



## **Institutional Code of Conduct for Education Loans**

*Posted on HEOA portion of site under Financial Aid section*

### **Policy Statement**

Hope International University (HIU) is committed to assisting students from all financial backgrounds to achieve a quality education. As a participant in federal loan programs, HIU is required to maintain a code of conduct that applies to its officers, employees, and agents. HIU's code of conduct complies with the Higher Education Opportunities Act (HEOA) that was signed into law in August of 2008, to address specific legislative issues related to educational loan programs.

HIU is also committed to the highest standard of ethics and conduct while providing financial aid from a variety of sources as a service available to all students. Hope International University complies with all applicable federal and state nondiscrimination laws and does not engage in prohibited discrimination on the basis of race, color, nationality or ethnic origin, sex, age, disability in employment, or in the provision of services.

The HEOA program participation agreement, which must be executed by all institutions participating in Title IV financial aid programs (including loan programs) requires a code of conduct with which the institution's officers, employees and related agents shall comply. The code of conduct must prohibit

Conflicts of interest with the responsibilities of an officer, employee or related agent of the institution with respect to such loans as set forth in HEOA regulations related to conflicts. The law further specifies the code shall be prominently displayed on the institution's website and that all officers, employees and related agents of the institution with responsibilities related to such loans will be annually informed of the provisions of the code of conduct.

### **Code of Conduct**

Hope International University hereby adopts the following provisions from the HEOA, Section 493 as its Code of Conduct related to student loan activities and decisions of the provisions of the code.

#### **1. BAN ON REVENUE-SHARING ARRANGEMENTS**

- A. Prohibition -- The institution shall not enter into any revenue-sharing arrangement with any lender.

- B. Definition -- For purposes of this paragraph, the term ‘revenue-sharing arrangement’ means an arrangement between an institution and a lender under which --
- i. 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; 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 institution, or an agent.

## 2. GIFT BAN

- A. Prohibition -- No officer or employee of the institution who is employed in the Office of Financial Aid and Student Employment, or an individual who has been assigned by the Hope International University President with supervisory authority over the Directors of Financial Aid and Student Employment, 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.
- B. Definition Of Gift
- i. In General -- In this paragraph, the term ‘gift’ means any gratuity, favor, discount, entertainment, hospitality, loan, stock, or other item having a monetary value of more than a *de minimus* amount (\$25 per year). The term includes a gift of services, transportation, lodging, or meals, whether provided in kind, by purchase of a ticket, computer hardware, printing costs or services for which the recipient pays below-market value, payment in advance, or reimbursement after the expense has been incurred.
  - ii. Exceptions -- The term ‘gift’ shall not include any of the following:
    - I. 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.
    - II. Food, refreshments, training, or informational material furnished to an officer or employee of 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 education loans to the institution, if such training contributes to the professional development of the officer, employee, or agent. Favorable terms, 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.

- III. Entrance and exit counseling services provided to borrowers to meet the institution's responsibilities for entrance and exit counseling as required by subsections (b) and (l) of section 485, as long as –
    - a. the institution's staff are in control of the counseling, (whether in person or via electronic capabilities); and
    - b. such counseling does not promote the products or services of any specific lender.
  - IV. Philanthropic contributions to an institution 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.
  - V. State education grants, scholarships, or financial aid funds administered by or on behalf of a State.
- iii. Rule for Gifts for Family Members -- For purposes of this paragraph, a gift to a family member of an officer or employee of an institution, 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 –
- I. the gift is given with the knowledge and acquiescence of the officer, employee, or agent; and
  - II. the officer, employee, or agent has reason to believe the gift was given because of the official position of the officer, employee, or agent.

### **3. CONTRACTING ARRANGEMENTS PROHIBITED**

- A. Prohibition -- An officer or employee who is employed in the Office of Financial Aid and Student Employment 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.
- B. Exceptions -- Nothing in this subsection shall be construed as prohibiting --
  - i. an officer or employee of an institution who is not employed in the institution's Office of Financial Aid and Student Employment 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;
  - ii. an officer or employee of the institution who is not employed in the Office of Financial Aid and Student Employment but who has responsibility with

respect to education loans as a result of a position held at the institution, 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 institution has a written conflict of interest policy that clearly sets forth that officers, employees, or agents must excuse themselves from participating in any decision of the board regarding education loans at the institution; or

- iii. 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 an institution, if the institution has a interest policy that the board member or trustee must excuse themselves from any education loans at the institution.

### **Sanctions**

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