

# 07.02.99.K0.01 Texas Higher Education Fair Lending Practices



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Reviewed: January 7, 2019  
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## Procedure Statement

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Texas A&M University-Kingsville (TAMUK) is committed to ensuring that all financial aid staff adhere to fair lending practices and do not compromise the ethical responsibilities and integrity of the Financial Aid Office in dealing with private lenders, alternative and private loans, or the general administration of student loan funds.

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## Reason for Procedure

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Loans for education-related costs that are not federal or state loans (i.e. alternative and private loans) are typically administered by private lenders and banks with stricter eligibility requirements and credit rating qualifications, higher interest rates and fees, and cosigner requirements. Because these loans lack the safeguards and deferment features of federal or state loans, this procedure has been developed to comply with System Policy 07.02, *Texas Higher Education Fair Lending Practices*.

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## Procedures and Responsibilities

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### 1. GENERAL

- 1.1 Any student meeting the eligibility requirements established by the federal government, the State of Texas, the Texas A&M University System (system), or TAMUK may receive financial aid through the university. The requirements include, but are not limited to, financial need and/or acceptable scholastic and conduct records.
- 1.2 Students and/or parents will identify and select their own lenders. The financial aid staff can provide information on the availability, benefits, and requirements for loans that are offered, but students are free to make their own choices. The university will not endorse or favor one lender over another. The university will not be held responsible for rates, terms, fees, or services provided by any lender.
- 1.3 In accordance with the Federal Deposit Insurance Corporation (FDIC) *Laws, Regulations, Related Acts*, borrowers are required to submit a *Private Education Loan*

*Applicant Self- Certification* to their lenders before loans can be disbursed.

- 1.4 All TAMUK employees in the financial aid office will receive annual training on the code of conduct to be used in financial aid processes.

## 2. ALTERNATIVE AND PRIVATE LOANS

- 2.1 Financial aid staff will process private and alternative loans in the same manner that all loans are processed. They will work directly with lenders and ensure students are enrolled at the time of aid disbursement.
- 2.2 An alternative loan is an agreement between the borrower, cosigner, and the lender. The student and/or parent will select the lender of his/her own choice.
- 2.3 The Office of Student Financial Aid does not create or maintain a lender list for students and/or parents. It is the sole responsibility of the borrower to research and select a lender.

## 3. CONFLICT OF INTEREST AND ETHICAL CONDUCT

- 3.1 Financial Aid staff shall act in the best interests of students and provide available financing options excluding preferred lender(s).
- 3.2 Financial Aid staff shall not solicit nor accept gifts or remuneration from a student loan lender. Employees must avoid a financial conflict of interest with a student loan lender.
- 3.3 Financial Aid staff shall not provide misleading information nor enter into high risk loan arrangements.
- 3.4 Financial Aid staff shall not self-award or award family members.

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## **Related Statutes, Policies, Rules or Requirements**

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[System Policy 07.02, Texas Higher Education Fair Lending Practices](#)

[System Policy 07.01, Ethics](#)

[Statement of Ethical Principles and Code of Conduct for Institutional Financial Aid Administrators](#)

[Title IV, Higher Education Act of 1965 \(Pub.L.No.89-329\)](#)

[Student FA Handbook 2017-2018 \(Nov 2017\)](#)

Vol.2 School Eligibility and Operation 1-216

34 CFR668.14 (b) (28) and (29) Private Lenders, requirements for arrangements with

Requirements for preferred lenders list  
34 CFR 682.212. (h)  
34 CFR601.10

[FDIC Law, Regulations, Related Acts](#)

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## **Definitions**

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Private Education Loan - A non-federal student loan for post-secondary educational expenses that may be obtained either through the institution or from a private educational lender. See Vol.2 - School Eligibility and Operation, Chapter 6 - Consumer Information & School Reporting of the Student FA Handbook 2017-2018 (Nov 2017) for more detailed information.

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## **Contact Office**

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