Code of Conduct Relating to Student Loan Programs
*Adopted April 2007, Revised March 2010*

1. Introduction, Scope, and Sanctions for Non-Compliance

Student loan programs are essential to the fulfillment of Mercy College's educational mission. It is vitally important for the College and each person who works for the College to maintain the highest ethical and professional standards in connection with every aspect of these programs.

This Code of Conduct sets forth specific rules relating to the College's participation in various student loan programs. It applies to all officers, trustees, employees and agents of the College.

This Code of Conduct supplements any other Code of Conduct or rule which applies to College officers, trustees, employees and agents. If there is any difference between this Code of Conduct and any other Code or rule promulgated by the College, then the provision that is more restrictive is the one that governs.

This Code of Conduct has been promulgated pursuant to an Agreement on Code of Conduct between the College and the Office of the Attorney General of the State of New York. Any violation of this Code of Conduct may cause the College to violate its Agreement with the Office of the Attorney General, which in turn may result in severe consequences for the College. Any violation of the letter or spirit of this Code of Conduct will subject the person to disciplinary consequences up to and including termination.

Employees who in the normal scope of their work counsel students regarding options to finance their educational expenses are required to review and sign an attestation of understanding this policy once every academic year. Employees having functions related to financial aid including the staff in the following departments (Student Services, Systems Management Operations, Business Operations, and Student Services Support Center), Academic Advising, the PACT, Athletics, College Opportunity Program, and Admissions are required abide by this requirement. All senior managers and executives of the College are also required to review and sign an attestation of understanding this policy once every academic year. The review period shall be determined and communicated to the affected employees by the Director of Human Resources. The signed attestation shall be placed in the employee’s personnel file.

Managers of departments that perform functions as laid out above should schedule a minimum of one staff meeting per semester where this policy is discussed and all questions answered.
The College reserves the right to amend or modify this Code of Conduct at any time.

2. **Prohibition of Certain Remuneration to College Employees**

No officer, trustee, employee, or agent of the College shall accept anything of more than nominal value (more than $10) on his or her own behalf or on behalf of any other person or entity from or on behalf of a “Lending Institution” (defined below), except that this provision shall not be construed to prohibit any officer, trustee, director, employee, or agent of the College from conducting non-College business with any Lending Institution.

As used in the preceding sentence and throughout this Code of Conduct a “Lending Institution” is defined as:

(a) any entity that itself or through an affiliate engages in the business of making loans to students, parents or others for purposes of financing higher education expenses or that securitizes such loans; or

(b) any entity, or association of entities, that guarantees education loans; or

(c) any industry, trade or professional association that receives money from any entity described above in subsections (a) or (b).

The prohibition set forth in provision includes, but is not limited to, a ban on any payment or reimbursement by a Lending Institution to a College employee for lodging, meals, or travel to conferences or training seminars.

Nothing in this provision or any other provision of this Code shall prevent the College from holding membership in any nonprofit professional association.

3. **Limitations on College Employees Participating on Lender Advisory Boards**

No officer, trustee, employee, or agent of the College may receive any remuneration for serving as a member or participant of an advisory board of a Lending Institution, or receiving any reimbursement of expenses for so serving, provided, however, that participation on advisory boards that are unrelated in any way to higher education loans shall not be prohibited by the Agreement. Notwithstanding the above, this paragraph’s prohibitions shall not apply to a trustee of the College, who is not an officer or employee of the College, and is uninvolved in the affairs of the College’s financial aid office.

4. **Limitations on College Employees Owning Stock or Stock Options in Lenders**

Each officer, trustee, director, employee or agent of the College who has any involvement in any agreement or other arrangement between the College and a Lending Institution is prohibited from owning any stock or equity or option to purchase stock or equity in the Lending Institution.
This prohibition does not apply to stock or stock options owned by a mutual fund in which the officer, trustee, employee or agent of the College has shares, provided that the officer, trustee, director, employee or agent has no involvement in determining the holdings of the mutual fund.

5. **Prohibition of Certain Remuneration to the College**

The College may not accept on its own behalf anything of value from any Lending Institution in exchange for any advantage or consideration provided to the Lending Institution related to its education loan activity.

This prohibition includes but is not limited to the College’s receipt from a Lending Institution of:

(a) any form of “revenue sharing”;

(b) any form of “referral fees”;

(c) any computer hardware or software or other goods for which the College pays below-market prices; and

(d) any printing costs or services.

Notwithstanding anything else in this provision, the College may accept assistance from a Lending Institution that is comparable to the kinds of assistance provided by the Department of Education to schools under, or in furtherance of, the Federal Direct Loan Program.

6. **Preferred or Recommended Lenders**

In the event that the College promulgates a list of preferred or recommended lenders or any similar ranking or designation (a “Preferred Lender List”):

(a) every brochure, web page or other document that sets forth a Preferred Lender List must clearly disclose the process by which the College selected lenders for said Preferred Lender List, including but not limited to the criteria used in compiling said list and the relative importance of those criteria;

(b) every brochure, web page or other document that sets forth a Preferred Lender List or identifies any lender as being on a Preferred lender List shall state in the same font and same manner as the predominant text on the document that students and their parents have the right and ability to select the education loan provider of their choice, are not required to use any of the lenders on said Preferred Lender List, and will suffer no penalty for choosing a lender that is not on said Preferred Lender List;
(c) the College's decision to include a Lending Institution on any such list and the College's decision as to where on the list the Lending Institution's name appears shall be determined solely by consideration of the best interests of the students or parents who may use the list without regard to the pecuniary interests of the College;

(d) the constitution of any Preferred Lender List shall be reviewed no less than annually;

(e) no Lending Institution shall be placed on any Preferred Lender List unless the Lending Institution provides assurance to the College and to student and parent borrowers who take out loans from the Lending Institution that the advertised benefits upon repayment will continue to inure to the benefit of student and parent borrowers regardless of whether the Lending Institution's loan are sold;

(f) no Lending Institution that has an agreement to sell its loans to another unaffiliated Lending Institution shall be included on any Preferred Lender List unless such agreement is disclosed therein in the same font and same manner as the predominant text on the document in which the Preferred Lender List appears; and

(g) no Lending Institution shall be placed on any one of the College's Preferred Lender Lists or in favored placement on any one of the College's Preferred Lender Lists for a particular type of loan, in exchange for benefits provided to the College or to the College's students in connection with a different type of loan.

7. Prohibition of Lending Institutions' Staffing of College Financial Aid Offices

No employee or other agent of a Lending Institution may staff the College financial aid offices at any time.

8. Disclosure of Lending Institution’s Provision of Services

If a Lending Institution is engaged to perform any function of the College financial aid offices (including, for example, call center services), then this arrangement must be disclosed to students or prospective students of the College or their parents who interact with employees of the Lending Institution in that context.

No employee or other agent of a Lending Institution shall ever be identified to students or prospective students of the College or their parents as an employee of the College.

9. Proper Execution of Master Promissory Notes

The College shall not link or otherwise direct potential borrowers to any electronic Master Promissory Notes or other loan agreements that do not allow students to enter the lender code or name for any lender offering the relevant loan.
The College's link or direction referred to in the preceding sentence shall comply with paragraph 6(a) above.

10. School as Lender

If the College participates in the “School as Lender” program under the federal statute that permits schools in certain circumstances to make direct loans to students, the College may not treat “School As Lender” loans any differently than if the loans originated directly from another lender. Every provision of this Code of Conduct applies equally to such “School as Lender” loans as if the loans were provided by another lender.

11. Prohibition of Opportunity Loans

The College shall not arrange with a Lending Institution to provide any “Opportunity Loans” (defined below) if the provision of such Opportunity Loans prejudices any other borrower. The College shall not arrange with a Lending Institution to provide any “Opportunity Loans” unless the arrangement has been specifically approved by the President of the College in consultation with the Board of Directors and with the advice of legal counsel to the College.

For purposes of this Code of Conduct, “Opportunity Loans” refer to an arrangement whereby a lender agrees to make loans to students with poor or no credit history, or international students, who the lender claims otherwise would not be eligible for the lender's alternative loan program.