



## SAP 07.02.99.T0.01 Fair Lending Practices

Effective: September 15, 2014  
Next Scheduled Review: September 15, 2019

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### Procedure Statement

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Tarleton State University is committed to ensuring that all financial aid staff adhere to fair lending practices and do not compromise the ethical responsibilities and integrity of the Financial Aid Office in dealing with private lenders, alternative and private loans, or the general administration of student loan funds.

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### Reason for Procedure

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This Standard Administrative Procedure (SAP) has been developed to comply with System Policy 07.02, *Texas Higher Education Fair Lending Practices*.

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### Definitions

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**Alternative and private loans:** Loans for education-related costs that are not federal or state loans. They are typically administered by private lenders and banks with stricter eligibility requirements and credit rating qualifications, higher interest rates and fees, and cosigner requirements. These loans do not have the safeguards and deferment features of federal or state loans.

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### Processes and Responsibilities

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1. GENERAL
  - 1.1 Any student meeting the eligibility requirements established by the federal government, the State of Texas, The Texas A&M University System (system), or Tarleton may receive financial aid through the university. These requirements include, but are not limited to, financial need and/or acceptable scholastic and conduct records.

- 1.2 Students and/or parents will identify and select their own lenders. The financial aid staff can provide information on the availability, benefits, and requirements for loans that are offered, but students are free to make their own choices. The university will not endorse or favor one lender over another. The university will not be held responsible for rates, terms, fees, or services provided by any lender.
- 1.3 In accordance with *FDIC, Laws, Regulations, Related Acts*, borrowers are required to submit a *Private Education Loan Applicant Self-Certification* to their lenders before loans can be disbursed.
- 1.4 All Tarleton employees in the financial aid office will receive annual training on the code of conduct to be used in financial aid processes.

## 2. ALTERNATIVE AND PRIVATE LOANS

- 2.1 Financial aid staff will process private and alternative loans in the same manner that all loans are processed. They will work directly with lenders and ensure students are enrolled at the time of aid disbursement.
- 2.2 An alternative loan is an agreement between the borrower, cosigner, and the lender. As with all loans offered, the student and/or parent will select the lender of his/her own choice.
- 2.3 The Financial Aid Office will maintain information about alternative and private loans and develop a suggested student loan lender list. This list will be reviewed and updated at least annually. Tarleton staff will review each lender's policies and procedures, including yearly rates; however, the university will not endorse or favor one lender over another. Listings will be based on objective criteria keeping the best interests of the borrowers and prospective borrowers in mind.

## 3. CONFLICT OF INTEREST AND ETHICAL CONDUCT

- 3.1 Financial Aid staff shall act in the best interests of students and make clear the available financing options.
- 3.2 Financial Aid staff shall not solicit nor accept gifts or remuneration from a student loan lender. Employees must avoid a financial conflict of interest with a student loan lender.
- 3.3 Financial Aid staff shall not provide misleading information nor enter into high risk loan arrangements.

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## **Related Statues, Policies, or Requirements**

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[System Policy 07.02, Texas Higher Education Fair Lending Practices](#)

[System Policy 07.01, Ethics](#)

[Statement of Ethical Principles and Code of Conduct for Institutional Financial Aid Administrators](#)

[Title IV, Higher Education Act of 1965 \(Pub.L.No.89-329\)](#)

[Student FA Handbook 2011-2012 \(Nov 2011\)](#)

Vol.2 School Eligibility and Operation 2-122

34 CFR668.14 (b) (28) and (29) Private Lenders, requirements for arrangements with  
Requirements for preferred lenders list

34 CFR 682.212. (h)

34 CFR601.10

[FDIC, Law Regulation, Related Acts](#)

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## **Contact Office**

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Office of Financial Aid

254-968-9070