Regulation on Financial Aid Practices

The purpose of the federal student loan program is to provide the best possible loan terms for students and parents who borrow to help finance higher education. Private student loans are an important additional resource for many students. Students and families must receive trustworthy, reliable guidance from our institutions about financial aid. The University's first priority in conducting business with student loan providers is the best interest of student borrowers. The following system-wide effort endeavors to provide the best possible loan terms and choices for students served by the University of North Carolina, to ensure that students are well informed of their loan choices and to avoid conflicts or the appearance of conflicts of interest by the University.

1. Lender Advisory Boards. Financial Aid personnel may participate on lender advisory boards for the purpose of communicating the needs of the University and its students to lenders, but these employees shall not receive any financial remuneration for their participation or from the lenders, other than meals associated with the meeting.

2. Campus-Based Lender List. Campuses must offer a list of lenders to students that is completely transparent and is solely based upon the best interest of the student including but not limited to interest rates, terms, fees, customer service, borrower benefits, and ease of application. Campuses must have no fewer than three lenders on a lender list. The lender list shall be prominently displayed on the campus website and provided to students during the financial aid process.

3. Lender List Disclosure. The process by which lenders are selected for the campus-based lender list must be fully disclosed to students. The process must be prominently displayed on the campus website and provided to students during the financial aid process. Students must be informed that they have the right to use a lender of their own choosing, will not be penalized in any way for exercising such an option and will receive assistance from the campus in processing the loan of the student's choice.

4. Lender List Review. Lender list status must be reviewed by the campus on an annual basis. Chancellors shall forward a copy of the campus-based lender list that is provided to students, with an explanation of the process by which the list was compiled, to the President on an annual basis.

5. Exclusive Lender Agreements. Campuses and University associated entities shall not enter into any exclusive agreement with a student lender through the Federal Family Educational Loan Program, The William D. Ford Direct Lending Program, or for a private educational loan expressly for postsecondary educational expenses. Campuses with an existing exclusive agreement with the federal government shall work with the Department of Education to amend the agreement to permit participation in both the William D. Ford Direct Lending Program and Federal Family Education Loan Program.

6. Private Loan Disclosure to Students. Campuses that provide information to any student or parent regarding a private educational loan from a lender shall prior to or concurrent with providing such information inform the student or parent of:

   a. the student's or parent's eligibility for assistance and loans under Title IV of the Higher Education Act; and

   b. the terms and conditions of such private educational loan that are less favorable than the terms and conditions of educational loans for which the student or parent is eligible, including interest rates, repayment options, and loan forgiveness.

Campuses providing this information shall ensure that information regarding such private educational loan is presented in such a manner as to be distinct from information regarding loans that are made, insured, or guaranteed under Title IV of the Higher Education Act.

7. Use of Mascot, Logo, Emblem or Name by Lenders. No lender shall be permitted to use the name, emblem, mascot, or logo of an institution, or other words, pictures, or symbols readily identified with or marks of an institution in the marketing of private educational loans to the students attending an institution in any way that implies that the institution endorses the private educational loans offered by the lender.

8. Acceptable Gifts by University Personnel. Campuses and associated entity personnel whose duties relate to student admissions, student financial aid or student loans shall not accept gifts from a lender or consolidator of student loans, other advertising items those of nominal value to the extent permitted by N.C.G.S. 14-234. Such University personnel shall report unacceptable gifts offered by lenders to the Campus Director of Student Financial Aid and the Chancellor's Office.

9. Professional Development Conferences and Meetings. The professional development of financial aid office personnel is encouraged. Reasonable travel, conference registration fees and other miscellaneous expenses relating to professional development conferences must be paid by the individual or campus and should be specifically approved by the traveler's supervisor as travel that will benefit the University. Reimbursement of any expenses by a lender is prohibited.

10. Lender Gifts to the University. Campuses and associated entities should not accept any gift from a lender in exchange for or as an inducement for or result of advantage, including revenue sharing arrangements, computer equipment, printing costs and other inducements or gifts from a lender under circumstances that a reasonable person would conclude the gift was in exchange or inducement for or as a result of such advantage. Any gift to the University that is accepted must be reported to and subsequently approved by the Supervisor of the person receiving the gift. If the approval is not forthcoming then the gift must be returned. Chancellors shall report to the President any such gifts offered by lenders promptly.

11. Student Loan Consolidation Programs. Campuses and associated entities should not enter into a preferred student loan consolidation arrangement with any lender.