

## For Students Participating in Consumer Loans or Federal Financial Aid

### Important Notice:

**All students** attending The Salon Professional Academy may **choose** to use a lender not on a preferred lender list. The Academy is required to process loan documents for any eligible lender selected by students.

Students are not required to use any federal or private lender recommended by The Academy and may select any lender of the student's choice.

Terms offered by preferred lenders are **equally available to all** of The Academy's eligible students.

The Academy's financial assistance / aid staff shall conduct a **performance review** of its preferred lenders at least once every 12 months and make changes when appropriate.

**The Salon Professional Academy's primary goal** is to assist students in achieving the educational career goals by providing appropriate financial resources. The financial aid/ assistance office is committed to:

- Making every effort to assist students and families with their financial need
- Inform students and remove financial barriers for those desiring to further their education
- Educating students and families concerning consumer information and all forms of aid available for those who qualify
- Protecting and respecting the privacy of students
- Ensuring the confidentiality of student records and personal circumstances
- Performing a needs analysis in a consistent manner for each student
- Providing services that do not discriminate on the basis of race, gender, religion, age, economic status, ethnicity or sexual orientation
- Attending training seminars after approved for Title IV funding to stay current with all Department of Education regulations
- Remaining at the highest level of ethical behavior
- No Co-branding or sharing of logos with the lender(s)

**The Salon Professional Academy financial assistance/aid office is expected to** always maintain ideal standards of professionalism in relation to interacting with students and families while carrying out the responsibilities of their position. All Academy staff involved will:

- Remain objective in making decisions and advising in relation to the student's financial aid
- Provide accurate information without any personal bias
- Abstain from taking any actions for personal benefit
- After approved for Federal funding, follow the Title IV laws and regulations
- Will keep the best interest of the student and families first and foremost
- Refrain from soliciting or accepting gifts from loan agencies, or any government agency

### Code of Conduct / Academy Ethics

Federal Reserve Board and Department of Education final rules for private education loans and Title IV Funding replaces prior special rules for student credit extension.

The Federal Reserve Board (FRB) regulates required disclosures on private education loans and defines certain key terms. The Department of Education (ED) regulates the required disclosures on Title IV Aid, HEA loans and private education loans.

**The Higher Education Opportunity Act (HEOA) defines:**

- **An Institution-affiliated organization** is an entity directly or indirectly related to a covered institution that recommends, promotes, or endorses education loans.
- **Lender**-an eligible private education lender or any other person engaged in the business of securing, making or extending education loans on behalf of the lender.
- **Private education loan**-is a non-Title IV loan provided by a private educational lender expressly for post-secondary educational expenses and does not include an extension of credit under an open-end consumer credit plan or secured by real property.
- *Private educational loans and Title IV loans are not in any way related.*
- The Academy is not considered a private lender if the extension of credit is 90 days or less and interest will not be applied to the credit balance and the term is one year or less, even if payable in more than 4 payments.
- **Preferred lender arrangement** is an arrangement or agreement between a lender and covered institution in which a lender provides education loans to students/families and the covered institution recommends, promotes, or endorses the education loan products of the lender.
  - Includes arrangements between a lender and an institution-affiliated organization
  - Does not include:
    - Direct Loan Program Loans through the Dept. of Ed
    - Education funds covered by The Academy’s own funds
    - Funds by donor-directed contributions
    - State funded financial aid programs if the terms and conditions of the loan include a loan forgiveness option for public service
- **An Education loan** is a Direct Loan or a private education loan. *The terms and conditions of the Title IV, HEA program loans may be more favorable than the provisions of the private educational loans.*
- **Preferred Lender Arrangement (PLA)** – The Academy will provide disclosures annually for each type of education loan offered pursuant to the PLA before a student borrows.
  - **Informational materials**-publications, mailings or electronic messaging will be distributed to prospective and current students describing the available financial assistance opportunities.
  - The disclosure will not include any co-branding and must conspicuously disclose that The Academy does not endorse the product in question.
  - The Academy has **not less than two** unaffiliated **private education lenders**. The following chart lists the lenders and the reasons The Academy chose these lenders in respect to loan terms and conditions and the methods or criteria used to select these lenders in relation to why they are favorable to borrowers.

Preferred Private Lenders	Criteria for Selection	Reason favorable to borrower	Related to other lenders on list <i>Yes or No</i>
1. TFC Credit Corporation	Lower Interest Rates	No credit check; cosigners not required.	No
2. PA Forward Student Loans	Lower payments & longer terms	Low, fixed rates; zero fees; multiple repayment plans	No

- Disclosure for Direct Loans is found in the model disclosure form developed by the Dept. of Ed.
- The Academy offering private loans will concurrently provide information in the form of a private lender model disclosure form.
- The Academy does not require students to borrow from any of the preferred lenders.
- The Academy will not deny the borrowers choice of lender.

- Method/criteria used to choose lenders is without prejudice, based on the borrower's best interest and for the sole benefit of students attending The Academy.
- The Academy will provide borrowers or notify borrowers where to find the Truth in Lending Act (TILA) disclosures for each lender.
- Academies approved for Title IV aid will inform borrowers of all Title IV eligibility and the terms and conditions of the Title IV aid in comparison to the private education loans.
- The Academy approved for Title IV aid will provide a clear distinction between the presentations of the Title IV aid in relation to the presentation of the private loans.
- The Academy approved for Title IV Aid will provide, upon the applicant's request, a self-certification form developed by the Department of Education along with any information The Academy has been provided to complete the required form before giving, upon the applicant's request, a self-certification form from a private lender.
- The Academy will not agree to use in marketing, the private lenders name, emblem, or share the logo or pictures of The Academy with the lender, which could imply the loan is offered or made by The Academy or affiliate.
- The Academy will ensure the lender's name is shown in all information/documentation related to the loan.
- The Academy will submit to the Department of Education an annual report that includes:
  - Truth In Lending Disclosures of each lender on the preferred lenders list
  - Detailed reasons why The Academy participates with each private lender and reasons why the lender is beneficial to the borrower and their families
  - Report will be available to the public, including both current and prospective students
  - The minimum information the Department determines will be disclosed.
  - The information in the report is available, upon request, to the public and is provided to current students and students planning to attend The Academy and their families.
- **Code of Conduct Requirements for The Academy – Affiliated Organizations**
  - The Code of Conduct will be displayed in plain sight on The Academy's website.
  - The Academy will administer, enforce, and review the Code of Conduct for all Academy staff involved annually.
  - Lenders are also required to enforce and review the same Code of Conduct with the affiliate's agents annually.
  - The Academy prohibits a conflict of interest between The Academy FAA and the preferred lenders.
  - The Academy does not promote any lender during the Entrance/Exit Interview process.
  - The Academy does not promise any loan volume to any preferred lender.
  - The Code of Conduct prohibits revenue-sharing arrangements with any lender.
    - The Academy will not collect a fee in exchange for promoting a lender nor collect any revenue or profit sharing.
    - The Financial Aid Department or Administrator or Owner will not receive gifts from any preferred lender.
    - "Gifts" include: gratuity, favor, discount, entertainment, hospitality, loan, services, transportation, lodging, meal, or other items deemed as a "gift".
    - The term "gift" does not include: food or refreshments during a professional training session meant to improve service and does not include favorable terms to student, standard marketing material, and philanthropic contributions from a lender in exchange for advantages to related loans, or any state aid.
    - The Academy will utilize marketing materials advantageous to the applicant from the lender(s) to counsel, aid in financial literacy and debt management as long as the lender discloses that the lender prepared the provided materials.
  - The Academy prohibits contracting arrangement providing financial benefit from any lender or affiliate of a lender
    - Prohibits offers of funds for private loans
    - Prohibits call center or financial aid office staffing assistance

- Prohibits Advisory Board compensation
- The Academy does not hire any consultants contracted by any private lender.
- The Academy does not have any affiliates of lenders serve on their Advisory Board.
- The Academy owners/staff will not participate on any affiliated lenders Advisory Board.
- The Academy's financial aid / assistance office is prohibited from directing borrowers to certain lenders or delaying loan certifications.
- The Academy does not assign lenders to any student's aid award package and does not refuse or delay loan certification based on the borrower's choice of lender.
- The Academy is not involved in payment to any lenders, whether directly or indirectly, in exchange for points, premiums, or interest of financial support in exchange for extending credit to a student.
- **Academies offering Federal Aid under the Program Participation Agreement will:**
  - Develop, publish, administer, and enforce the code of conduct with respect to loans guaranteed under the Title IV programs or Higher Education Act (HEA) loan programs.
  - Compile yearly, maintain, and make available to all students, a list of lenders for loans issued or guaranteed under the Title IV programs or HEA loan programs.
  - The Academy, upon request from a student or prospective student, must provide a Department of Education/FRB self-certification form and information needed to complete the form.
  - Self-certification form must contain disclosures stating the applicant may qualify for Federal, State, or Academy aid.
  - The applicant will be encouraged to discuss available options with the Financial Aid Administrator and that private education loans may affect the applicant's eligibility for Federal, State, or Academy aid.
  - The Academy will aid the applicant in reviewing what information the applicant must provide on the self-certification form obtained in The Academy Financial Aid Office.
  - Information reviewed with applicant will include Cost of Attendance (COA), the student's Estimated Financial Assistance (EFA), and the difference between the two.
  - The lender may provide to the applicant a pre-filled self-certification form. This self-certification form must be signed by the applicant.
  - The lender must obtain the signed self-certification form before consummation of the loan.
  - Lender may receive the self-certification from the applicant or The Academy.
- **Administrative Capability**
  - When the PPA is originally signed and upon continuing to participate in Title IV aid or HEA programs, The Academy will:
    - Report annually to The Department of Education any "reasonable reimbursements" in accordance with State or Federal reimbursement policies that are paid by any private education lenders to any Academy employee in the Financial Aid Office who is responsible for education loans.
- **Right to Cancel**
  - The applicant may cancel within 3 business days of receipt of the lender's final disclosure form.
  - Funds will not be disbursed until the cancellation period expires.