SEARK College Title IV Loan Code of Conduct

The Higher Education Opportunity Act (HEOA), which reauthorizes the Higher Education Act (HEA) of 1965, was passed into law on August 14, 2008. The HEOA stipulates that an institution of higher learning participating in the Title IV loan program must create, manage, and implement a code of conduct with respect to education loans. This code of conduct applies to all officers, employees, and agents of the college who have responsibilities related to education loans. Further, these individuals must be notified of the provisions contained within the code of conduct no less than once a year.

SEARK College participates in the Title IV loan program; the SEARK College Title IV Loan Code of Conduct reads as follows:

1) All officers, employees, and agents of the college who deal directly with education loans shall not enter into any revenue-sharing arrangement with any lender. That is to say, an employee of SEARK College will not recommend a lender or its products to a student or a student’s family in exchange for the lender paying a fee or providing any other material benefits, including revenue or profit-sharing, to the college or its employees.

2) No officer or employee of the Financial Aid Office (or employee/agent of the college with responsibilities related to education loans) may solicit or accept any gift from a lender, guarantor, or student loan servicer. A “gift” could be considered to be any gratuity, favor, discount, entertainment, hospitality, loan, or other item having monetary value of more than a de minimus (nominal) amount. On the other hand, a gift does not include (1) a brochure, workshop, or training using standard materials relating to a loan, default prevention, or financial literacy, such as a brochure, workshop, or training; (2) food, training, or informational material provided as part of a training session designed to improve the service of a lender, guarantor, or servicer if the training contributes to the professional development of a SEARK College officer, employee, or agent; (3) favorable terms and benefits on an education loan provided to a student employed by the institution if those terms and benefits are comparable to those provided to all students at SEARK College; (4) loan entrance and exit counseling as long as the Financial Aid Office staff is in control of the counseling and the counseling does not promote a specific lender; (5) philanthropic contributions from a lender, guarantor, or servicer that are unrelated to student loans or any contribution that is not made in exchange for advantage related to student loans, and; (6) State education grants, scholarships, or financial aid funds administered by or on behalf of a State.

3) No officer or employee of the Financial Aid Office (or employee/agent of the college with responsibilities related to education loans) may accept from a lender, or an affiliate of any lender, any fee, payment, or other financial benefit as compensation for any type of consulting arrangement or contract to provide services to or on behalf of a lender relating to education loans.
4) SEARK College may not assign, through award packaging or other methods, a first-time borrower’s loan to any particular lender. Additionally, the college may not refuse to certify or delay the certification of any loan based on the borrower’s selection of a particular lender or guarantee agency.

5) SEARK College may not seek or accept from any lender any offer of funds for private loans, including funds for an opportunity pool loan, to students in exchange for providing concessions or promises to the lender for a specific number of Title IV loans made, insured, or guaranteed, a specified loan volume, or a preferred lender arrangement. An “opportunity pool loan” occurs when a private education loan is made by a lender to a student—or the student’s family—that involves a payment by the college to the lender for extending credit to the student.

6) SEARK College may not request or accept from any lender any assistance with call center staffing or Financial Aid Office staffing except in the cases of professional development training, educational counseling materials (as long as the materials identify the lender that assisted in compiling the materials), or staffing services on a short-term, nonrecurring basis during emergencies or disasters.

7) No officer or employee of the Financial Aid Office (or employee/agent of the college with responsibilities related to education loans) who serves on an advisory board, commission, or group established by a lender or guarantor (or a group of lenders or guarantors) may receive anything of value from the lender, guarantor, or group except for reimbursement for reasonable expenses incurred by the employee for serving on the board.