Purpose:

Occasionally the University will not able to collect student fees, tuition and loan amounts owed in a timely manner. This policy sets forth the University’s procedures by which the University will reserve and potentially write-off student accounts and loans receivable.

Policy:

Student accounts receivable and student loans receivable consist of unpaid balances for tuition, mandatory fees, course and program fees, housing fees, dining fees, miscellaneous fees, and institutional loans (short-term and long term).

The following policy is established to facilitate collection and write-off procedures for unpaid student accounts and loans receivable.

A Establishment of Bad Debt Reserve Accounts

1. Student Accounts Receivable

   Annually, Student Billing Services will calculate the amount of bad debt reserve for student accounts receivable that should be established on the University’s financial records. The total amount will be calculated as follows:

   a. 50% of balances over 90 days remaining as owed from the immediately preceding spring and winter semesters, plus
   b. 70% of the balances remaining as owed from the immediately preceding fall and summer semesters, plus
   c. 80% of the balances remaining as owed from the previous twice removed spring, winter, fall and summer semesters, plus
   d. 100% of all other remaining balances owed.

2. Student Loans Receivable

   Annually, Student Billing Services will calculate the amount of bad debt reserve for student loans receivable that should be established on the University’s financial records. The total amount will be calculated as follows:

   a. Health Professions 10% for past due balances less than 120 days, plus
   90% for all other past due balances
   b. Federal Perkins 25% for past due balances less than 270 days, plus
   90% for past due balances greater than 270 days, plus
   100% of old UK past due accounts
   c. Institutional 100% of past due balances over 90 days
B. Unpaid student accounts and short-term institutional loans

1. Account statements are provided once each month.
2. A late fee of 1.25% on the unpaid balance will be assessed monthly for terms beginning spring semester 2006.
3. A financial hold will be placed on the student’s record approximately sixty (60) days after the account becomes past due. University services such as transcript requests, registration, or diplomas may be denied until the account is paid in full or other satisfactory arrangements have been made.
4. Accounts with unpaid balances of $100.00 or more and past due at least six (6) months will be sent a final demand notice (beginning summer I semester 2007 and with the implementation of the “Statement of Obligation” requirement). This notice will state that the account will be referred to a collection agency within thirty (30) days if not paid in full or other satisfactory arrangements have not been made.
5. If no response is received within thirty (30) days of this notice, the account will be referred to a collection agency.
6. If an account is returned by one collection agency, the account may be referred to a second collection agency.
7. Accounts that are past due may be written-off the student system and charged against the bad debt reserve account at least annually with the following considerations:
   a. Accounts with unpaid balances past due at least three (3) years or more.
   b. Accounts with unpaid balances past due less than three (3) years with exceptional circumstances as determined by the Director and approved by the University Treasurer.
      1. Death, as documented by certified Death Certificate
      2. Total or permanent disability as documented by physician
      3. Incarceration, with documentation
   c. Accounts with unpaid balances less than $20.00 and past due less than three (3) years.
8. Financial holds will be maintained after the write-off for accounts with write-off amounts of $20.00 or greater. The write-off of the unpaid balance from the student account does not constitute a discharge of the obligation.
9. Accounts may be reactivated upon students’ requests for services (e.g.: transcripts, enrollment, etc) or if recovery becomes apparent.

C. Unpaid long-term institutional student loan accounts

1. Account statements are provided once each month when the loan begins repayment status.
2. Interest and or late penalties are assessed according to the terms noted on the promissory notes.
3. A financial hold will be placed on the student’s record approximately sixty (60) days after the account becomes past due. University student services such as transcript requests, registration, or diploma may be denied until the account is paid in full or other satisfactory arrangements have been made.

Revision Date: May 1, 2007
Accounts with unpaid balances of $100.00 or more and past due at least six (6) months will be sent a final demand notice. This notice will state that the account will be referred to a collection agency within thirty (30) days if not paid in full or other satisfactory arrangements have not been made.

If no response is received within thirty (30) days of this notice, the account will be referred to a collection agency.

If an account is returned by one collection agency, the account may be referred to a second collection agency.

Accounts that are past due may be written-off and charged against the bad debt reserve account at least annually with the following considerations:

a. All collection efforts have been exhausted
   1. Internal
      a. Initial bill and past due notices attempted
      b. Financial holds placed on the accounts
      c. Address searches completed
   2. External
      a. At least two (2) external collection agencies have closed and returned the account
      b. Litigation attempted, if applicable

b. Accounts with unpaid balances past due at least three (3) years or more.

c. Accounts with unpaid balances past due less than three (3) years with exceptional circumstances as determined by the Director and approved by the University Treasurer.
   i. Death, with certified Death Certificate
   ii. Total or permanent disability, with physician’s documentation
   iii. Incarceration, with documentation

d. Accounts with unpaid balances less than $20.00 and past due less than three (3) years.

Outstanding principal, interest, late fees, and collection costs, if applicable, will be written off by performing transactions in the billing service system (Campus Partners).

Detail of all accounts written off will be maintained by the billing service and made available if recovery becomes apparent.

Financial holds will be maintained after the write-off for accounts with write-off amounts of $20.00 or greater. The write-off of the unpaid balance from the borrower’s account does not constitute a discharge of the obligation.