

Murray State University Student Loan Code of Conduct

The belief that no student should be denied an education because of financial need is the cornerstone of the student financial aid program at Murray State. Upon this cornerstone is built a foundation of financial opportunities which include grants, loans, part-time employment and scholarships. This foundation supports Murray State's desire to provide educational opportunities for all qualified students.

It is critical that students and their families have confidence in the assistance provided to them by Murray State University. This Code of Conduct is intended to foster that confidence.

I. Code of Conduct

1. Ban on revenue-sharing arrangements.

A. Prohibition

Murray State University (MSU) will not enter into any revenue-sharing arrangement with any lender.

B. Definition

For purposes of this Code, the term "revenue-sharing arrangement" means an arrangement between MSU and a lender under which--

(i) a lender provides or issues a loan that is made, insured, or guaranteed under Subchapter IV of 20 USC and Part C of subchapter I of chapter 34 of Title 42 to students attending MSU or to the families of such students; and

(ii) MSU 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 MSU, or an officer, employee, or agent of MSU.

2. Gift ban.

A. Prohibition

No officer or employee of MSU who is employed in the MSU Student Financial Aid Office, and no officer, employee, or agent of MSU who has responsibilities with respect to Title IV loans ("education loans"), shall solicit or accept any gift from a lender, guarantor, or servicer of education loans.

B. Definition of gift

(i) In general

As used here, “gift” means any gratuity, favor, discount, entertainment, hospitality, loan, or other item having a monetary value of more than a nominal 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.

(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, employee, or agent of MSU 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 MSU, if such training contributes to the professional development of the officer, employee, or agent.

(III) Favorable terms, conditions, and borrower benefits on an education loan provided to a student employed by MSU if such terms, conditions, or benefits are comparable to those provided to all students at MSU.

(IV) Entrance and exit counseling services provided to borrowers to meet MSU’s responsibilities for entrance and exit counseling as required by law as long as--

(aa) MSU staff are in control of the counseling, (whether in person or via electronic capabilities); and

(bb) such counseling does not promote the products or services of any specific lender.

(V) Philanthropic contributions to MSU 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.

(VI) State education grants, scholarships, or financial aid funds administered by or on behalf of a State.

(iii) Rule for gifts to family members

For purposes of this Code, a gift to a family member of an officer, employee, or agent of MSU 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 of the MSU Student Financial Aid Office or who otherwise has responsibilities with respect to education loans, or an agent of MSU 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 who is not employed in the MSU Student 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; or

(ii) an officer or employee who is not employed in MSU Student Financial Aid Office but who has responsibility with respect to education loans as a result of a position held at MSU, 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, but such officers, employees, or agents must recuse themselves from participating in any decision of the board regarding education loans at MSU.

(iii) an officer, employee, or contractor of a lender, guarantor, or servicer of education loans from serving on the Board of Regents but the Regent must recuse him/herself from any decision regarding education loans.

4. Interaction with borrowers

MSU shall not--

A. for any 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.

5. Prohibition on offers of funds for private loans

A. Prohibition

MSU shall 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 MSU's providing concessions or promises regarding providing the lender with--

(i) a specified number of loans made, insured, or guaranteed under Subchapter IV of 20 USC and Part C of subchapter I of chapter 34 of Title 42;

(ii) a specified loan volume of such loans; or

(iii) a preferred lender arrangement for such loans.

B. Definition of opportunity pool loan

In this Code, the term "opportunity pool loan" means a private education loan made by a lender to a student attending MSU or the family member of such a student that involves a payment, directly or indirectly, by MSU of points, premiums, additional

interest, or financial support to such lender for the purpose of such lender extending credit to the student or the family.

6. Ban on staffing assistance

A. Prohibition

MSU will not request or accept from any lender any assistance with call center staffing or financial aid office staffing.

B. Certain assistance permitted

Nothing in the preceding sentence shall be construed to prohibit MSU from requesting or accepting assistance from a lender related to--

(i) professional development training for financial aid administrators;

(ii) providing educational counseling materials, financial literacy materials, or debt management materials to borrowers, provided that such materials disclose to borrowers the identification of any lender that assisted in preparing or providing such materials; or

(iii) staffing services on a short-term, nonrecurring basis to assist MSU 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 United States Department of Education.

7. Advisory board compensation

A. Prohibition

Any employee who is employed in the MSU Student Financial Aid Office or who otherwise has responsibilities with respect to education loans or other student financial aid of the institution, and who serves on an advisory board, commission, or group established by a lender, guarantor, or group of lenders or guarantors, shall be prohibited from receiving anything of value from the lender, guarantor, or group of lenders or guarantors, except that the employee may be reimbursed for reasonable expenses incurred in serving on such advisory board, commission, or group.

B. Reasonable Expenses

To be considered reasonable, such expenses must meet the standards of and be

paid in accordance with expense reimbursement policies of Murray State University.

II. Implementation of Code of Conduct

1. This Code of Conduct will be published prominently on the Murray State University website at the site for Student Financial Aid and at such other locations as deemed necessary by the Administration.

2. All of MSU's officers, employees, and agents with responsibilities for educational loans will annually be informed of the provisions of this Code of Conduct.

a. Each such employee will acknowledge in writing receipt of this Code of Conduct.

b. Violation of this Code of Conduct by any of MSU's officers, employees, and agents with responsibilities for educational loans will result in discipline up to and including termination of employment depending upon the facts and circumstances.

3. The President of the University, upon the recommendation of the Vice President for Student Affairs, is authorized to revise and/or amend this Code of Conduct in order for it to remain compliant with or to reflect changes in the law.