

UTHealth Code of Conduct for Educational Loans

Servicing The University of Texas Health Science Center at Houston,
The University of Texas M.D. Anderson Cancer Center, and
The University of Texas Health Science Center at Tyler

Source: <http://www.utsystem.edu/board-of-regents/policy-library/policies/uts171-student-financial-aid-code-conduct>

Code of Conduct for Educational Loans

This policy is adopted pursuant to the requirements in the federal Higher Education Act of 1965, as amended (P.L. 89-329), as further amended by the Higher Education Opportunity Act (P.L. 110-315). Additionally, it implements Section 51.9645, Texas Education Code, relating to prohibiting certain activities by financial aid employees.

- 1. Conflicts of Interest:** It is the policy of UTHealth to prohibit conflicts of interest with respect to education loans, including loans made under the William D. Ford Federal Direct Loan Program (DL), Federal Family Education Loan Program (FFEL) and private education loans.
- 2. Gifts:**
 - a. An employee of UTHealth who is employed in the financial aid office or who otherwise has responsibilities with respect to DL or FFEL program or private education loans may not solicit or accept any gifts from a lender, guarantor, or servicer of DL or FFEL Program loans or private education loans.
 - b. This prohibition applies to a gift to a family member of an employee of UTHealth, or to any other individual based on that individual's relationship with the employee, if the gift is given with the knowledge and acquiescence of the employee, and the employee has reason to believe the gift was given because of the official position of the employee.
 - c. For the purposes of this section, "gift" means any gratuity, favor, discount, entertainment, hospitality, loan, or other item having monetary value of more than a *de minimis* amount. The term includes a gift of service, transportation, lodging, or meals, whether provided in kind, by purchase of a ticket, by payment in advance, or by reimbursement after the expense has been incurred.
 - d. This section does not prohibit the acceptance of the following:
 - i. standard materials, activities, or programs on issues related to a loan, default aversion, default prevention, of financial literacy, such as a brochure, a workshop, or training;
 - ii. food, refreshments, training, or informational material furnished to an employee of UTHealth as an integral part of a training session that is designed to improve the service of the lender, guarantor, or servicer of DL or

- FFEL Program loans or private education loans to the institution if the training contributes to the professional development of the employee;
- iii. favorable terms, conditions, and borrower benefits on a DL or FFEL Program loan or private education loan provided to a student employed by UTHealth if comparable to those provided to all students of the institution;
 - iv. entrance and exit counseling services provided to borrowers to meet the responsibilities of UTHealth for entrance and exit counseling as required by 20 U.S.C. 1092 (b) and (l) if the institution's staff are in control of the counseling (whether in person or electronically), and the counseling does not promote the products or services of any specific lender;
 - v. philanthropic contributions to UTHealth from a lender, servicer, or guarantor of DL or FFEL Program loans or private education loans that are unrelated to DL or FFEL Program loans or private education loans, or any contribution from any lender, guarantor, or servicer that is not made in exchange for any advantage related to DL or FFEL Program loans or private education loans; or
 - vi. state education grants, scholarships, or financial aid funds administered by or on behalf of a state.

3. Advisory board compensation:

- a. An employee of UTHealth who is employed in the financial aid office or who otherwise has responsibilities with respect to DL or FFEL Program loans or private education loans or other student financial aid of UTHealth, and who serves on an advisory board, commission, or group established by a lender, guarantor, or group of lenders or guarantors, may not receive anything of value from the lender, guarantor, or group of lenders or guarantors, except as provided by Subsection (b).
- b. This section does not prohibit an employee from being reimbursed for reasonable expenses incurred in servicing on the advisory board, commission, or group.

4. Contracting arrangements:

- a. An employee of UTHealth who is employed in the financial aid office or who otherwise has responsibilities with respect to DL or FFEL Program loans or private education loans may not accept any fee, payment, or other financial benefit, including the opportunity to purchase stock, from a lender or a lender affiliate 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 DL or FFEL Program loans or private education loans.
- b. This section does not prohibit:
 - i. an employee of UTHealth who is not employed in the financial aid office and who does not otherwise have responsibilities with respect to DL or FFEL

Program loans or private education loans from performing paid or unpaid service on a board of directors of a lender, guarantor, or servicer of education loans;

- ii. an employee of UTHealth who is not employed in the financial aid office but who has responsibility with respect to DL or FFEL Program loans or private education loans from performing paid or unpaid service on a board of directors of a lender, guarantor, or servicer of DL or FFEL Program loans or private education loans, provided that the employee recuses himself or herself from participating in any decision of the board regarding DL or FFEL Program loans or private education loans at UTHealth; or
- iii. an officer, employee, or contractor of a lender, guarantor, or servicer of DL or FFEL Program loans or private education loans from serving on the UT System Board of Regents, provided that the officer, employee, or contractor recuses himself or herself from any decision regarding DL or FFEL Program loans or private education loans at a UT System institution.

5. Stock ownership prohibited:

An employee of UTHealth who is employed in the financial aid office or who otherwise has responsibilities with respect to DL or FFEL Program loans or private education loans may not own stock or hold another ownership interest in a lender, other than through ownership of shares in a publicly traded mutual fund or similar investment vehicle in which the person does not exercise any discretion regarding the investment of the assets of the fund or other investment vehicle.

6. Interaction with borrowers:

UTHealth may not:

- a. for a first-time borrower, assign, through award packaging or other methods, the borrower's loan to a particular lender; or
- b. refuse to certify, or delay certification of, any loan based on the borrower's selection of a particular lender or guaranty agency.

7. Offers of funds for private loans:

- a. UTHealth may 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, to students in exchange for UTHealth providing concessions or promises regarding providing the lender with:
 - i. a specified number of DL or FFEL Program loans or private education loans;
 - ii. a specified loan volume of those loans; or
 - iii. a preferred lender arrangement for those loans.

- b. In this section, “opportunity pool loan” means a private education loan made by a lender to a student attending the institution or to a student’s family member that involves a payment, directly or indirectly, by UTHealth of points, premiums, additional interest, or financial support to the lender for the purpose of the lender extending credit to the student or family member.

8. Staffing assistance:

- a. UTHealth may not request or accept any assistance with call center staffing or financial aid office staffing from any lender, except as provided by Subsection (b).
- b. This section does not prohibit UTHealth from requesting or accepting assistance from a lender related to:
 - i. professional development training for financial aid administrators;
 - ii. the provision of educational counseling materials, financial literacy materials, or debt management materials to borrowers, provided that the materials disclose to borrowers the identification of any lender that assisted in preparing or providing those materials; or
 - iii. the provision of staffing services on a short-term, non-recurring basis to assist UTHealth 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 Education.

9. Revenue-Sharing Arrangement:

- a. UTHealth may not enter into any revenue-sharing arrangement with a lender.
- b. In this section, “revenue-sharing arrangement” means an arrangement between an institution and a lender under which a lender provides or issues a DL or FFEL Program loan or private education loan to students attending the institution or to their families, and the institution recommends the lender or the lender’s loan products in exchange for the lender paying a fee or providing other material benefits, including revenue or profit sharing, to the institution or an officer or employee of the institution.

10. Definitions:

The following definitions apply in this Title IV Loan Code of Conduct:

- a. “DL Program Loan” and “FFEL Program Loan” means a loan made, ensured, or guaranteed under Part B, Title IV, of the federal Higher Education Act of 1965, as amended (P.L. 89-329).

b. “Lender” means:

- An eligible lender in the William D. Ford Federal Direct Loan Program (DL) or Federal Family Education Loan Program (FFEL) for loans made, ensured, or guaranteed under Part B, Title IV, of the federal Higher Education Act of 1965, as amended (P.L. 89-329).
- A private educational lender is defined in Section 140 of the federal Truth in Lending Act.
- Any other person engaged in the business of securing, making, or extending education loans on behalf of the lender.

c. “Private Education Loan” means a loan provided by a private educational lender that is not a Title IV loan and that is issued expressly for postsecondary education expenses to a borrower, regardless of whether the loan is provided through the private educational lender. A private education lender. A private education loan 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 a real property or a dwelling.

Related Links

NASFAA Statement of Ethical Principles and Code of Conduct

https://www.nasfaa.org/uploads/documents/Statement_of_Ethical_Principles.pdf

The University of Texas System

<http://www.utsystem.edu/>

The University of Texas System Policy Office

<http://www.utsystem.edu/bor/procedures/policy/>

Texas Constitution and Statutes

<https://statutes.capitol.texas.gov/?link=CN>

Texas Education Code: Section 51.9645

<http://www.statutes.legis.state.tx.us/Docs/ED/htm/ED.51.htm#51.9645>

U.S. Department of Education Policy Office

<http://ed.gov/policy/landing.jhtml?src=ln>

U.S. Department of Education: Higher Education Opportunity Act (Public Law 110-315)

<http://ed.gov/policy/highered/leg/hea08/index.html>