

PJ'S COLLEGE OF COSMETOLOGY

Student Loan Code of Conduct

Scope

All officers, employees and agents of PJ's College of Cosmetology.

Annual distribution of the Code of Conduct to all school officers, employees and agents with responsibilities related to student loan activities.

Definitions

1. *"Employee" or "School employee"* means any employee, agent, student financial aid staff, director, officer or trustee of the School. For purposes of the Code of Conduct provisions relating to gifts, this term includes family members of the Employee and those living in the same household as the Employee.
2. *"School"* means all campuses, departments or other components of the higher education institution adopting this Code of Conduct that are either located in Indiana or Kentucky.
3. *"Student loan lender" or "lender"* means any entity involved in making, holding consolidating, originating, servicing or guaranteeing any loan to students or parents to finance higher education expenses. This includes lenders who provide private education loans as well as lenders who provide loans that are made, insured or guaranteed by the U.S. Department of Education, except loans under the William D. Ford Direct Loan Program.
4. *"Revenue-sharing arrangement"* means an arrangement between a school and a lender under which –
 - I. A lender provides or issues a loan that is made, insured, or guaranteed under a Title IV financial aid program.
 - II. The institution recommends the lender or the loan products of the lender and in exchange, the lender pays a fee or provides other material benefits, including revenue or profit sharing, to the institution, an officer or employee of the institution, or an agent.
5. *"Gift"* –
 - I. In general means any gratuity, favor, discount, entertainment, hospitality, loan, or other item having a monetary or retail value of more than ten dollars (\$10.00) as calculated over a 12-month period, or as defined by a School policy consistent with applicable federal and state law. The term includes a gift of 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.
 - II. Exceptions include:
 - I. Standard material, activities, or programs on issues related to a loan, default aversion, default prevention, or financial literacy, such as a brochure, a workshop, or training.
 - II. Food, refreshments, training, or informational material furnished to an officer or employee of an institution, or to an agent, as an integral part of a training session that is designed to improve the service of a lender, guarantor, or servicer of education loans to the institution, if the training contributes to the professional development of the officer, employee, or agent.

- III. Favorable terms, conditions, and borrower benefits on an education loan provided to a student employed by the institution if the terms, conditions, or benefits are comparable to those provided to all students of the institution.
 - IV. Entrance and exit counseling services provided to borrowers to meet the institution's responsibilities for entrance and exit counseling as required under the Title IV financial aid loan program as long as the institution's staff are 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.
 - V. Philanthropic contributions to an institution from a lender, servicer, or guarantor of education loans that are unrelated to education loans or any contribution from any lender, guarantor, or servicer that is not made in exchange for any advantage related to education loans.
 - VI. State education grants, scholarships, or financial aid funds administered by or on behalf of a State.
- III. Gifts to a family member of an officer or employee of an institution, to a family member of an agent, or to any other individual based on that individual's relationship with the officer, employee, or agent, will be considered a gift if –
- I. the gift is given with the knowledge and acceptance of the officer, employee, or agent; and
 - II. the officer, employee, or agent has reason to believe the gift was given because of the official position of the officer, employee, or agent.

Code of Conduct

This code is supplemental to existing school policies related to conflicts of interest and commitment.

Institutional Compensation –

PJ's College of Cosmetology will not enter into any revenue-sharing arrangement with any lender. The school will not accept anything of value from a student loan lender in exchange for any advantage or consideration to the lender related to its education loan activity. This prohibition shall include, but not limited to: (1) the School's receipt from any lender of any computer hardware for which the School pays below market prices, (2) preferential rates for, or access to, a lender's other financial products and (3) printing costs or services.

Financial Relationship Prohibition –

No officer or employee of PJ's College of Cosmetology who is employed in the financial aid office or who otherwise has responsibilities with respect to education loans, or agent who has responsibilities with respect to education loans, shall solicit or accept any gift from a lender, guarantor, or servicer of education loans.

Master Promissory Notes –

PJ's College of Cosmetology shall inform borrowers of the procedure(s) for completing the Master Promissory Note or other loan agreement with the lender of the borrower's choice, whether or not the lender appears on the School's preferred lender list.

Private Loans –

PJ's College of Cosmetology shall not certify student eligibility for a private education loan without first informing the borrower that (a) federal financial assistance (including grants and Title IV loans) may be available and (b) federal loans may provide more advantageous terms to the borrower than private loans.

Opportunity Loans –

PJ's College of Cosmetology shall not enter into an opportunity loan agreement with a student loan lender under which the School provides concessions or promises to the lender that prejudice other borrowers. An "opportunity" loan means a student loan provided to borrower with poor or no credit history, or who otherwise would not meet the student loan lender's eligibility criteria.

In addition, PJ's College shall not certify student eligibility for an opportunity loan made available pursuant to an agreement between the School and a lender unless (i) the agreement includes the option of short term or partial loans not to exceed one year and (ii) the School informs the borrower of the short term or partial loan option, so the borrower can consider different or less expensive financing if the borrower's financial condition improves.

Staffing Assistance from Lenders –

PJ's College of Cosmetology shall not request or accept from any lender any assistance with call center or financial aid office staffing, including in-person school-required initial or exit counseling, except as permitted by applicable federal student loan requirements. The School shall ensure that any lender employees on campus are accurately represented as such and not misidentified as School agents or employees. While lenders may provide professional development training to financial aid administrators and participate in financial literacy outreach activities, lender employees must clearly disclose the name of the entity preparing any written materials and may not promote the lender's products.

Implementation –

PJ's College of Cosmetology:

- I. Agrees to publish the Student Loan Code of Conduct prominently on its website within ten business days of its adoption by the School; and
- II. Shall require all of its employees with direct responsibilities relating to student loans to obtain training concerning the Student Loan Code of Conduct, applicable federal and state student loan laws and regulations, and related School policies and procedures within 90 days of the date the School adopts this Code, or for new employees, within 90 days of the date of hire. The School shall adopt procedures to ensure these employees maintain current knowledge of the Code and applicable regulations.