ASSOCIATION OF AMERICAN UNIVERSITIES

Statement of Guiding Principles Regarding Institutional Relationships with Student Loan Providers

April 26, 2007

Preamble

The purpose of the federal student loan program is to provide the best possible terms for students and parents who borrow to help finance higher education. Private student loans are an important additional resource for many students. Students and families must receive trustworthy, reliable guidance from institutions about financial aid.

The first priority in institutional dealings with student loan providers should be the best interests of student borrowers. Institutions should exercise sound judgment in their application of these principles to particular situations that arise.

Key Guiding Principles

1) Institutional integrity and the appearance of integrity are essential in processes that identify and recommend student-loan providers.

2) Decisions by colleges and universities with respect to student lenders should be based on an assessment of student borrowers' best interests.

3) Colleges and universities should inform students and parents that they may select the lender of their choice, and should not penalize students and parents for selecting a lender not on a preferred lender list.

4) Colleges and universities should disclose the criteria for recommending student lenders.

5) Institutional personnel involved in or responsible for administration of student financial aid programs should not accept any personal benefit from a lender.

6) Colleges and universities should take steps to ensure that a) lender representatives dealing with students and parents disclose their affiliation and not assert or imply that they are employees of the institution, and b) no lender representative, in the course of permissibly serving the institution, promotes a particular lender's loan product.