



Financial Responsibility Checklist

The following is a checklist to help in the creation of a Financial Responsibility Agreement between students and institutions.

Disclaimer: This is a guide and should not be used as legal advice. You should always check with your institution's legal counsel before implementing an agreement or making changes to an existing agreement.

- 1) Terms of Agreement/Length of Contract
 - a. Explain the length of the agreement (example: for as long as the student is registered and/or has an outstanding balance).
 - b. Does the balance transfer to a student note if not paid by the due date? What is the maturity date of the note (example: 12, 24, 36 months)?
 - c. If the balance turns into a note, do the terms of the note require you to follow Regulation Z (TILA)?
- 2) Promise to Pay
 - a. A signed acknowledgement by the student that he/she is responsible for the payment of tuition, room, board, activity fees, extra course fees, library fines, parking fines, or other fees incurred by the student.
- 3) Electronic Consent
 - a. A consent to receive tuition statements, tax forms, etc. electronically.
 - b. Is there an opt-out process? Do they have to complete a form or send something in writing? Who do they send it to?
 - c. Does this electronic consent include electronic funds transfer for refunds (direct deposit or debit card)?
- 4) Address/Phone Change Responsibility
 - a. Notify the student of his/her responsibility to communicate any change of name, SSN, address, phone number to the institution or billing servicer as directed by the institution.
 - b. Some institutions have a pop-up reminder on their systems to update the student's permanent address prior to being allowed to register.
- 5) TCPA
 - a. Student granting permission to institution or third parties to contact them at a mobile phone number by auto dialers or artificial or pre-recorded voice or text messages.
 - b. Is there an opt-out process? Do they have to complete a form or send something in writing? Who do they send it to?
- 6) Monthly Payment Plans/Extension of Credit
 - a. Notify the student of the extension of credit or deferred payment if tuition is not paid by due date.

- b. Are there alternatives to standard payment? Is it internal or managed by an outside company?
- 7) Financial Aid/Title IV Consents
- a. Student is consenting to allow institution to:
 - i. Use of Title IV funds to pay prior year charges up to \$200
 - ii. Use of Title IV funds to pay discretionary charges (parking fines, library fines, late fees etc.)
 - iii. Hold Title IV funds as a credit on the students account for future charges
 - b. Some institutions use a separate form to opt-in or have an opt-out process.
- 8) Late Fees
- a. Notify the student of the rate at which late fees are calculated for past due balances (example: flat amount or percentage of past due balance).
 - b. Notify the student of the frequency of calculation (example: monthly or quarterly).
- 9) Transcript/Registration Holds
- a. Notify the student of the withholding of transcripts/diploma and registration for past due balances.
 - b. Does your institution cancel or drop the student from their courses? Does your institution cease all services?
- 10) Default
- a. Explain what constitutes default on tuition accounts.
 - b. What are the consequences of defaulting?
 - i. Is the account reported to a credit bureau?
 - 1. What are the consequences of a default on credit report?
 - ii. Is the student responsible for any legal or collection costs resulting from the default? (If allowed by state law)
 - 1. Are there limitations?
 - 2. Be sure the language in this section accurately reflects your institution's policy with respect to actual or percentage based collection costs. Actual costs are harder to compile and prove. You may want to consider using "reasonable collection cost" as part of the language as it is broader and could be more enforceable.
- 11) Bankruptcy
- a. Notify the student that the account cannot be discharged in bankruptcy (if applicable).
 - b. Are certain charges considered non-dischargeable in bankruptcy (tuition, room & board, etc.)?
 - c. Reference bankruptcy code if appropriate (US Bankruptcy Code 11 USC 523(a)(8)).
 - d. Legal counsel will need to be consulted to see if this area should be included in your agreement.

- e. What actions will the institution take if the student is enrolled or is a former student?
 - i. Current students cannot seek new lines of credit or choose who to pay or not pay, unless authorized by the court, while in bankruptcy proceedings.
- 12) Choice of Law/Governing Law
- a. If the institution chooses to use their state court system to remedy a defaulted account, that language must be included.
 - b. May or may not want to include this section depending on your state laws. Some state laws are more restrictive on institutions/creditors than others. Should check with your legal counsel.
- 13) Always ask your institution's legal counsel to verify the language of your Agreement before publishing it.