

261F.1 Definitions.

As used in this chapter, unless otherwise specified:

1. “*Borrower*” means a student attending a covered institution in this state, or a parent or person in parental relation to such student, who obtains an educational loan from a lending institution to pay for or finance a student’s higher education expenses.

2. “*Covered institution*” means any educational institution that offers a postsecondary educational degree, certificate, or program of study and receives any Tit. IV funds under the federal Higher Education Act of 1965, as amended, or state funding or assistance. “*Covered institution*” includes an authorized agent of the educational institution, including an alumni association, booster club, or other organization directly or indirectly associated with or authorized by the institution or an employee of the institution.

3. “*Covered institution employee*” means any employee, agent, contract employee, director, officer, or trustee of a covered institution.

4. “*Educational loan*” means any loan that is made, insured, or guaranteed under Tit. IV of the federal Higher Education Act of 1965, as amended, directly to a borrower solely for educational purposes, or any private educational loan.

5. “*Gift*” means any gratuity, favor, discount, entertainment, hospitality, loan, or other item having a monetary value of more than a de minimus amount. “*Gift*” includes a gift of services, transportation, lodging, or meals, whether provided in kind, by purchase of a ticket, payment in advance, or reimbursement after the expense has been incurred. “*Gift*” does not include any of the following:

a. Standard material, activities, or programs on issues related to a loan, default aversion, default prevention, or financial literacy.

b. Food or refreshments furnished to an officer, employee, or agent of an institution as an integral part of a training session or conference that is designed to contribute to the professional development of the officer, employee, or agent of the institution.

c. Favorable terms, conditions, and borrower benefits on an educational loan provided to a borrower employed by the covered institution if such terms, conditions, or benefits are comparable to those provided to all students of the institution.

d. Philanthropic contributions to a covered institution from a lender, guarantor, or servicer of educational loans that are unrelated to educational loans, provided, as applicable, that the contributions are disclosed pursuant to section 261F.4, subsection 6.

e. State education grants, scholarships, or financial aid funds administered under chapter 261.

f. Toll-free telephone numbers for use by covered institutions or other toll-free telephone numbers open to the public to obtain information about loans available under Tit. IV of the federal Higher Education Act of 1965, as amended, or private educational loans, or free data transmission service for use by a covered institution to electronically submit applicant loan processing information or student status confirmation data for loans available under Tit. IV of the federal Higher Education Act of 1965.

g. A reduced origination fee.

h. A reduced interest rate.

i. Payment of federal default fees.

j. Purchase of a loan made by another lender at a premium.

k. Other benefits to a borrower under a repayment incentive program that requires, at a minimum, one or more scheduled payments to receive or retain the benefit or under a loan forgiveness program for public service or other targeted purposes approved by the attorney general, provided these benefits are not marketed to secure loan applications or loan guarantees.

l. Items of nominal value to a covered institution, covered institution employee, covered institution-affiliated organization, or borrower that are offered as a form of generalized marketing or advertising, or to create goodwill.

m. Items of value which are offered to a borrower or to a covered institution employee that are also offered to the general public.

n. Other services as identified and approved by the attorney general through a public announcement, such as a notice on the attorney general’s internet site.

6. “*Lender*” or “*lending institution*” means a creditor as defined in section 103 of the federal Truth in Lending Act, 15 U.S.C. § 1602.

7. “*Postsecondary educational expenses*” means any of the expenses that are included as part of a student’s cost of attendance as defined in Tit. IV, part F, of the federal Higher Education Act of 1965, as amended.

8. “*Preferred lender arrangement*” means an arrangement or agreement between a lender and a covered institution under which the lender provides or otherwise issues educational loans to borrowers and which relates to the covered institution recommending, promoting, or endorsing the educational loan product of the lender. “*Preferred lender arrangement*” does not include arrangements or agreements with respect to loans under part D or E of Tit. IV of the federal Higher Education Act of 1965, as amended.

9. “*Preferred lender list*” means a list of at least three recommended or suggested, unaffiliated lending institutions that a covered institution makes available for use, in print or any other medium or form, by borrowers, prospective borrowers, or others.

10. “*Private educational loan*” means a private loan provided by a lender that is not made, insured, or guaranteed under Tit. IV of the federal Higher Education Act of 1965, as amended, and is issued by a lender solely for postsecondary educational expenses to a borrower, regardless of whether the loan involves enrollment certification by the educational institution that the student for which the loan is made attends. “*Private educational loan*” does not include a private educational loan secured by a dwelling or under an open-end credit plan. For purposes of this subsection, “*dwelling*” and “*open-end credit plan*” have the meanings given such terms in section 103 of the federal Truth in Lending Act, 15 U.S.C. § 1602.

11. “*Revenue sharing arrangement*” means an arrangement between a covered institution and a lender in which the lender provides or issues educational loans to persons attending the institution or on behalf of persons attending the institution and the covered institution recommends the lender or the educational loan products of the lender, in exchange for which the lender pays a fee or provides other material benefits, including revenue or profit sharing, to the institution or officers, employees, or agents of the institution. “*Revenue sharing arrangement*” does not include arrangements related solely to products which are not educational loans.

2008 Acts, ch 1132, §3; 2009 Acts, ch 41, §106