

## **TASFAA Recommended Ethical/Best Practices for the Administration of Institutional Lender Lists**

*The leadership of TASFAA, as individuals dedicated to the ethical administration of student financial aid, recommends the following best practices regarding all aspects of publishing lender lists for families and students to help them navigate the maze of educational student loans. These best practices were developed by TASFAA leadership and are not intended to be a requirement or endorsement of lender lists but to be used as a resource.*

- Valid reasons for lender lists
  - Students must rely more on loans to pay for education costs because of increased tuition and decreased grant aid
  - Lists are a starting point to help navigate the unfamiliar and sometimes complicated loan maze
  - Lenders with the best customer service will benefit students during enrollment and while in repayment
  - Students have the knowledge to make sound financial decisions
  
- RFI/RFP or survey
  - Decide on communication plan
  - Develop questions to ask lenders
  - Involve others even students on the decision making process for lists
  - Develop an anonymous way to present lenders responses to others on the decision committee
  - Develop high level categories to rate (quantitative and/or qualitative) lenders responses: customer service, savings from offered benefits, default aversion, loan delivery, value added products, servicing
  - Document the process for selection to lender list and have available for review by consumers
  
- Consider using some or all of the following disclosures that are key to informing the public of your ethical use of your institution's lender list:
  - Families and student will not be impeded in choosing any lender whether they are on the school's lender list or not
  - Borrowers are not required to use any of the lenders on the published list
  - School will promptly certify any loan from any lender selected by the borrower
  - Information showing favorable loan terms for federal Stafford loans over federal PLUS loan programs
  - Information showing federal loans options have more favorable loan terms over private educational loan options
  - Lists are based solely on the unbiased interest of the student or parent borrowers in mind with factors of consideration such as interest rates, fees, and repayment benefits provided by the lenders along with the method and criteria used to select the lenders
  - Lender list method and criteria used should be made public and be made available for inspection

- Payments, gifts, or benefits are not accepted from lenders in exchange for being on the lists
  - Institution does not participate in any revenue sharing agreements, opportunity loan pools, or does not accept financial benefits from lenders
  - Students should only borrow what they need to persist and succeed in their studies not what they could spend
  - Each lender will provide the same benefits to all students at the school
  - Students and families should do their own investigation to make informed decisions into the lender with whom they will have a long standing arrangement
  - Student should be reminded loans must be repaid
- Items for consideration to be included on lender lists
    - Comparative information about all terms and conditions including interest rates and other benefits offered by each lender including whether the lender sells loans and if the benefits will continue if all eligibility criteria is still met
    - At least three lenders that are not affiliated with each other
    - Prominent statement information that borrowers are not required to use any of the lenders on the list
    - Instructions how to apply for a loan from a lender not on the list
    - Rotating lists so no one lender is always in the first position on the list along with a statement that the list does rotate
- Compose or adopt a Code of Conduct for your institution to confirm the school's ethical practices
    - Emphasize the seriousness of the Code throughout the campus
    - Refrain from any practices that appear as conflict of interest or the perception thereof
    - Publish and use language in communications to confirm the highest ethical practices
    - Refrain from any action contrary to regulation
    - Refrain from accepting anything of other than nominal value—period
    - Refrain from serving on lenders' advisory boards
    - Get the blessing of your institution's legal counsel
    - Be unbiased representative of the student's best interests