

Student Loan Business Practices

Endorsed by Education Finance Council (EFC) and National Council for Higher Education Loan Programs (NCHELP)

Participants in the Federal Family Education Loan Program (the “FFELP”) are committed to the highest ethical standards in helping students and families pursuing postsecondary education. In furtherance of this commitment, members of the Education Finance Council and the National Council of Higher Education Loan Programs endorse the following principles:

1. The goal of a FFELP participant shall be to help students receive in an accurate and timely manner the loans for which they qualify.
2. FFELP participants shall encourage students and families to borrow only what they absolutely need to persist and succeed in postsecondary education.
3. FFELP participants shall respect the role of student financial aid professionals, and support the integrity of the financial aid process and the financial aid professionals’ responsibility to assist their students.
4. FFELP participants shall work with student financial aid professionals, elementary and secondary school counselors and others to promote increased awareness of financial aid opportunities, to enhance access to postsecondary education, and to increase financial literacy.
5. FFELP participants shall fairly and accurately disclose all terms and conditions related to their loan products to students and families.
6. FFELP participants shall plainly disclose all eligibility conditions that apply to borrower benefit programs, including but not limited to situations that could cause withdrawal and/or refunding of the benefits or cessation of the program.
7. FFELP participants shall protect the privacy of loan applicants and recipients and shall comply with all applicable federal and state laws that restrict the use of the nonpublic personal information for purposes unrelated to the processing and administration of the consumer’s loans, including honoring borrower requests pursuant to those provisions. In addition, FFELP participants shall ensure their contractors/servicers protect the same privacy.
8. FFELP participants shall refrain from taking action which would cause a school employee to have a conflict of interest. Without limiting the foregoing, FFELP participants should not offer gifts, meals or tickets to entertainment events to school employee(s) if the value of such would create the appearance of impropriety on the part of the school employee.
9. FFELP participants shall maintain programs that continue to fully comply with the anti-inducement provisions contained in the Higher Education Act and the implementing guidelines issued by the Department of Education. In furtherance of the objectives of those provisions, FFELP participants are encouraged to follow the “Guidelines for FFELP Industry Practices” endorsed in 2004 by Consumer Bankers Association, Education Finance Council and National Council of Higher Education Loan Programs.