

University of Rochester
Financial Aid Code of Conduct
and Policy on Private Lending

PREAMBLE

This Code of Conduct describes the policies and rules of the University of Rochester (UR) relating to student loans. The Code applies to all employees, officers and agents of UR. It is intended to ensure that the University and its employees and agents comply fully with state and federal law governing this area, and that all University decisions concerning student loans are made with integrity, free from conflicts of interest, and in the best interests of the borrowers.

UR students finance the cost of their education in various ways. The University is committed to allowing students complete freedom of choice in how they pay for their education. Many will choose to borrow money under federal programs, but many take loans from private lenders, in some cases as part of federal programs and also in addition to them. This code pertains to loans taken from private lenders.

CODE OF CONDUCT

Compensation from Lenders

1. UR will not, directly or indirectly, solicit, accept or receive any Gift or payment from or on behalf of a Lender, in exchange for (i) referring borrowers to the Lender, (ii) loan volume from UR borrowers, (iii) placement on a preferred lender list, or (iv) for giving that Lender any advantage or consideration related to the lender's marketing or lending to UR borrowers.
2. UR will not engage in revenue sharing with a Lender. Revenue sharing is any arrangement by which a Lender pays UR a percentage of the principal of a loan taken out by a borrower at UR.
3. No UR employee with responsibilities relating to financial aid may, on his or her own behalf or on behalf of another, directly or indirectly, solicit, accept or receive any Gift from or on behalf of a Lender. No employee whose responsibilities do not relate to financial aid may on his or her own behalf or on behalf of another, directly or indirectly, solicit, accept or receive any Gift from or on behalf of a Lender in return for providing the Lender any advantage or consideration related to the Lender's marketing or lending to UR borrowers. Any person who learns of a Lender giving or attempting to give a Gift in violation of the above shall report that information to the New York State Education Department and should also report it to the UR General Counsel.

4. Nothing in this Code shall be construed to affect or prevent the philanthropic activities of financial institutions that are unrelated to educational loans.

Lender Boards

5. Neither UR nor any employee may receive from a Lender any remuneration or reimbursement of expenses for serving on, performing duties for, or attending meetings of, a Lender's advisory board or council. Any employee who serves on a Lender advisory board may have appropriate, related expenses reimbursed by UR in accordance with then-applicable UR policy.
6. All employees whose duties relate to financial aid shall report to the NYS Education Department all participation or financial interests related to any Lender and should report it to the UR General Counsel.
7. Nothing in this Code shall prohibit (i) an employee from serving on an advisory board of a Lender that is unrelated in any manner whatsoever to educational loans or (ii) an employee whose duties do not relate to financial aid from serving on the board of directors of any publicly traded or privately held company.

Staffing of UR Offices

8. No employee or agent of a Lender may staff any UR financial aid-related office or be identified to any borrower or potential borrower as an employee, representative or agent of UR.

Information disclosure to borrowers

9. Any borrower or potential borrower who consults a UR financial aid office will be informed of all available financing options available to him or her under Title IV of the Federal Higher Education Act of 1965, as amended, including information on any terms and conditions of available loans under that Title that are more favorable to the borrower, before UR may process or accept funds from a private loan.
10. No Lender may provide in-person initial or exit counseling to UR borrowers.

High Risk Loans

11. UR will not enter into any agreement or otherwise provide any high risk loan in exchange for a promise to give concessions or other advantages to Lenders that may prejudice other borrowers or potential borrowers.

Preferred Lender Lists

12. The University will not publish or give students a preferred lender list. The University will not deny or otherwise impede a borrower's choice of lender.
13. UR will not direct any FFELP borrower to any electronic master promissory note or other agreement that does not provide a reasonable and convenient alternative for the borrower to complete a master promissory note with any federally approved lending institution offering the relevant loan in New York.

Reporting Violations

14. Any person who has reason to believe UR or an employee has violated this code of conduct should report that information promptly to the General Counsel. Reports may also be made to the integrity hotline at 756-8888.

Penalties

15. Penalties for violating this code may include disciplinary action, up to and including separation from the University, as well as civil and criminal liability.

DEFINITIONS

1. "Gift" means any discount, favor, gratuity, inducement, loan, stock, thing of value, or other item having more than nominal value. It includes payment of meals and entertainment expenses but does not include (i) a Lender's own brochure or informational material, (ii) food or informational materials provided as an integral part of training designed to improve the lender's service to UR and which leads to the professional development of UR staff, or (iii) food or receptions at conferences that are open to all conference attendees.
2. "Lender" means (a) any entity that, itself or through an affiliate, makes educational loans to finance higher education expenses or that securitizes such loans; (b) any entity or association that guarantees educational loans, or (c) any industry, trade or professional association or other entity that receives money, related to educational loan activities, from any entity described in (a) or (b) above.
3. "High Risk Loan" means a loan that, because of a borrower's credit history (or lack thereof), would not ordinarily be available to a borrower in the absence of UR's agreement to provide concessions or anything of value to the Lender.

Adopted by the President 2007