

Adler Graduate School Code of Conduct for Educational Loans

Introduction

In accordance with Adler Graduate School's (AGS) ethical standards and Sections 487(a)(25)(A) and 487(e) of the amended Higher Education Act of 1965 (HEA), the AGS Institutional Code of Conduct for Educational Loans governs educational loan activities. Educational loan activities are those associated with any loan made, insured, or guaranteed under the Federal Family Education Loan Program (FFELP), the Federal Direct Loan Program (FDLP), or any private educational loan. Loans issued to student borrowers under the FFELP or FDLP are the federal Stafford, Grad PLUS, and Consolidation loans.

A private educational loan is any loan that is not made, insured, or guaranteed under Title IV of the Higher Education Act and is issued to a borrower expressly for postsecondary educational expenses, regardless of whether the loan is provided through the institution that the student attends or directly to the borrower from the lender. Private educational loans secured by a dwelling (e.g., a residential mortgage or reverse mortgage transaction), real property, or under an extension of credit under an open-end consumer credit plan (e.g., a home equity line of credit, or open line of credit tied to a Certificate of Deposit) are exempted from the definition of private educational loan.

All of the following individuals or entities associated with Adler Graduate School comply with this code of conduct governing educational loan activities:

- Employees
- Contract employees
- Officers
- Board of Directors
- Any "agent," such as the alumni board or other organization directly or indirectly associated with or authorized or employed by Adler Graduate School.

HEA Sections 487(a)(25)(A) and 151 Definitions (1)

All organizations affiliated with Adler Graduate School must comply with certain aspects of the code of conduct, as identified below, if the organization is engaged in the practice of recommending, promoting, or endorsing education loans for families and students who attend Adler Graduate School. An organization is affiliated with Adler Graduate School if it is directly or indirectly related to Adler Graduate School and includes, but is not limited to, alumni organizations, foundations, social, academic, and professional organizations, and others that provide financial and vocational services to Adler Graduate School's students, employees or alumni. An organization does not need to be dependent on Adler Graduate School to be affiliated. An educational loan lender is not an affiliated organization.

HEA Section 151 Definitions (5); 34 CFR 682.200(b)(5)(iii); November 1, 2007, Federal Register, Vol.72, No. 211, p. 61979

This code of conduct is available on Adler Graduate School's internet site. At least annually, AGS's officers, employees, and agents who have loan responsibilities are informed of the provisions of this code of conduct.

HEA Section 487(a)(25)(B) and (C)

Adler Graduate School's code of conduct for educational loans addresses changes brought about by the Higher Education Opportunity Act of 2008 (P.L. 110-315) and inducement regulations promulgated by the U.S. Department of Education (USDE) in 34 CFR 682.200(b)(5) and 34 CFR 682.401(e). These federal laws and regulations set forth standards for relationships between colleges and universities, their affiliated organizations, FFELP and private lenders, and FFELP guarantors. Throughout this document, the term "AGS personnel" means employees, contract employees, officers, and agents of Adler Graduate School.

1. Gifts

AGS personnel who are employed in the financial aid office or who otherwise have direct responsibilities with respect to federal and private educational loans do not solicit or accept any gift from a private or FFELP educational loan lender, lender servicer, or guarantor. A gift from a private or FFELP educational loan lender, lender servicer, or guarantor to a family member of any AGS personnel, or a gift to an individual based on that individual's relationship with any AGS personnel is not permissible if either of the following applies:

- The gift is given with the knowledge and acquiescence of AGS personnel, or
- The AGS personnel has reason to believe the gift was given because of that person's official position with Adler Graduate School.

A gift is any gratuity, favor, discount, entertainment (including expenses for shows, sporting events, or alcoholic beverages), hospitality (including private parties of select training or conference attendees), loan, or other item having a monetary value of more than a nominal amount. A gift includes 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.

HEA Section 487(e)(2); 34 CFR 682.200(b)(5)(i)(A)(8); 34 CFR 682.401(e)(1)(i)(D); November 1, 2007, Federal Register, Vol. 72, No. 211, p. 61981

Permissible Activities

Adler Graduate School or AGS personnel may accept items of a nominal value from a private or FFELP educational loan lender, lender servicer, or guarantor that are offered as a form of generalized marketing or advertising or to create good will. A "nominal" amount is undefined in federal law or in the inducement regulations of the United States Department of Education.

Examples of permissible gifts include, but are not limited to, the following:

- Pens or pencils
- Notepads
- Sticky-notes
- Rulers
- Calculators
- Small tote bags
- Other individual office supply items.

AGS personnel may also accept items of value from a lender, lender servicer, or guarantor that are also offered to the general public.

HEA Section 487(e)(2)(B); 34 CFR 682.200(b)(5)(ii)(J); 34 CFR 682.401(e)(2)(ix)

2. Philanthropic Gifts/Contributions to the Institution

Adler Graduate School does not accept philanthropic contributions from a lender, lender servicer, or guarantor that are related to the educational loans provided by the lender, lender servicer, or guarantor to AGS, or that are made in exchange for any advantage related to educational loans. In addition:

- Adler Graduate School and its affiliated organization(s) do not accept scholarships or grants from a FFELP lender or guarantor in exchange for FFELP loan applications or application referrals, a specified volume or dollar amount of FFELP loans made or guaranteed, or placement of a lender on the institution's FFELP preferred lender list (PLL).
- Adler Graduate School and its affiliated organization(s) do not accept financial aid funds under any Title IV, State, or private program from a guarantor based on an agreement to use the guarantee agency for processing loans, or to provide a specified volume of loans using the agency's guarantee.

HEA Section 487(e)(2)(B)(ii)(V); 34 CFR 682.200(b)(5)(i)(A)(9); 34 CFR 682.401(e)(1)(i)(E)

Permissible Activities

Adler Graduate School may accept philanthropic contributions from a lender, lender servicer, or a guarantor that are not related to the educational loans provided by the lender or guarantor, and that are not made in exchange for any advantage to the lender, guarantor, or servicer.

HEA Section 487(e)(2)(B)(ii)(V); November 1, 2007, Federal Register, Vol. 72, No. 211, p. 61976

3. Advisory Councils

Adler Graduate School employees who serve on an official, standing advisory council for a FFELP guarantor do not accept anything of value for that service.

HEA Section 487(e)(7)

Permissible Activities

AGS personnel who are employed in the financial aid office, or who otherwise have responsibilities with respect to educational loans or other student aid may serve on an official, standing advisory council for a FFELP guarantor, and be compensated for reasonable expenses incurred in that service. AGS personnel may respond to any lender who seeks advice from the institution or groups of institutions by telephone, electronically, or in a meeting, about improving products or services for borrowers. However, Adler Graduate School may not accept any gift or compensation for responding, including, but not limited to, transportation, lodging, or related expenses.

HEA Section 487(e)(7); 34 CFR 682.401(e)(2)(vi); November 1, 2007, Federal Register, Vol. 72, No. 211, p. 61980

4. Boards of Directors, Regents, or Trustees

AGS personnel who are employed in the financial aid office do not serve on or otherwise participate in a lender's, lender servicer's, or guarantor's board of directors. AGS personnel who

are not employed in the financial aid office but who have responsibility with respect to educational loans may only serve on or otherwise participate in a lender's, lender servicer's, or guarantor's board of directors in accordance with Adler Graduate School's written conflict of interest policy.

HEA Section 487(e)(3)(B)(i) and (ii)

Officers, employees, agents, and contractors of a lender, lender servicer, or guarantor may serve on Adler Graduate School's Board of Directors only in accordance with AGS's written conflict of interest policy.

HEA Section 487(e)(3)(B)(iii)

Permissible Activities

AGS personnel who are not employed in the financial aid office and who have no responsibility with respect to educational loans may serve unrestricted and with compensation on the board of directors of a lender, lender servicer, or guarantor. AGS personnel who are not employed in the financial aid office but who have responsibility with respect to educational loans may only serve with compensation on the board of directors of a lender, lender servicer, or guarantor in accordance with AGS's written conflict of interest policy, which specifies that an Adler Graduate School officer, employee, or agent who is serving on such a board of directors must not participate in any decision of the board with respect to any transaction regarding educational loans.

HEA Section 487(e)(3)(B)(i) and (ii)

An officer, employee, or agent of a lender or lender servicer, or a guarantor may serve as a member of the Adler Graduate School Board of Directors only in accordance with AGS's written conflict of interest policy. Adler Graduate School's conflict of interest policy includes all of the following stipulations:

- A prohibition against the participation of such a member in any decision regarding AGS educational loans,
- Procedures to be followed when such a member's personal or business interests in educational loans may be advanced by an action of the board of directors or trustees, and
- A prohibition against the participation of such a member in any decision to approve any transaction where such conflicting interests may be advanced.

HEA Section 487(e)(3)(B)(iii)

5. Choice of Lender

Adler Graduate School's financial aid office does not use its list of private loan lenders to:

- Require a prospective borrower to use a lender on the list
- Deny or otherwise impede a borrower's choice of lender
- Assign a first-time borrower's loan to a particular lender through award packaging or other methods
- Cause unnecessary certification delays for borrowers who use a lender not on the list.

HEA Section 487(e)(4); 34 CFR 682.212(h)(1)(i); 34 CFR 682.212(h)(2)(iii), (iv), and (v)

Regardless of whether Adler Graduate School maintains a preferred lender list (PLL) in the future, the AGS financial aid office will not:

- Deny a FFELP borrower his or her choice of FFELP lender
- Refuse to certify or delay certification of a FFELP loan based on a borrower's selection of a lender or guarantor
- Assign a first-time borrower's FFELP loan to a particular lender through award packaging or other methods.

HEA Section 432(m)(1)(B); HEA Section 487(e)(4); 34 CFR 682.603(f)(1) and (2)

6. Consulting and Contractual Arrangements

AGS personnel who are employed in the financial aid office or who otherwise have direct responsibilities with respect to educational loans do not accept from any lender or its affiliate any fee, payment, or other financial benefit as compensation for any type of consulting arrangement or other contract to provide services to or on behalf of the lender. A prohibited financial benefit includes the opportunity to purchase stock on other than free market terms.

HEA Section 487(e)(3)

Adler Graduate School and any affiliated organization do not enter into contractual arrangements with FFELP lenders to provide services that are related to student aid, or to provide services in exchange for securing FFELP loan applications or otherwise limiting a borrower's choice of FFELP lender.

November 1, 2007, Federal Register, Vol. 72, No. 211, pp. 61976, 61979, and 61981

Permissible Activities

Adler Graduate School and any affiliated organization would enter into a contractual arrangement with a FFELP lender to provide services only if those services are unrelated to any type of student aid, and are not undertaken to secure FFELP loan applications or limit a borrower's choice of FFELP lender.

November 1, 2007, Federal Register, Vol. 72, No. 211, p. 61976 and 61979

7. Loan Counseling

Permissible Activities

Adler Graduate School may request and accept assistance from a lender or guarantor in conducting in-person, initial (i.e., entrance) and exit loan counseling for our students, provided:

- Adler Graduate School's staff are in control of the counseling
- The lender or guarantor does not promote a specific lender's products or services. A guarantor may promote benefits provided under other federal and state programs that the guarantor administers.

Adler Graduate School may also request and accept materials, presentations, or on-line loan counseling resources from a lender or guarantor. The materials must disclose the identity of the entity that assisted in preparing or providing the materials, and must not be used to promote the

lender's or guarantor's educational loan or other products. A guarantor's materials may promote benefits provided under other federal and state programs that the guarantor administers.

HEA Section 487(e)(2)(B)(ii)(IV); 34 CFR 682.200(b)(5)(ii)(A); 34 CFR 682.401(e)(2)(i)

8. Loan Terms and Conditions

Adler Graduate School does not request or accept competitive rates on private educational loans made by a private lender that is also a FFELP lender, in exchange for FFELP applications, FFELP application referrals, a specified volume or dollar amount of FFELP loans made, or a preferred lending arrangement for FFELP loans.

HEA Section 487(e)(5); 34 CFR 682.200(b)(5)(iii)(C)

Adler Graduate School does not place private educational loan lenders on a preferred lender list (PLL), or provide lenders with preferred placement on a PLL, in exchange for benefits on FFELP loans that the lender makes to or on behalf of its students.

Permissible Activities

Adler Graduate School may solicit and accept the following favorable educational loan terms and conditions on behalf of our student and parent borrowers:

- A reduced origination fee
- A reduced interest rate
- Payment of the federal default fee on a Stafford or PLUS loan made under the FFELP, if applicable
- Benefits offered to a borrower under a repayment incentive program that requires, at minimum, one or more scheduled payments to receive or retain the benefit
- Benefits under a loan forgiveness program for public service or other targeted purposes approved by the U.S. Department of Education for a federal loan forgiveness program.

An employee of Adler Graduate School may accept favorable terms, conditions, and borrower benefits on an educational loan if the terms, conditions, and benefits on the employee's loan are comparable to those provided to all Adler Graduate School students.

HEA Section 487(e)(2)(B)(ii)(III)

9. Meals, Refreshments, and Receptions

Section #1, Gifts, states when meals, refreshments, or other hospitality is considered a prohibited gift.

Permissible Activities

AGS personnel may accept from any lender or guarantor food and refreshments that are reasonable in cost and are offered as an integral part of a training session or conference that is designed to contribute to the professional development of Adler Graduate School's employees or agents. The food and refreshment sponsored by the lender or guarantor must be offered to all who attend the training session or conference.

Adler Graduate School's employees may attend a lender- or guarantor-sponsored reception for which food and refreshments are provided, so long as the reception is a general gathering that is held in conjunction with a training session or conference and is open to all attendees. These events provide attendees with the opportunity for information-sharing on the training being

conducted. In addition, Adler Graduate School may accept from a guarantor food and refreshments that are reasonable in cost and provided in connection with other workshops and forums the agency uses to fulfill its guaranty agency responsibilities.

HEA Section 487(e)(2)(B)(ii)(II); 34 CFR 682.200(b)(5)(ii)(C); 34 CFR 682.401(e)(2)(iv) and (v)

Adler Graduate School's employees who participate in the planning of a student-aid related training session or conference will ensure that food and refreshments sponsored by a lender or guarantor is reasonable in cost by applying the "prudent person test." In other words, the cost per person for the sponsored event must not exceed the cost that would be incurred by the prudent person under the circumstances at the time the decision was made to incur the cost. The burden of proof will be, in part, on conference managers to show that costs are consistent with the normal per-person cost of the event.

November 1, 2007, Federal Register, Vol. 72, No. 211, p. 61981

10. Opportunity Pools

An opportunity pool is an educational loan made by a private lender to a borrower that Adler Graduate School guarantees in any manner or that involves Adler Graduate School directly or indirectly paying points, premiums, payments, additional interest, or other financial support to the lender for the purpose of that lender extending credit to the borrower. Adler Graduate School does not solicit or accept from any lender an opportunity pool to be used for private educational loans in exchange for concessions or promises to the lender that Adler Graduate School will deliver a specified number of loans, loan volume, or, if applicable, a preferred lender arrangement for FFELP loans.

Permissible Activities

Adler Graduate School may solicit or accept from any lender an opportunity pool to be used for private educational loans, if it is not provided in exchange for a promise that Adler Graduate School will deliver to the lender a specified number of loans or loan volume, or, if applicable, place that lender on AGS's preferred FFELP lender list.

HEA Section 487(e)(5)

11. Payment of Educational Loan Costs

If Adler Graduate School, or any owner, agent, contractor, employee, or other entity or individual affiliated with Adler Graduate School made a payment to prevent default on a Stafford loan, or a Consolidation loan that repaid a Stafford loan, during the period for which our cohort default rate is calculated, that loan is considered to be in default and counts against the AGS's cohort default rate notwithstanding the payment.

Permissible Activities

Adler Graduate School may make principal or interest payments to a federal or private loan lender to lower costs for educational loan borrowers.

34 CFR 668.183(c)(1)(iii); USDE Cohort Default Rate Guide, Chapter 2, p. 2-1.9

12. Student Alternative Loan Options

Permissible Activities

Adler Graduate School does not maintain a preferred lender list for private loans. Adler Graduate School's financial aid office may employ the following alternatives to a preferred

lender list. These alternatives are not considered a preferred lender list or preferred lending arrangement:

- If Adler Graduate School is unable to identify at least three unaffiliated lenders that will make loans to its students or parents sufficient to meet the requirements of a preferred lender list, we may provide the names of all of the lenders that have indicated that they would provide loans to our students and their parents. In providing this information, Adler Graduate School will make it clear that we do not endorse the lenders, and provide a clear statement that the borrower may choose to use any lender that will make loans to the borrower for attendance at Adler Graduate School.
- Adler Graduate School may provide a comprehensive list of lenders that have made loans to our students or parents in the past three to five years (or some other period) and that have indicated that they would continue to make loans to our students. Adler Graduate School will not provide any additional information about the lender, including, for example, the percentage of loans made to our students by a particular lender. Adler Graduate School will make it clear that we do not endorse the lenders, and provide a clear statement that the borrower can choose to use any lender that will make loans to the borrower for attendance at Adler Graduate School.

USDE Dear Colleague Letter GEN-08-06

13. Publications

Adler Graduate School does not permit a FFELP lender or guarantor to print and distribute AGS's catalogue and other non-counseling or non-student financial aid-related materials at reduced or no cost.

34 CFR 682.200(b)(5)(iii)(C); 34 CFR 682.401(e)(3)(iii)

Adler Graduate School does not permit a private lender to use AGS's name, emblem, logo, other words, pictures or symbols readily identified with Adler Graduate School in the marketing of private educational loans to AGS students or parents in a way that implies that Adler Graduate School endorses the lender's private educational loans.

Truth in Lending Act Section 140(c)

Permissible Activities

Adler Graduate School may request and accept, free of charge, student aid outreach, financial literacy, debt management, default prevention, or default aversion materials and publications from a private or FFELP lender, or a guarantor. Adler Graduate School may also request and accept initial (i.e., entrance) and exit loan counseling materials, presentations, or on-line resources from any lender or guarantor. The materials all disclose the identity of the entity that assisted in preparing or providing the materials, and will not be used to promote the lender's or guarantor's educational loan or other products. A guarantor's materials may promote benefits provided under other federal and state programs that the guarantor administers.

HEA Section 487(e)(2)(B)(ii)(I); HEA Section 487(e)(6)(B)(ii); Truth in Lending Act Section 140(a)(2)(B)(i); 34 CFR 682.200(b)(5)(ii)(A) and (B); 34 CFR 682.401(e)(2)(i), (ii), and (iii)

14. Revenue-Sharing Arrangements

AGS personnel do not solicit or accept fees, revenue- or profit-sharing, or other material benefits provided by a private or FFELP lender that issues educational loans to or on behalf of

AGS students in exchange for Adler Graduate School recommending the lender or the lender's educational loan products.

HEA Section 487(e)(1); Truth in Lending Act Section 140(b)(2)

15. Staffing Assistance

Adler Graduate School does not permit any lender to staff the College's financial aid office under any circumstances.

HEA Section 487(e)(6); 34 CFR 682.200(b)(5)(i)(10)

Adler Graduate School does not permit a FFELP guarantor to staff the College's financial aid office under any circumstances.

HEA Section 428(b)(3)(C)

16. Student Aid Related Programs

Permissible Activities

Adler Graduate School may request and accept from any lender or guarantor standard materials, activities, and programs, including workshops and training, that are designed to improve the lender or guarantor's services or contribute to the professional development of Adler Graduate School's financial aid office staff, on student aid outreach, financial literacy, debt management, default prevention, and educational counseling. The lender or guarantor that provides any materials to Adler Graduate School must disclose its identity in the materials that it assists in preparing or providing, and the lender's or guarantor's materials must not promote its student loan or other products. A guarantor may promote benefits provided under other Federal or State programs the guarantor administers. Adler Graduate School may also accept services that a guarantor must perform to meet its obligations to administer other Federal and State education programs that are not related to the FFELP, provided the guarantor does not use its role in these programs to secure FFELP loan applications or volume.

HEA Section 487(e)(2)(B)(ii)(I); HEA Section 487(e)(6)(B)(i) and (ii); 34 CFR 682.401(e)(2)(ii), (iii) and (iv); November 1, 2007, Federal Register, Vol. 72, No. 211, pp. 61982, p. 61982

17. Technology

Adler Graduate School and its affiliated organization(s) do not accept from a FFELP or private lender, or a FFELP guarantor, either of the following at below market rental or purchase cost:

- Computer hardware
- Computer software that is unrelated to educational loan processing or financial aid.

HEA Section 435(d)(5); 34 CFR 682.200(b)(5)(iii); 34 CFR 682.401(e)(3)(iii)

Adler Graduate School does not accept free data transmission services from any lender or guarantor that is unrelated to electronic loan processing or, for FFELP loans, student status confirmation data.

34 CFR 682.200(b)(5)(ii)(D); 34 CFR 682.401(e)(2)(vii)

Permissible Activities

Adler Graduate School may accept, free of charge, any of the following from a lender or a guarantor:

- Financial aid related software
- Loan processing data transmission services
- A toll-free telephone number to obtain information about educational loans.

Adler Graduate School may also accept free student status confirmation data processing services for FFELP loans from a lender or guarantor.

34 CFR 682.200(b)(5)(iii)(C); 34 CFR 682.401(e)(3)(iii)

18. Training

Adler Graduate School does not accept payment of training or conference registration, travel, or lodging costs from any lender or guarantor.

HEA Section 428(b)(3); HEA Section 435(d)(5)

Permissible Activities

Adler Graduate School may request and accept, free of charge, from any lender or guarantor standard materials, activities, and programs, including workshops and training, that are designed to improve the lender or guarantor's services or contribute to the professional development of Adler Graduate School's financial aid office staff relative to financial aid administration, student aid outreach, financial literacy, debt management, default prevention, and educational counseling.

HEA Section 487(e)(2)(B)(ii); HEA Section 487(e)(6)(B)(i); 34 CFR 682.401(e)(2)(ii), (iii) and (iv)

19. Travel and Lodging

AGS personnel who are employed in the financial aid office or who otherwise have educational loan responsibilities do not request or accept lodging or travel costs from a lender or lender servicer, or a guarantor, except as provided below.

Permissible Activities

AGS personnel who are employed in the financial aid office or who otherwise have educational loan responsibilities and who serve on a guarantor advisory council may accept reimbursement for reasonable expenses incurred for service on the guarantor's advisory council. See "Advisory Councils" for more information about permissible activities.

HEA Section 487(e)(2)(B) and 487(e)(7)