


AUSTIN PEAY STATE UNIVERSITY
POLICIES AND PROCEDURES MANUAL

POLICY NO.: IV:01:06 DATE: January 30, 1984
SUPERSEDES POLICY NO.: IV:01:06 DATED: March 1, 1982
SUBJECT: Collection of Receivables
APPROVED: Robert O. Riggs, President 

It shall be the policy of Austin Peay State University to obtain whenever practical, advance payment for all goods and services provided by the University. A security deposit will be required when advance payment is impractical. Accounts receivable will be created only when there are no means of prior collection. When it is necessary to establish an account receivable, immediate steps will be taken to insure full and prompt payment.

1. In accordance with the State Board of Regents' Policy No. 4:01:03:00, all fees assessed to students will be paid in advance prior to students being admitted for any academic term. "Assessed fees" will include registration fees, out-of-state tuition, debt service, book rent, Student Government Association fees, yearbook fees, and any and all other fees outstanding from prior enrollment at the University.
2. Accounts and notes receivable may be generated at any time for library fines, traffic fines, music fees, damage charges, bad checks, rental property, delayed housing and/or food service fees and charges, and such other instances which by their inherent nature prohibit advance payment.
3. Prior to the establishment of an account receivable, with the exception of off-campus and married student housing and the delayed housing and/or food service options available to students, efforts will be made by the operational area of the University involved to secure payment for the account. Because an individual owing the University will be given adequate prior notice, an account, when recorded on the University's books, will be considered delinquent and will be collected by methods developed for the collection of delinquent accounts.
4. Where applicable, security deposits will be used to

insure payment of outstanding debts to the University.

Collection procedures will be established and enforced in accordance with federal and state regulations and State Board of Regents' Policies and Guidelines. These procedures will be divided into two major areas: Accounts Receivable Collection Procedures and Notes Receivable Collection Procedures.

I. Accounts Receivable Collection Procedures

A. Employee Accounts Receivable

1. Each employee accounts receivable will receive a first billing notice at the end of the month in which the charge occurs. This notice will request that payment be made and will be sent to the employee's work address.
2. If payment has not been made within thirty (30) days, a second notice indicating that the account is more than thirty (30) days past due will be sent. Included with this notice will be a statement that the employee must either pay the bill or appear in the Business Office for a hearing within fifteen (15) days from the date of the notice to contest the obligation.
3. If the employee does not appear for a hearing or if the debt is not paid, arrangements will be made to deduct the debt from his salary at a rate not to exceed the legal garnishment rate until full payment is reached. The Business Office will notify by campus mail the employee of the amount and rate of any garnishment. A copy of the garnishment notice will be attached to the employee's payroll check.

B. Student Accounts Receivable

1. Each student accounts receivable will receive a first billing notice at the end of the month in which the charge occurs. A notice will be attached to the billing indicating that the student will not be permitted to register for any courses, will not receive grades, diplomas, or transcripts until the debt is paid. For those students with on-campus post office boxes, notices will be mailed to the students at their last known addresses.
2. If no payment is received within thirty (30) days of the first billing notice, the appropriate notice stating the account is thirty (30) days

past due will be distributed as indicated in I.B.1. above. This notice will request that immediate attention be given this past due account and will give the name and location of the person the debtor should contact if there are questions about the account.

3. If no payment is received within sixty (60) days of the first billing notice, a notice will be sent by certified mail with return receipt requested. This notice will state that the past due amount must be received by the University within fifteen (15) days from the date of the notice or the account will be referred to a collection agency.
4. If no payment is received within ninety (90) days of the first billing notice and if the account balance is \$10 or more, a notice will be mailed to the student indicating that the account has been turned over to a collection agency. The account will be sent to the State Board of Regents' approved agency for collection. For those accounts with balances under \$10, the University will request permission from the State Board of Regents to write off the accounts, as described in I.D. below.

C. Other Accounts Receivable

Accounts Receivable for other than students or employees will be collected by the following procedures:

1. At the end of the month in which the charge occurs, a billing notice will be sent to each account requesting payment of the account.
2. If payment is not made within thirty (30) days of the first billing notice, a second notice will be sent indicating that the account is more than thirty (30) days past due and requesting immediate payment. The name and location of the person the debtor should contact in case of questions will be included in this notice.
3. If no payment is received within sixty (60) days of the first billing notice, a third notice will be sent by certified mail with return receipt requested. This notice will state that the account must be paid within fifteen (15) days of the date of the notice or the account will be referred to a collection agency.

4. If no payment is received within ninety (90) days of the first billing notice and if the account balance is \$10 or more, a notice will be sent to the debtor indicating that the account has been turned over to a collection agency. The account will be sent to the State Board of Regents' approved agency for collection. For accounts with balances under \$10, the University will request permission from the State Board of Regents to write off the accounts, as described in I.D. below.

D. Uncollectible Accounts Receivable

1. If an account receivable is deemed by the University and a collection agency to be uncollectible, the University will request permission either to instigate legal proceedings or to write off the account as uncollectible. If the debtor is deceased or has filed bankruptcy or if the statute of limitations has expired on the account, the University will request permission to write off the account.
2. Requests for permission to write off accounts will be sent on State Board of Regents' forms. Accounts will be summarized by type of debt and age. Listings will be sent with the "Accounts Receivable Write-off Request Summary and Certification" to the State Board of Regents. When approvals are obtained from the appropriate agencies, the accounts will be written off.

E. Rental Collections

Monthly rent for University-owned apartments and houses is due on the first day of the month. Rent not paid by the fifth calendar day of the month will be considered delinquent and the following procedures will be used to collect rent payments.

1. On the sixth calendar day of the month, a written notice will be sent to the tenant indicating that the rent must be paid within five (5) days of the date of the notice or eviction proceedings will be initiated. A \$10 late rent charge will be added to the rent due.
2. If rent is still unpaid five (5) days after the first notice has been sent, a second notice will be mailed to the tenant requesting that he immediately contact the Business Office regarding his rent.

3. For any rents unpaid after the deadline set in the second notice, a third notice will be hand delivered by the Resident Manager to the tenant. This notice will notify the tenant that he has three (3) days in which to vacate the University property.
4. If the tenant has not vacated the property and has not paid the past-due rent after the three (3) day limit set in the third notice, the Business Office will contact the legal services office of the State Board of Regents and request approval to obtain a detainer warrant and to proceed with recovery of University property.
5. Any legal fees and expenses related to the recovery of University property will be charged to the tenant's account receivable and will be collected as described in I.A. and I.B. above.
6. Employees may make arrangements with the Business Office to have their rents for University housing deducted from their salaries each month.

F. Collection of Bad Checks

In accordance with the State Board of Regents' Guidelines for Bad Check Collections, persons who tender checks for payment of goods and services which are returned by the bank as non-payable will be required to redeem the checks immediately with cash. The following are procedures adopted for the collection of such checks.

1. When the University receives notification from the bank that a check presented is not payable a written notice will be mailed to the individual which states that the check must be redeemed within five (5) days of the date of the notice. The individual will be required to redeem the check with cash.
 - a. An individual who presents a bad check in payment of registration fees will be informed in his notice that his registration will be cancelled if the check is not redeemed. A \$10 bad check fine and a \$10 late registration fee will be levied. If the check is not redeemed within (5) days, a notice will be sent to the admissions Office requesting the cancellation of the student's registration. When appropriate, the Housing Coordinator will be notified of the registration cancellation.

- b. An individual who presents any other bad check will in his notice be informed that the check must be redeemed and that he cannot enroll in classes, receive grades, diplomas or transcripts until all accounts are settled. Check-cashing privileges will be revoked for the remainder of the school year.
2. If a dishonored check from a person other than a student or employee is not redeemed, the person will be notified by certified mail of the dishonored check with payment to be made within five (5) days. If payment is not received within the five (5) day period, the check (provided the amount is equal or greater than \$25) will be referred to the APSU Department of Public Safety for action.

II. Notes Receivable Collection Procedures

- A. Each borrower's folder shall be sent from the Student Financial Aid Office to the Business Office for placement in a pending file. Exit interviews shall be scheduled by the Student Financial Aid Office and conducted jointly with a Business Office representative, usually by means of a group exit interview.
- B. During the exit interview each borrower shall be required to complete an Exit Personal Data Sheet. Each borrower shall complete and sign his repayment schedule and an Exit Interview Checklist and receive a copy of each. He shall also receive a Summary of Terms of Repayment.
- C. If a borrower leaves campus without having an exit interview, the documents noted in B. above shall be sent by certified mail with a memorandum explaining the procedure for repayment. The borrower shall be asked to return the documents noted in B. above. A copy of the repayment schedule shall be retained in the borrower's record.
- D. Teacher, military, student, disability and hardship deferment and/or cancellation forms are available for individuals who qualify under the guidelines established by the U. S. Department of Education.
- E. When a loan is sixty (60) or ninety (90) days into the grace period (whichever is applicable for the loan), letter shall be mailed to the borrower indicating that the grace period will be expiring. A copy of the repayment schedule shall be included with the letter.

- F. When a loan is one hundred twenty (120) or one hundred eighty (180) days into the grace period (whichever is applicable for the loan), a letter indicating when the grace period will expire and the due date and amount of the first payment will be mailed to the borrower.
- G. A coupon book indicating the amounts of principal and interest due and the due dates shall be mailed to each borrower between fifteen (15) and thirty (30) days before the first payment is due.
- H. If a payment is not received within fifteen (15) days after the due date, a letter shall be sent requesting immediate payment.
- I. If payment has not been received after the first delinquent notice, another notice shall be sent when the payment is forty-five (45) days past due. The borrower shall be requested to contact the Business Office if there are any questions regarding the bill.
- J. On the sixtieth (60) day of delinquency, a U. S. Department of Education Warning letter (ND-1) will be sent to the borrower informing him that the account is delinquent.
- K. If a payment has not been received after seventy-five (75) days, a final notice shall be sent by certified mail requesting payment. The borrower shall be advised that the account will be referred to a collection agency if a payment is not received within fifteen (15) days from the date of the notice.
- L. On the eightieth (80) day of the delinquency, a U. S. Department of Education 48-Hour Warning Letter (ND-2) will be sent advising the borrower that if the loan is not paid within forty-eight (48) hours, APSU will initiate default proceedings through the U. S. Department of Education and will refer the loan account for collection.
- M. When the loan is one hundred twenty (120) days delinquent, APSU will send an U. S. Department of Education Final Demand Letter (ND-3) informing the borrower that the loan is now in default and has been referred through the U. S. Department of Education to a specified collection agency.
- N. If, or when, the collection agency has returned a first referral as uncollectible, that amount shall be referred to a second agency for collection. If, or when, the second collection agency has deemed that the account is uncollectible, a request for litigation

shall be sent to the State Board of Regents' Legal Counsel. If, after the account has been litigated, it is still deemed to be uncollectible, the University will request that the State Board of Regents' Legal Counsel assign the account to the U. S. Department of Education for further action.



UNITED STATES DEPARTMENT OF EDUCATION

REGION IV

101 MARIETTA TOWER BUILDING SUITE 423

POST OFFICE DRAWER 1771
ATLANTA, GEORGIA 30370

STUDENT FINANCIAL ASSISTANCE

To:

(Date Issued)

(Social Security Number)

WARNING

The _____ has
(Institution's Name and Address)

notified this office that your National Direct/Defense Student Loan is delinquent.

This is to inform you that if your delinquency should persist, BY STATUTE your account will be declared IN DEFAULT and may be referred to the Federal Government for further collection activity.

In order to avoid this, you must contact the above-captioned lender IMMEDIATELY.

Your institution's telephone number is () _____.



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101 MARIETTA TOWER BUILDING SUITE 423

POST OFFICE DRAWER 1771

ATLANTA, GEORGIA 30370

STUDENT FINANCIAL ASSISTANCE

NOTICE

To:

_____ (Date Issued)

_____ (Social Security Number)

On _____, _____ (Institution's Name and Address)

notified this office that your National Direct/Defense Student Loan was delinquent.

Payments were _____ months delinquent, totaling \$ _____.
(Number)

If the above referenced delinquency is not paid within

48 HOURS

your lender can initiate DEFAULT proceedings against you. If your account should be declared in default, it will be referred for collection.

WHAT TO DO:

Unless the delinquency has already been corrected, contact the above Lender IMMEDIATELY. Your institution's telephone number is () _____.



FINAL DEMAND LETTER

To:

_____ (Date Issued)

_____ (Social Security Number)

The

_____ (Institution's Name and Address)

has notified the U. S. Department of Education that your National Direct/Defense Student Loan is in default. This office has written to you previously on this matter. If your account is referred to a collection agency, the additional cost of collections may be added to the account you already owe.

This final demand letter notifies you that unless you resolve this matter now, we will recommend the assignment of your account to the U. S. Government as a Federal defaulter. This assignment action will result in notification to consumer credit bureaus nationwide which can adversely affect your future credit under the provisions of the Debt Collections Act of 1982.

If the U. S. Government becomes involved, your account is also subject to handling by government contracted collection agencies or the U. S. Attorney's office in the district of your residence.

In order to avoid this action, you must contact the above-captioned lender immediately. Your institution's telephone number is () _____.

