

Institutional Code of Conduct for Educational Loans

Mercy College of Health Sciences

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Table of Contents

Advisory Councils	
Impermissible Activities	9
Permissible Activities	9
Boards of Directors	
Lender, Lender Servicer, Guarantor	
Impermissible Activities	9
Permissible Activities	10
Institutional Boards of Directors or Trustees	
Impermissible Activities	10
Permissible Activities	10
Bundling of Private Loans	
Impermissible Activities	11
Permissible Activities	11
Choice of Lender (Borrower Choice of Lender)	
Impermissible Activities	11
Consulting and Contractual Arrangements	
Impermissible Activities	12
Permissible Activities	12
Educational Loan Activities	6
Entertainment – see Gifts	7
Gifts	
Definition	7
Family Members	7
Impermissible Activities	7
Permissible Activities	7
Loan Counseling	
Permissible Activities	13
Loan Terms and Conditions	
Employee Loan Borrowers	14
Impermissible Activities (FFELP colleges only)	13
Permissible Activities	13

Lodging	
Impermissible Activities – also see Gifts	7, 21
Advisory Councils	21
Meals & Refreshments	
Impermissible Activities – also see Gifts	7, 14
Permissible Activities	14
Prudent Person Test	14
Misleading Identification of Institutional Employees	15
Opportunity Pools	
Definition	15
Impermissible Activities	15
Permissible Activities	15
Other Permissible Benefits and Services	21
Payment of Educational Loan Costs	
Cohort Default Rate Impact	15
Permissible Activities	15
Philanthropic Gifts/Contributions	
Impermissible Activities	8
Permissible Activities	8
Preferred Lender Arrangements	16
Preferred Lender Lists	16
Preferred Lender List Alternatives	17
Private Educational Loan	6
Publications	
Impermissible Activities	18
Permissible Activities	18
Receptions	
Impermissible Activities – see Gifts	7
Permissible Activities	14
Revenue-Sharing Arrangements	18
Staffing Assistance	
Impermissible Activities	19
Permissible Activities	19
State Education Grants/Scholarships/Other Financial Aid	19
Student Aid-Related Programs	19

Technology	
Impermissible Activities.....	20
Permissible Activities.....	20
Training	
Impermissible Activities.....	21
Permissible Activities.....	21
Travel/Transportation	
Impermissible Activities – also see Gifts	7, 21
Permissible Activities.....	21

Introduction

Iowa Code Section 261F.2 and Section 487(a)(25)(A) of the Higher Education Act (HEA) requires Mercy College of Health Sciences to develop, administer, and enforce a code of conduct governing 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 or parent borrowers under the FFELP or FDLP are the federal Stafford, parent PLUS, 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 Mercy College of Health Sciences must comply with this code of conduct governing educational loan activities:

- An employee
- A contract employee
- A director or officer
- A trustee
- An agent – including an alumni association, booster club, or other organization directly or indirectly associated with or authorized or employed by Mercy College of Health Sciences.

Iowa Code Sections 261F.2(1) and 261F.1(2) and (3); HEA Sections 487(a)(25)(A) and 151 Definitions (1)

An organization that is affiliated with Mercy College of Health Sciences 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 Mercy College of Health Sciences. An organization is affiliated with Mercy College of Health Sciences if it is directly or indirectly related to Mercy College of Health Sciences and includes, but is not limited to, alumni organizations, foundations, athletic organizations, social, academic, and professional organizations, and others that provide financial and vocational services to Mercy College of Health Sciences' students, employees or alumni. An organization does not need to be dependent on Mercy College of Health Sciences 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 must be published prominently on Mercy College of Health Sciences's internet site. At least annually, Mercy College of Health Sciences's officers, employees, and agents must be informed of the provisions of this code of conduct.

Iowa Code Section 261F.2(1)(b); HEA Section 487(a)(25)(B) and (C)

Mercy College of Health Sciences’s code of conduct also 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.

Gifts

Impermissible Activities

An officer, employee, or agent of Mercy College of Health Sciences who is employed in the financial aid office or who otherwise has direct responsibilities with respect to federal and private educational loans must not solicit or accept any gift from a private or FFELP educational loan lender, lender servicer, or guarantor. See exceptions below under “Permissible Activities.”

Gifts to Family Members or Others

A gift to a family member of Mercy College of Health Sciences’s officer, employee, or agent, or a gift to an individual based on that individuals’ relationship with an officer, employee, or agent of Mercy College of Health Sciences is not permissible if **either** of the following applies:

- The gift is given with the knowledge and acquiescence of the institution’s officer, employee, or agent, **or**
- The officer, employee, or agent has reason to believe the gift was given because of that person’s official position with the institution.

Gift Definition

A gift means 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 amount¹. 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.

Iowa Code Sections 261F.1(5) and 261F.3(1) and (2); 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

Mercy College of Health Sciences, a Mercy College of Health Sciences employee, or a member of an organization affiliated with Mercy College of Health Sciences may accept items of a nominal¹ 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.

¹A “nominal” amount is undefined in Iowa Code, federal law or the USDE’s inducement regulations. Employees of state agencies should consult their personnel policies for additional restrictions on the acceptance of gifts.

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

An employee of Mercy College of Health Sciences may also accept items of value from a lender, lender servicer, or guarantor that are also offered to the general public.

Iowa Code Section 261F.1(5)(l) and (m); HEA Section 487(e)(2)(B); 34 CFR 682.200(b)(5)(ii)(J); 34 CFR 682.401(e)(2)(ix)

Philanthropic Gifts/Contributions to the Institution

Impermissible Activities

Mercy College of Health Sciences must 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 Mercy College of Health Sciences, or that are made in exchange for any advantage related to educational loans. In addition:

- Mercy College of Health Sciences or its affiliated organization(s) must 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).
- Mercy College of Health Sciences or its affiliated organization(s) must 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.

Iowa Code Section 261F.1(5)(d); 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

Mercy College of Health Sciences 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. However, Mercy College of Health Sciences must report philanthropic contributions made by a lender with whom we have a preferred lender arrangement* to the Iowa Attorney General. (The process for this disclosure will be developed by the Iowa Attorney General in administrative rules.)

*See "Preferred Lender Arrangements" for more information.

Advisory Councils

Impermissible Activities

A Mercy College of Health Sciences officer, employee, or agent who is employed in the financial aid office or who otherwise has direct responsibilities with respect to educational loans must not serve on or otherwise participate in an advisory council established by a lender, a group of lenders, or a lender's affiliate.

Iowa Code Section 261F.3(6)

A Mercy College of Health Sciences employee who serves on an official, standing advisory council for a FFELP guarantor must not accept anything of value for that service. See the exception below for reasonable compensation under "Permissible Activities."

HEA Section 487(e)(7)

Permissible Activities

A Mercy College of Health Sciences officer, employee, or agent who is employed in the financial aid office, or who otherwise has responsibilities with respect to educational loans or other student aid may serve on an official, standing advisory council for a FFELP guarantor, including an Iowa College Student Aid Commission advisory council or task force, and be compensated for reasonable expenses incurred in that service.

An officer, employee or agent of Mercy College of Health Sciences 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, Mercy College of Health Sciences may not accept any gift or compensation for responding including, but not limited to, transportation, lodging, or related expenses.

Iowa Code Section 261F.3(6); HEA Section 487(e)(7); 34 CFR 682.401(e)(2)(vi); November 1, 2007, Federal Register, Vol. 72, No. 211, p. 61980

Boards of Directors

Impermissible Activities

Lender, Lender Servicer, and Guarantor

An officer, employee, or agent of Mercy College of Health Sciences who is employed in the financial aid office must not serve on or otherwise participate in a lender's, lender servicer's, or guarantor's board of directors.

An officer, employee, or agent of Mercy College of Health Sciences who is not employed in the financial aid office but who has responsibility with respect to educational loans must not serve on

or otherwise participate in a lender's, lender servicer's, or guarantor's board of directors, unless Mercy College of Health Sciences has a written conflict of interest policy.

Mercy College of Health Sciences has a written conflict of interest policy for this purpose. See below under "Permissible Activities" for more information about the content of that policy.

Iowa Code Sections 261F.3(7)(a)(1) and (2) and 261F.2(3); HEA Section 487(e)(3)(B)(i) and (ii)

Institutional Boards of Directors or Trustees

No officer, employee, agent, or contractor of a lender, lender servicer, or guarantor may serve on Mercy College of Health Sciences's board of directors or trustees, unless Mercy College of Health Sciences has a written conflict of interest policy. Mercy College of Health Sciences has a conflict of interest policy for this purpose. See below under "Permissible Activities" for more information about the content of that policy.

Iowa Code Sections 261F.3(7)(a)(3) and 261F.2(3); HEA Section 487(e)(3)(B)(iii)

Permissible Activities

Lender, Lender Servicer, and Guarantor

An officer, employee, or agent of Mercy College of Health Sciences who is not employed in the financial aid office and who has 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.

An officer, employee, or agent of Mercy College of Health Sciences who is not employed in the financial aid office but who has responsibility with respect to educational loans may serve with compensation on the board of directors of a lender, lender servicer, or guarantor, if Mercy College of Health Sciences has a written conflict of interest policy. Mercy College of Health Sciences's conflict of interest policy specifies that a Mercy College of Health Sciences officer 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.

Iowa Code Sections 261F.2(3), 261F.3(6), 261F.3(7)(a)(1), 261.3(7)(a)(2); HEA Section 487(e)(3)(B)(i) and (ii)

Institutional Board of Directors and Trustees

Mercy College of Health Sciences may permit an officer, employee, or agent of a lender or lender servicer, or a guarantor to serve as a member of our board of directors or trustees if Mercy College of Health Sciences has a written conflict of interest policy. Mercy College of Health Sciences's conflict of interest policy must include all of the following:

- A prohibition against the participation of such a member in any decision regarding Mercy College of Health Sciences's 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.

Bundling of Private Loans

Impermissible Activities

Mercy College of Health Sciences will not bundle (i.e., package) private educational loans in a student's financial aid award, except under certain conditions. See "Permissible Activities" below for more information about acceptable conditions for private loan bundling.

Iowa Code Section 261F.5(2)

Permissible Activities

Mercy College of Health Sciences may bundle (i.e., package) private educational loans in a student's financial aid award under any one of the following conditions:

- The borrower is ineligible for additional funding
- The borrower has exhausted the limits of his or her eligibility for Title IV loans (Federal Perkins, Stafford, and, as applicable, parent or Grad PLUS)
- The borrower has not filled out a Free Application for Federal Student Aid (FAFSA)
- The borrower does not desire, or refuses to apply for, a Title IV loan (including a parent PLUS loan)

The bundling of private educational loans will be clearly and conspicuously disclosed to the borrower, in a manner that distinguishes them from loans made under Title IV of the HEA, prior to the borrower's acceptance of the financial aid package.

Iowa Code Section 261F.5(2); HEA Section 152(a)(1)(B)(iii)

Choice of Lender

Impermissible Activities

Mercy College of Health Sciences's financial aid office will not use its (private and/or FFELP) preferred lender list (PLL) to:

- Require a prospective borrower to use a lender on our PLL
- 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 that is not listed on our PLL

Iowa Code Sections 261F.6(1)(a) and 261F.6(2)(c), (d), and (e); HEA Section 487(e)(4); 34 CFR 682.212(h)(1)(i); 34 CFR 682.212(h)(2)(iii), (iv), and (v)

(Applicable to FFELP colleges only)

Regardless of whether Mercy College of Health Sciences maintains a PLL, our 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)

Consulting and Contractual Arrangements

Impermissible Activities

An officer, employee, or agent of Mercy College of Health Sciences who is employed in the financial aid office or who otherwise has direct responsibilities with respect to educational loans will 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.

Iowa Code Section 261F.3(3); HEA Section 487(e)(3)

Mercy College of Health Sciences will not enter into a contractual arrangement with a FFELP lender 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. An organization that is affiliated with Mercy College of Health Sciences will not enter into a contractual arrangement with a FFELP lender to provide services that are related to student loans, 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

An officer, employee, or agent of Mercy College of Health Sciences who is not employed in the financial aid office and who has no direct responsibilities with respect to educational loans may accept compensation from a lender for a consulting arrangement or other contract to provide services to or on behalf of a lender. However, if a lender is a FFELP lender, additional restrictions apply, as noted in the following paragraph.

Iowa Code Section 261F.3(3)

Mercy College of Health Sciences may 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. An organization affiliated with Mercy College of Health Sciences may enter into a contractual arrangement with a FFELP lender to provide services only if those services are unrelated to student loans.

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

Loan Counseling

Permissible Activities

Mercy College of Health Sciences 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:

- Mercy College of Health Sciences'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.

Mercy College of Health Sciences 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.

Iowa Code Section 261F.4(5)(a); HEA Section 487(e)(2)(B)(ii)(IV); 34 CFR 682.200(b)(5)(ii)(A); 34 CFR 682.401(e)(2)(i)

Loan Terms and Conditions

Impermissible Activities (*Applicable to FFELP institutions only*)

Mercy College of Health Sciences will 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.

Iowa Code Section 261F.3(5); HEA Section 487(e)(5); 34 CFR 682.200(b)(5)(iii)(C)

Mercy College of Health Sciences will not place a private educational loan lender on its preferred lender list (PLL), or provide that lender with preferred placement on the PLL, in exchange for benefits on FFELP loans that the lender makes to or on behalf of our students.

Iowa Code Section 261F.6(4)

Permissible Activities (*Applicable to all institutions*)

Mercy College of Health Sciences 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 Iowa Attorney General for a private loan forgiveness program
 - The U.S. Department of Education for a federal loan forgiveness program

An *employee* of Mercy College of Health Sciences 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 Mercy College of Health Sciences students.

Iowa Code Section 261F.1(5)(c); HEA Section 487(e)(2)(B)(ii)(III)

Meals, Refreshments, and Receptions

Impermissible Activities

See the definition of "Gift" for information about cases when meals, refreshments, or other hospitality is considered a prohibited gift.

Permissible Activities

Mercy College of Health Sciences's employees, affiliated organizations, and agents 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 Mercy College of Health Sciences'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.

Mercy College of Health Sciences'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, Mercy College of Health Sciences 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.

Iowa Code Section 261F.1(5)(b); 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)

Mercy College of Health Sciences'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

Misleading Identification of Institutional Employees

Impermissible Activities

Mercy College of Health Sciences will not permit a lender's or guarantor's employee or agent to be identified as an employee, representative, or agent of Mercy College of Health Sciences.

Iowa Code Section 261F.4(2)

Opportunity Pools

Definition

An opportunity pool means an educational loan made by a private lender to a borrower that Mercy College of Health Sciences guarantees in any manner or that involves Mercy College of Health Sciences 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.

Impermissible Activities

Mercy College of Health Sciences will 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 Mercy College of Health Sciences will deliver a specified number of loans, loan volume, or, if applicable, a preferred lender arrangement for FFELP loans. See "Preferred Lender Arrangements" for additional information.

Permissible Activities

Mercy College of Health Sciences 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 Mercy College of Health Sciences will deliver to the lender a specified number of loans or loan volume, or, if applicable, place that lender on Mercy College of Health Sciences's preferred FFELP lender list.

Iowa Code Section 261F.3(5); HEA Section 487(e)(5)

Payment of Educational Loan Costs

Permissible Activities

Mercy College of Health Sciences may make principal or interest payments to a federal or private loan lender to lower costs for educational loan borrowers.

Impact on Our Cohort Default Rate

If Mercy College of Health Sciences, or any owner, agent, contractor, employee, or other entity or individual affiliated with Mercy College of Health Sciences 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 our cohort default rate notwithstanding the payment.

Iowa Code Section 261F.3(7)(b); 34 CFR 668.183(c)(1)(iii); USDE Cohort Default Rate Guide, Chapter 2, p. 2-1.9

Preferred Lender Arrangements

Definition

A preferred lender arrangement is an arrangement or agreement between Mercy College of Health Sciences or an organization affiliated with Mercy College of Health Sciences and a lender that provides educational loans to our borrowers in which Mercy College of Health Sciences or our affiliated organization recommends, promotes, or endorses the lender's educational loan product.

A preferred lender arrangement does not include Federal Direct loans, Federal Perkins loans, or Federal PLUS loans made under the Federal PLUS auction pilot program.

Iowa Code Section 261F.1(8) and (9); HEA Section 151 Definitions (8)

The identity of any private lender with whom Mercy College of Health Sciences or any of its affiliated organizations have a preferred lender arrangement will be displayed on all information and documentation related to the lender's loans.

HEA Section 152(a)(3)

(Applicable to institutions, and their affiliated organizations, that maintain a FFELP or private preferred lender list.)

Preferred Lender Lists (PLL)

A preferred lender list (PLL) is a list of private or FFELP lenders which Mercy College of Health Sciences recommends, and with which Mercy College of Health Sciences has a preferred lending arrangement.

Impermissible Activities

Mercy College of Health Sciences's FFELP or private loan PLL will not include less than three unaffiliated lenders. For this purpose, a lender is affiliated with another lender if any of the following applies:

- The lenders are under the ownership or control of the same entity or individuals
- The lenders are wholly or partly owned subsidiaries of the same parent company
- The directors, trustees, or general partners, or individuals exercising similar functions, of one of the lenders constitute a majority of the persons holding similar positions with the other lender

Mercy College of Health Sciences's federal or private PLL will not include lenders that have offered, or have offered in response to our solicitation, financial or other benefits to Mercy College of Health Sciences in exchange for inclusion on the PLL, or a promise that Mercy College of Health Sciences or its students will send a certain number of loan applications to the lender.

Iowa Code Sections 261F.6(1)(b) and (c); 34 CFR 682.212(h)(1) and (3)

Mercy College of Health Sciences will not deny or impede a borrower's choice of a lender, or cause unnecessary loan processing delays for a borrower who chooses a lender that is not included on Mercy College of Health Sciences's private or FFELP preferred lender list.

Iowa Code Section 261F.6(2)(e); HEA Section 487(h)(1)(E)

Preferred Lender List Alternatives

Permissible Activities

Mercy College of Health Sciences is not required to maintain a preferred lender list for private or FFELP loans, and may provide no information to educational loan borrowers about lenders. Other acceptable alternatives to a preferred lender list appear below.

Mercy College of Health Sciences'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 Mercy College of Health Sciences 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, Mercy College of Health Sciences 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 Mercy College of Health Sciences.
- Mercy College of Health Sciences 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. Mercy College of Health Sciences will **not provide any additional information about the lender**, including, for example, the percentage of loans made to our students by a particular lender. Mercy College of Health Sciences 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 Mercy College of Health Sciences.

If Mercy College of Health Sciences initially meets the preferred lender list requirement of including a minimum of three unaffiliated lenders, we may be later notified that one or more of those lenders has decided to discontinue making loans to our students and parents. The USDE and the Iowa Attorney General will take such circumstances, over which we have no control, into consideration in determining our compliance until at least July 1, 2009.

USDE Dear Colleague Letter GEN-08-06

If our financial aid office is advised by a student or parent borrower that the borrower is having difficulty obtaining a lender, we may refer the borrower to a web-based list of lenders that have agreements with Iowa's designated FFELP guarantor, the Iowa College Student Aid Commission, to provide the borrower with additional lending options. Mercy College of Health Sciences will not recommend or endorse any lender, and will make it clear that the borrower can choose any lender that will make loans to the borrower for attendance at Mercy College of Health Sciences.

Iowa College Student Aid Commission FFELP Lender of Last Resort Policies and Procedures

Publications

Impermissible Activities

Mercy College of Health Sciences will not permit a private or FFELP educational loan lender with which it has a preferred lender arrangement* to prepare any of our materials related to educational loans, with exceptions permitted by law and noted below under “Permissible Activities.”

Iowa Code Section 261F.4(3) and (5)(a)

Mercy College of Health Sciences will not permit a FFELP lender or guarantor to print and distribute our 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)

Mercy College of Health Sciences will not permit a private lender to use our name, emblem, mascot, logo, other words, pictures or symbols readily identified with Mercy College of Health Sciences in the marketing of private educational loans to our students or parents in a way that implies that Mercy College of Health Sciences endorses the lender’s private educational loans.

Truth in Lending Act Section 140(c)

Permissible Activities

Mercy College of Health Sciences 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. Mercy College of Health Sciences 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 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.

Iowa Code Sections 261F.1(5)(a) and 261F.4(5)(a); 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)

Revenue-Sharing Arrangements

Impermissible Activities

Mercy College of Health Sciences’s officers, employees, or agents will not solicit or accept a fee, revenue- or profit-sharing, or other material benefit provided by a private or FFELP lender that issues educational loans to or on behalf of our students in exchange for Mercy College of Health Sciences recommending the lender or the lender’s educational loan products.

Iowa Code Sections 261F.1(11) and 261F.3(4); HEA Section 487(e)(1); Truth in Lending Act Section 140(b)(2)

Staffing Assistance

Impermissible Activities

Mercy College of Health Sciences will not permit any lender to staff our financial aid offices or call center, except on a short-term, non-recurring, emergency basis.

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

Mercy College of Health Sciences will not permit a FFELP guarantor to staff our financial aid offices or call center under any circumstances.

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

Permissible Activities

Mercy College of Health Sciences may permit a lender's employee or agent to staff our financial aid offices or call center on a short-term, non-recurring, emergency basis.

For this purpose, "emergency" is defined as:

- A State-designated natural disaster
- A Federally-declared natural disaster (identified by the Federal Emergency Management Agency on its website at www.fema.gov)
- A Federally-declared national disaster
- Another localized disaster or emergency approved by the Iowa Attorney General and the USDE

Iowa Code Sections 261F.4(3) and 261F.4(5)(b); HEA Section 428(b)(3)(C); HEA Section 487(e)(6)(B)(iii); 34 CFR 682.200(b)(5)(i)(A)(10); 34 CFR 682.200(b)(5)(iii)(D);

State Education Grants, Scholarships, & Financial Aid Funds

Permissible Activities

Mercy College of Health Sciences may accept Iowa grants, scholarships, and other state-based financial aid funds administered by the Iowa College Student Aid Commission under Iowa Code Chapter 261.

Iowa Code Section 261F.1(5)(e); HEA Section 487(e)(2)(B)(ii)(VI)

Student Aid Related Programs

Permissible Activities

Mercy College of Health Sciences 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 Mercy College of Health Sciences'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 Mercy College of Health Sciences 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.

Mercy College of Health Sciences 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.

Iowa Code Section 261F.1(5)(a) and 261F.4(5)(a); 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

Technology

Impermissible Activities

Mercy College of Health Sciences and its affiliated organization(s) will 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

Iowa Code Section 261F.1((5); HEA Section 435(d)(5); 34 CFR 682.200(b)(5)(iii); 34 CFR 682.401(e)(3)(iii)

Mercy College of Health Sciences will 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.

Iowa Code Section 261F.1(5)(f); 34 CFR 682.200(b)(5)(ii)(D); 34 CFR 682.401(e)(2)(vii)

Permissible Activities

Mercy College of Health Sciences 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

Mercy College of Health Sciences may also accept free student status confirmation data processing services for FFELP loans from a lender or guarantor.

Iowa Code Section 261F.1(5)(f); 34 CFR 682.200(b)(5)(iii)(C); 34 CFR 682.401(e)(3)(iii)

Training

Impermissible Activities

Mercy College of Health Sciences will not accept payment of training or conference registration, travel, or lodging costs from any lender or guarantor.

Iowa Code Section 261F.1(5); HEA Section 428(b)(3); HEA Section 435(d)(5)

Permissible Activities

Mercy College of Health Sciences 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 Mercy College of Health Sciences's financial aid office staff relative to financial aid administration, student aid outreach, financial literacy, debt management, default prevention, and educational counseling.

Iowa Code Section 261F.1(5)(a); HEA Section 487(e)(2)(B)(ii); HEA Section 487(e)(6)(B)(i); 34 CFR 682.401(e)(2)(ii), (iii) and (iv)

Travel and Lodging

Impermissible Activities

An officer, employee, or agent of Mercy College of Health Sciences who is employed in the financial aid office or who otherwise has educational loan responsibilities will not request or accept lodging or travel costs from a lender or lender servicer, or a guarantor, except as provided below.

Permissible Activities

An officer, employee, or agent of Mercy College of Health Sciences who is employed in the financial aid office or who otherwise has educational loan responsibilities and who serves 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.

Iowa Code Sections 261F.1(5) and 261F.3(1); HEA Section 487(e)(2)(B) and 487(e)(7)

Other Permissible Benefits and Services

Mercy College of Health Sciences's employee, affiliated organization, or agent may accept other benefits or services that are specifically identified in a separate, public notice issued by the Iowa Attorney General and, for services provided by a FFELP lender or guarantor, the USDE.

Iowa Code Section 261F.1(5)(n); 34 CFR 682.200(b)(5)(ii)(A); 34 CFR 682.401(e)(2)(i)