



Rep. Naomi D. Jakobsson

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LRB095 01257 NHT 35564 a

1 AMENDMENT TO HOUSE BILL 2186

2 AMENDMENT NO. _____. Amend House Bill 2186 by replacing
3 everything after the enacting clause with the following:

4 "Section 1. Short title. This Act may be cited as the
5 Student Loan Code of Conduct Act.

6 Section 5. Definitions. In this Act:

7 "Institution of higher learning" has the meaning ascribed
8 to that term in the Higher Education Student Assistance Act.

9 "Lender" means a lending institution that is a student loan
10 provider.

11 Section 10. Code of conduct. In order to sever any
12 inappropriate financial arrangements between lenders and
13 institutions of higher learning, all of the following are
14 prohibited:

15 (1) An institution of higher learning is prohibited

1 from receiving anything of value from a lender in exchange
2 for any advantage sought by the lender.

3 (2) An institution of higher learning and a lender are
4 prohibited from entering into any revenue-sharing
5 arrangements.

6 (3) A lender is prohibited from paying to get on an
7 institution of higher learning's preferred lender list.

8 (4) Employees and members of the governing entity of an
9 institution of higher learning, as well as the family
10 members of these persons, are prohibited from taking
11 anything of more than nominal value from a lender,
12 including without limitation trips for financial aid
13 officers and other officials of the institution of higher
14 learning that are paid for by the lender.

15 (5) Employees and members of the governing entity of an
16 institution of higher learning, as well as the family
17 members of these persons, are prohibited from receiving
18 anything of value for serving in any governing, management,
19 or advisory capacity for a lender, including without
20 limitation serving on the lender's board of directors.

21 Section 15. Preferred lender list.

22 (a) In order to ensure that preferred lenders are those
23 that an institution of higher learning has determined should be
24 preferred by students as opposed to preferred by the
25 institution of higher learning, a preferred lender list of an

1 institution of higher learning must be based solely on the best
2 interests of the students or parents who may use the list,
3 without regard to the financial interests of the institution of
4 higher learning.

5 (b) On all preferred lender lists, the institution of
6 higher learning must clearly and fully disclose the criteria
7 and process used to select preferred lenders. Students must
8 also be informed that they have the right and ability to select
9 the lender of their choice regardless of the preferred lender
10 list.

11 (c) No lender may appear on a preferred lender list if the
12 lender has an agreement to sell its loans to another lender
13 without disclosing this fact to the institution of higher
14 learning. In addition, no lender may bargain to be a preferred
15 lender with respect to a certain type of loan by providing
16 benefits to an institution of higher learning as to another
17 type of loan.

18 Section 20. Employees of lender. An institution of higher
19 learning must ensure that employees of lenders never identify
20 themselves to students as employees of the institution of
21 higher learning. No employee of a lender may work in or provide
22 staffing assistance to the financial aid office of an
23 institution of higher learning.

24 Section 80. Violation of Act. The Board of Higher Education

1 may impose a civil penalty for a violation of this Act. A
2 student is entitled to cost reimbursement, including without
3 limitation legal fee costs, by the institution of higher
4 learning for any violation of this Act.

5 Section 90. Rules. The Board of Higher Education may adopt
6 any rules necessary for the implementation of this Act.".