

Financial Aid Code of Conduct

Adopted by Capella University May 3, 2007

Prohibition of Certain Remuneration to University Employees

1. The University shall require and ensure that no officer, trustee, director, employee, or agent of the University accepts anything of value on his or her own behalf or on behalf of another from or on behalf of a Lending Institution, except that this provision shall not be construed to prohibit any officer, trustee, director, employee, or agent of the University from conducting non-University business with any Lending Institution. As used in the preceding sentence and throughout the Agreement, a Lending Institution is defined as:
 - a. Any entity that itself or through an affiliate engages in the business of making loans to students, parents or others for purposes of financing higher education expenses or that securitizes such loans; or
 - b. Any entity, or association of entities, that guarantees education loans; or
 - c. Any industry, trade or professional association that receives money from any entity described above in subsections a and b.

Nothing in this provision or throughout the Agreement shall prevent the University from holding membership in any nonprofit professional association.

2. The prohibition set forth in the previous paragraph shall include, but not be limited to, a ban on any payment or reimbursement by a Lending Institution to a University employee for lodging, meals, or travel to conferences or training seminars.

Limitations on University Employees Participating on Lender Advisory Boards

3. The University shall prohibit any officer, trustee, director, employee, or agent of the University from receiving any remuneration for serving as a member or participant of an advisory board of a Lending Institution, or receiving any reimbursement of expenses for so serving, provided, however, that participation on advisory boards that are unrelated in any way to higher education loans shall not be prohibited by the Agreement.

Prohibition of Certain Remuneration to the University

4. The University may not accept on its own behalf anything of value from any Lending Institution in exchange for any advantage or consideration provided to the Lending Institution related to its education loan activity. This prohibition shall include, but not be limited to, (i) "revenue sharing" by a Lending Institution with the University, (ii) the University's receipt from any Lending Institution of any computer hardware for which the University pays below market prices and (iii) printing costs or services. Notwithstanding anything else in this paragraph, the

University may accept assistance as contemplated in 34 CFR 682.200(b)(definition of "Lender")(5)(i).

Preferred Lender Lists

5. In the event that the University promulgates a list of preferred or recommended lenders or similar ranking or designation ("Preferred Lender List"), then
 - a. Every brochure, web page or other document that sets forth a Preferred Lender List must clearly disclose the process by which the University selected lenders for said Preferred Lender List, including but not limited to the criteria used in compiling said list and the relative importance of those criteria; and
 - b. Every brochure, web page or other document that sets forth a Preferred Lender List or identifies any lender as being on said Preferred lender List shall state in the same font and same manner as the predominant text on the document that students and their parents have the right and ability to select the education loan provider of their choice, are not required to use any of the lenders on said Preferred Lender List, and will suffer no penalty for choosing a lender that is not on said Preferred Lender List.
 - c. The University's decision to include a Lending Institution on any such list and the University's decision as to where on the list the Lending Institution's name appears shall be determined solely by consideration of the best interests of the students or parents who may use said list without regard to the pecuniary interests of the University;
 - d. The constitution of any Preferred Lender List shall be reviewed no less than annually;
 - e. No Lending Institution shall be placed on any Preferred Lender List unless the said lender provides assurance to the University and to student and parent borrowers who take out loans from said Lending Institution that the advertised benefits upon repayment will continue to inure to the benefit of student and parent borrowers regardless of whether the Lending Institution's loan are sold;
 - f. No Lending Institution that, to the University's knowledge after reasonable inquiry, has an agreement to sell its loans to another unaffiliated Lending Institution shall be included on any Preferred Lender List unless such agreement is disclosed therein in the same font and same manner as the predominant text on the document in which the Preferred Lender List appears;
 - g. No Lending Institution shall be placed on any one of the University's Preferred Lender Lists or in favored placement on any one of the University's Preferred Lender Lists for a particular type of loan, in exchange for benefits provided to the University or to the University's students in connection with a different type of loan;

Prohibition of Lending Institutions' Staffing of University Financial Aid Offices

6. The University shall ensure that no employee or other agent of a Lending Institution is ever identified to students or prospective students of the University or their parents as an employee or agent of the University. No employee or other agent of a Lending Institution may staff the University financial aid offices at any time.

Proper Execution of Master Promissory Notes

7. The University shall not link or otherwise direct potential borrowers to any Electronic Master Promissory Notes or other loan agreements that do not allow students to enter the lender code or name for any federally approved lender that operates in the state offering the relevant loan. The University's link or direction referred to in the prior sentence shall comply with paragraph 22(a) herein.

School as Lender

8. If the University participates in the "School as Lender" program under 20 U.S.C. 5 1085(d)(1)(E), the University may not treat School As Lender loans any differently than if the loans originated directly from another lender; all sections of the Agreement apply equally to such School as Lender loans as if the loans were provided by another lender.

Prohibition of Opportunity Loans

9. The University shall not arrange with a Lending Institution to provide any Opportunity Loans as defined above in section I(A)(vi), if the provision of such Opportunity Loans prejudices any other borrower.