of the university who participates in the planning of a student-aid related training session or conference will ensure that food and refreshments a lender or guarantor sponsors are reasonable in cost by applying the “prudent person test.” In other words, the cost per person for the sponsored event must not exceed the cost that would be incurred by the prudent person under the circumstances at the time the decision was made to incur the cost. The burden of proof will be, in part, on conference managers to show that costs are consistent with the normal per-person cost of the event.

**November 1, 2007, Federal Register, Vol. 72, No. 211, p. 61981**

**Opportunity Pools**

**Definition**

An opportunity pool means a private education loan made by a lender to a student attending Webster University or the student’s family member that involves Webster paying – directly or indirectly – points, premiums, additional interest, or financial support to the lender for the purpose of that lender extending credit to the borrower.
Impermissible Activities

We will not request or accept an offer of funds to be used for private education loans made to students in exchange for our promise to provide the lender with a specified number or volume of FFELP or private education loans, or a preferred lending arrangement for FFELP or private loans.

Permissible Activities

We may request or accept from any lender an opportunity pool to be used for private education loans, if it is not provided in exchange for a promise that we will deliver to the lender a specified number or volume of FFELP or private education loans, or a preferred lending arrangement for FFELP or private education loans.

HEA Section 487(e)(5); 34 CFR 682.200(b)(5)(iii)(C); 34 CFR 601.21(c)(5)

Publications

Impermissible Activities

We will not permit a FFELP lender or guarantor to print and distribute our catalogue and other non-counseling or non-student financial aid-related materials at reduced or no cost.

34 CFR 682.200(b)(5)(iii)(C); 34 CFR 682.401(e)(3)(iii)

We will not permit a lender with whom we have a preferred lender arrangement for private education loans to use our name, emblem, mascot, logo, other words, pictures or symbols readily identified with the university in the marketing of private education loans to our students or parents in a way that implies that the loan is offered or made by the university instead of the lender. We will ensure that the name of the lender is displayed on all information and documentation relating to the lender’s private education loans.

34 CFR 601.12

Permissible Activities

We may request and accept – free of charge – student aid outreach, financial literacy, debt management, default prevention, default aversion, and staff professional development materials and publications from a private or FFELP lender, or a guarantor. We may also request and accept initial (i.e. entrance) and exit loan counseling materials, presentations, or on-line resources from any lender or guarantor. The materials must disclose the identity of the entity that assisted in preparing or providing the materials, and must not be used to promote the lender’s or guarantor’s education loan or other products. A guarantor’s materials may promote benefits provided under other federal and state programs that the guarantor administers.

HEA Section 487(e)(2)(B)(ii)(I); HEA Section 487(e)(6)(B)(ii); 23 CFR 601.21(c)(2)(iii)(A) and (6)(i) and (ii); 34 CFR 682.200(b)(5)(iii)(A) and (B); 34 CFR 682.401(e)(2)(i), (ii), and (iii)
Revenue-Sharing Arrangements

Impermissible Activities

An agent of the university will not solicit or accept a fee, revenue – or profit-sharing, or other material benefit from a private of FFELP lender that issues education loans to or on behalf of our students in exchange for our recommendation of that lender or the lender’s education loan products.

*HEA Section 487(e)(1); 34 CFR 601.21(c)(1)*

Staffing Assistance

Impermissible Activities

We will not permit any lender to staff our financial aid offices except under the limited conditions described below under “Permissible Activities.”

*HEA Section 487(e)(6); 34 CFR 601.21(c)(6); 34 CFR 682.200(b)(5)(i)(10)*

We will not permit a guarantor to staff our financial aid offices under any circumstances.

*HEA Section 428(b)(3)(C)*

Permissible Activities

We may request and accept staffing assistance with financial aid-related functions from a lender’s employee or agent on a short-term, non-recurring, emergency basis, provided those services are unrelated to securing education loan applications or volume for the lender.

For this purpose, “emergency” is defined as:

- A State-designated natural disaster
- A Federally-declared natural disaster (identified by the Federal Emergency Management Agency on its website at 222.fema.gov)
- A Federally-declared national disaster
- Another localized disaster or emergency approved by the U.S. Department of Education

*HEA Section 428(b)(3)(C); HEA Section 487(e)(6)(B)(iii); 34 CFR 601.21(c)(6); 34 CFR 682.200(b)(5)(i)(A)(10); 34 CFR 682.200(b)(5)(iii)(D)*

State Education Grants, Scholarships, & Financial Aid Funds

Permissible Activities

We may accept state-based education grants, scholarships, and other state-based financial aid funds administered by or on behalf of a State from an entity who is also a guarantor.

*HEA Section 487(e)(2)(B)(ii)(VI); 34 CFR 601.21(c)(2)(iii)(F)*
Student Aid Related Programs

Permissible Activities

We may request and accept from any lender or guarantor standard materials, activities, and programs – including workshops and training – that are designed to improve the lender or guarantor’s services or contribute to our staff’s professional development. The lender or guarantor that provides any materials to us must disclose its identity in the materials that it assists in preparing or providing, and the lender’s or guarantor’s materials must no promote its student loan or other products. A guarantor may promote benefits provide under other Federal or State programs the guarantor administers.

We may also accept services that a guarantor must perform to meet its obligations to administer other Federal and State education programs that are not related to the FFELP, provided the guarantor does not use its role in these programs to secure FFELP loan applications or volume.

*HEA Section 487(e)(2)(B)(ii)(I); HEA Section 487(e)(6)(B)(ii) and (ii); 34 CFR 601.21(c)(2)(iii)(A); 34 CFR 682.401(e)(2)(ii), (iii) and (iv); November 1, 2007, Federal Register, Vol. 72, No. 211, p. 61982*

Technology

Impermissible Activities

We will not accept from a FFELP or private lender, lender servicer, or guarantor, either of the following at below market rental or purchase cost:

- Computer hardware
- Computer software that is unrelated to education loan processing or financial aid

*HEA Section 435(d)(5); 34 CFR 601.21(c)(2); 34 CFR 682.200(b)(5)(iii); 34 CFR 682.401(e)(3)(iii)*

We will not accept free data transmission services from a FFELP lender or guarantor that is unrelated to electronic loan processing or, for FFELP loans, student status confirmation data.

*34 CFR 601.21(c)(2); 34 CFR 682.200(b)(5)(ii)(D); 34 CFR 682.401(e)(2)(vii)*

Permissible Activities

We may accept, free of charge, any of the following from a lender or a guarantor:

- Financial aid-related software
- Loan processing data transmission services or software
- A toll-free telephone number to obtain information about education loans

We may also accept free student status confirmation data processing services for FFELP loans from a lender or guarantor.

*34 CFR 601.21(c)(2)(iii)(A); 34 CFR 682.200(b)(5)(iii)(C); 34 CFR 682.401(e)(3)(iii)*
Training

Impermissible Activities

An agent of the university will not accept payment of training or conference registration, travel, or lodging costs from any lender or guarantor.

*HEA Section 428(b)(3); HEA Section 435(d)(5); 34 CFR 601.21(c)(2)(i) and (ii)*

Permissible Activities

We may request and accept, free of charge, from any lender or guarantor, standard materials, activities, and programs, including workshops and training, that are designed to improve the lender or guarantor’s services or contribute to our staff’s professional development.

*HEA Section 487(e)(2)(B)(ii); HEA Section 487(e)(6)(B)(i); 34 CFR 601.21(c)(2)(iii)(B); 34 CFR 682.401(e)(2)(ii), (iii) and (iv)*

Travel and Lodging

Impermissible Activities

An agent of the university will not request or accept lodging or travel costs from a lender or a lender servicer, or a guarantor, except as provided below.

Permissible Activities

See “Advisory Boards,” and “Boards of Directors.”

Other Permissible Benefits and Services

An agent of the university may accept other benefits or services from a lender or guarantor that are specifically identified in a separate, public notice issued by the U.S. Department of Education.

*34 CFR 682.200(b)(5)(ii)(A); 34 CFR 682.401(e)(2)(i)*