

Franklin College Office of Financial Aid Code of Conduct

Franklin College's Financial Aid Code of Conduct prohibits a conflict of interest between the responsibilities of an officer, employee, or agent of the College and financial institutions with respect to educational loans.

Ban on revenue-sharing arrangements- Franklin College shall not enter into a revenue-sharing arrangement which is defined as an arrangement between Franklin College and a lender under which the lender pays a fee or provides other material benefits, including revenue or profit sharing to Franklin College, an officer or employee of Franklin College, or an agent and in exchange, Franklin College recommends the lender or the lender's loan products and the lender makes Title IV loans to the students and parents of the students attending Franklin College.

Gift ban- Any officer or Franklin College employee who is employed in the financial aid office or who has responsibilities with respect to student loans or any agent who has responsibilities with respect to student loans is prohibited from soliciting or accepting any gift from a lender, guarantor, or servicer of education loans.

- A gift is defined as any gratuity, favor, discount, entertainment, hospitality, loan, or other item having a monetary value of more than a de minimus amount.
- **Exceptions:** A gift does not include any of the following:
 - Materials, activities, or programs related to loan issues, default aversion, default prevention or financial literacy, such as a brochure, a workshop, or training.
 - Food, refreshments, training, or informational material furnished to an officer or employee of the school or to an agent as a part of a training session designed to improve the service of a lender, guarantor, or servicer of education loans to the school if such training contributes to the professional development of the school's staff.
 - Favorable terms, conditions, and borrower benefits on an education loan provided to a student employed by the school is the same terms, conditions, or benefits are comparable to those provided to all students at the school.
 - Entrance and exit counseling as long as the school's staff is in control of the counseling (whether in person or via electronic capabilities) and the counseling does not promote the products or services of any specific lender.
 - Philanthropic contributions to a school from a lender, servicer, or guarantor that are unrelated to education loans and not made in exchange for any advantage related to education loans.
 - Education grants, scholarships or financial aid administered on behalf of the State.

A gift to a family member of an officer or employee of Franklin College or an agent or to any other individual based on that individual's relationship with the officer, employee, or agent shall be considered a gift if the officer, employee, or

agent knew about the gift and has reason to believe that the gift was given based on the official position of the officer, employee, or agent.

The office of the Inspector General of the U.S. Department of Education shall annually submit and publish, on the Department's website, a report identifying all schools that violated, in the preceding year, the gift ban provisions within the school's code of conduct.

Contracting arrangements are Prohibited- An officer or employee of the financial aid office or who has responsibilities with respect to education loans or an agent who has responsibilities with respect to education loans shall not accept any fee, payment, or other financial benefit (including the opportunity to purchase stock) as compensation from any lender or affiliate for any type of consulting arrangement or other contract to provide services to the lender or on behalf of the lender with regard to education loans.

Exceptions:

- Paid or unpaid service on a Board of Directors of a lender, guarantor, or servicer of education loans by an officer or employee of a school who is not employed in the financial aid office and who does not have responsibilities with respect to education loans or an agent who does not have responsibilities with respect to education loans.
- Paid or unpaid service on the Board of Directors of a lender, guarantor, or servicer of education loans by an officer or employee of Franklin College who is not employed in the financial aid office but does have responsibilities with respect to education loans as a result of a position held at the school or an agent who has responsibilities with respect to education loans if the school has a written conflict of interest policy that clearly sets forth the requirement that officers, employees, or agents must recuse themselves from participating in any decision of the Board with regard to education loans at Franklin College.
- Service by an officer, employee, or contractor of a lender, guarantor, or servicer of education loans on the Board of Directors or as a trustee of Franklin College if Franklin College has a written conflict of interest policy that the Board member or trustee must recuse himself/herself from any decision with regard to education loans at Franklin College.

Prohibition on offers of funds for private loans- Franklin College shall not request or accept funds from any lender for private education loans including funds for an opportunity pool loan to its students in exchange for Franklin College providing concessions or promises to the lender regarding the number or volume of Title IV loans or a preferred lender arrangement.

An opportunity pool loan is defined as a private education loan made by a lender to a student or the family of a student attending the school that involves a payment, directly or indirectly, by the school of points, premiums, additional interest, or financial support to the lender for the lender's extension of credit to the student or family.

For any first-time borrower, the Franklin College must not assign, through award packaging or other methods, the borrower's loan to a particular lender or refuse to certify or delay certification of any loan based on the borrower's selection of a particular lender or guarantor.

Ban of staffing assistance, i.e. Franklin College must not request or accept any assistance from any lender with call center or financial aid office staffing. However, professional development training for financial aid administrators, educational counseling/financial literacy/debt management materials for borrowers that disclose the identification of the lender that assisted in preparing the providing the materials, or staffing services on a short-term, non-recurring basis during State or federally declared natural disasters, federally declared national disasters, and other localized disaster and emergencies identified by ED are not prohibited.

Advisory board compensation- Any Franklin College employee, in the financial aid office or with responsibilities regarding education loans or financial aid, who serves on an advisory board, commission, or group established by a lender, guarantor, group of lenders or guarantors shall be prohibited from receiving anything of value from the lender, guarantor, or group of lenders or guarantors. However, the employee may be reimbursed for reasonable expenses incurred is serving on the advisory board, commission, or group.