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Terry Goddard Announces New Student Lending Standards

(Phoenix, Ariz.—Sept. 19, 2008) Attorney General Terry Goddard today announced that his office has created the Arizona Student Loan Code of Conduct to ensure students are treated fairly when financing their college education. Arizona's three major universities, along with 31 other Arizona colleges and post-secondary schools, have adopted this voluntary code of conduct.

"Providing our young people with access to quality, affordable higher education is the key to keeping Arizona competitive in the 21st century," Goddard said. "To achieve this, students and families must have the information they need to make well-informed decisions about how to pay for school, and college lending practices need to be free of any conflict of interest."

In 2007, the Attorney General's Office initiated an inquiry into the student loan industry in Arizona as part of a national examination of student loan practices. The Attorney General's Office developed the Arizona Student Loan Code of Conduct in partnership with several public and private post-secondary institutions to address many of the biggest problems identified during the inquiry, including hidden relationships between schools and lenders and a lack of transparency regarding "preferred lender" lists.

"I worked with schools across the state to create a lending code of conduct that puts students' best interests first," Goddard said. "The colleges and universities that signed on to this code should be commended for their commitment to protecting students' financial interests and well-being."

The Arizona Student Loan Code of Conduct addresses several of the same issues as the federal Higher Education Opportunity Act of 2008 that was signed into law last month. The Arizona code, however, exceeds the requirements of the federal act in some key ways, including that the Arizona Code:

- Prohibits schools from engaging in revenue sharing with lenders of private loans, as well as federally guaranteed loans.

- Restricts schools from accepting anything of value from a lender in exchange for any advantage related to student loans, including placement on a “preferred lender” list.
- Requires schools to list three lenders on lists of private student lenders (the federal law requires only two lenders on lists of this type).
- Prohibits schools’ financial aid employees from seeking reimbursement of travel or other expenses for serving on advisory boards of private lenders.

The Arizona post-secondary institutions that have adopted the Arizona Code of Conduct are:

University of Arizona	Lamson College
Arizona State University	Mohave Community College
Northern Arizona University	National Paralegal College
Anthem College	Ottawa University
Apollo College	Phoenix Seminary
Arizona College of Allied Health	Pima Community College
Arizona Western College	Prescott College
Asian Institute of Medical Studies	Scottsdale Culinary Institute
Carsten Institute	Sonoran Desert Institute
Coconino County Community College	Southwest Institute of Healing Arts
Collins College	Southwestern College
DeVry University	The Bryman School of Arizona
Dunlap-Stone University	Tucson College
Eastern Arizona College	Turning Point Beauty College
Frank Lloyd Wright School of Architecture	Universal Technical Institute
Golf Academy of America	University of Advancing Technology
International Academy of Hair Design	University of Phoenix
International Institute of the Americas	Western International University

Assistant Attorneys General Taren Ellis, Dena Rosen Epstein and Vincent Rabago handled this matter. For more information, contact Anne Hilby at (602) 542-8019.

Individuals with complaints about student lending or other consumer problems should file a consumer complaint with the Attorney General’s Office. Complaints can be filed online at www.azag.gov. Consumers also can call (602) 542-5763 to have a complaint form mailed to them.

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