

Drop/Add

Collections

Account Receivables

Credit Bureau

Vs.

Dispute

Loans

Late Fees

Skiptracing

Administration

Bookstore

What's the difference?

Promissory Note

Bad Address

Emergency Loans



Financial Aid
Housing

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What is an Account Receivable?

Account Receivable:

- “Is one of a series of accounting transactions dealing with the billing of customers who owe money to a person, company or organization for goods and services that have been provided to the customer.”



Where does A/R come from?

- Tuition
- Room
- Meal Plans
- Mandatory Fees
- Fines & Permits
(Traffic/Library/etc.)
- Student Health Charges
- Returned Checks/Credit Cards

- Late Fees & Fines
- Technology Fee
- School Ads
- Pell Grant Returns
- Transcript Fee
- Graduation Fee
- Etc. Etc. Etc.
- Child Care



WHY ARE A/R'S MORE DIFFICULT TO COLLECT?



- No tools to locate skips
- Lack of staff to work on locating
- No references at registration
- No signed agreements to enforce late fees, interest and collection costs
- Inability to access credit reports



How to better prepare for your A/R's

- Admissions Application
- FAFSA –Financial Aid Information
- Online information
- Financial Packet Information
- Housing Application
- International Student Office
- Alumni Office

It's a Joint Effort



Information to obtain at registration

- Name (including Jr., Sr., etc.)
- Local address and phone number
- Permanent contact information (& parents)
- Social Security Number (drivers lic)
- Signature
- Date of Birth
- References



Current policy should include:

- Promissory Notes and or acknowledgement of responsibility to pay
- Handbook
- Admission Forms
- Financial Aid Award Letters
- Actual Promissory Note
 - The key is signed a signed agreement



Rules to Remember

- The more information obtained from your students at registration, the more likely it is to collect unpaid bills.
- The more information you disclose to your students at registration, the more likely you are to collect unpaid bills.



UH, OH! There's DEBT!!!!

Apply Penalties

- Late Fees and Interest
- Transcript and Diploma holds
- Un-enrollment/Course Cancellation



Internal Collections: A/R

- **Establish A Collection Policy**
 - Internal Collections
 - First Things First – ROUND 1
 - » Validate all information- for FDCPA
 - » Collection letters
 - » Phone Contact
 - » Payment options
 - » Internet Contact and searches
 - » Insure collection costs /FDCPA Sect 808 / Colorado Article 14-108: endorse envelope
 - » Allows debt to be resolved prior to agency involvement
 - » Maintains healthy relationship with alumni



Due Diligence/Internal Collections: Loans

(Perkins)

The due diligence actions for Perkins Loans are governed.

- Credit Bureau
- 15, 30 , 45, 60 - Letters
- 90 day phone call
- ACCELERATION!!!!


Extra Efforts Payoff

- Phone Calls
- Letters



A yellow starburst graphic with a red outline, centered on a green background. The text "ROUND 2" and "OUTSIDE COLLECTIONS" is written inside the starburst in a light green, bold, sans-serif font.

ROUND 2
OUTSIDE COLLECTIONS



Collections :

Where does it Begin?

Perkins:

- 90 Day Phone Call

A/R:

- After due date, no payment



Collections: Referral

Referring an Account to your Collection Agency

- Online
- Fax
- FTP
- Snail Mail
- Billing Servicer (automatic placement)

The FASTER the BETTER!





Collections :

Account Protocol

- ✓ Receive Account
- ✓ Reconcile with placement information
- ✓ Send Acknowledgement report
- ✓ Verify Information:
 - Living/Deceased
 - Employment info
 - Bankcard Trades
 - Home Equity Lines of Credit
 - Mortgage
 - National Change of address

✓ Send Letter

✓ Clearinghouse

- CONTINUED -





Collections :

Account Protocol – CONT -

- ✓ Account Sent to specific Collector

Usually determined by account type and dollar amount

Collector activity

- ✓ Call:

Resolve Dispute

Payment in Full

Discuss payment arrangements

- ✓ Litigation

- ✓ If no good Telephone #:

Skiptrace - Collector(National Directory, References, Credit Bureau)

Sent to Other Skiptrace Providers

National Change of address Look up

Other Actions Initiated

Accounts are audited

Specialized Collection Program initiated



- CONTINUED -



Collections :

Account Protocol – CONT -

✓ Account Closure

Perkins = 12 months no payment

A/R = 12-18 months no payment, or at the decision of the school



Collections :

Bankruptcy, Collection Costs, and other

Bankruptcy:

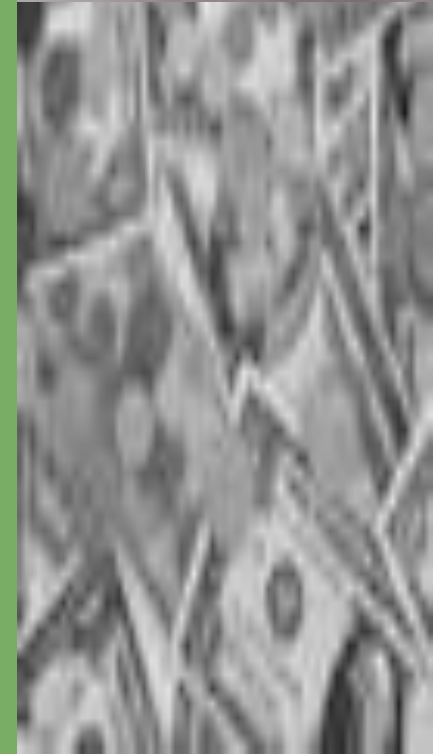
- 2005 Changes:

- ✓ Loans do not have to be federally funded to be considered a student loan.
- ✓ Mandatory Credit Counseling
- ✓ Stricter Eligibility
- ✓ Bankruptcy Abuse Prevention and Consumer Protection Act

- What do these changes mean?

- ✓ Harder to file
- ✓ Educational debts/benefits

- Options for your students



Bankruptcy

- Perkins are non dischargeable except for undue hardship
- Other loans and A/R depend on jurisdiction and recent decisions
- “Educational Benefit”
- 10th Circuit Court – Colorado Tuition is dischargeable



Collections :

Bankruptcy, Collection Costs, and other

Collection Costs?

1. Loan versus A/R
2. How much? (30/40 Perkins CAP)
3. Net back on A/R
4. Settlement policy





Collections :

Laws and Regulations

Fair Debt Collections Practices Act (FDCPA)

- When calling a reference, the collection agency may not inform that the person has a debt
- Cannot mail postcards
- Cannot use any language or symbol on any envelope or in the contents of any communication effected by the mails or telegram that communicates the collection of a debt .
- Collection Agency may not threaten or use abusive language to help collect the debt
- We must obey a debtors oral request not to be contacted at certain times or to receive calls at work.
- May only call between the hours of 8am and 9 pm



Collections are over, Efforts Exhausted. What Now?

1. Third times a Charm
2. Assignment – Perkins (Mandatory Assignment)
3. Write Off



What makes Collections Different?

- Promissory Note
- Deferments
- Rehabilitations
- References
- Credit Reporting
- Federal Funded





QUESTIONS

