

**AUSTIN PEAY STATE UNIVERSITY
POLICIES AND PROCEDURES MANUAL**

Policy Number: 4:011	Supersedes Policy Number: 4:011
Date: February 8, 2006	Dated: June 28, 2001
Subject: Collection of Receivables	Mandatory Review Date: February 8, 2011
Initiating Authority: Vice President for Finance and Administration	TBR Policy/Guideline Reference: 4:01:03:00, B-010
Approved: President: signature on file	

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 accounts receivable, immediate steps will be taken to insure full and prompt payment.

1. In accordance with the [Tennessee 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, Student Government Association fees, Student Activity Fees, Technology Access Fees, Special Course 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 student loan programs, library fines, traffic fines, 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 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.
5. All receivables will be aged annually.

Collection procedures will be established and enforced in accordance with federal and state regulations and Tennessee 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 without 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 \$25 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 Tennessee Board of Regents' approved agency for collection. For those accounts with balances under \$25, the University will request permission from the Tennessee 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 \$25 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 Tennessee Board of Regents' approved agency for collection. For accounts with balances under \$25, the University will request permission from the Tennessee Board of Regents to write off the accounts, as described in I.D. below.

D. Write-Offs

1. If an account receivable has been identified as uncollectible by the University and a collection agency, the University will request permission to write off the account as uncollectible. Prior to requesting a write-off, all collection efforts in accordance with [TBR Guideline No. B-010](#) and University Policy 4:011 must have been exhausted.

2. The proposed write-offs must be single accounts of \$1,000 or more and/or accounts totaling \$5,000 or more. The request to write off must be submitted to the Tennessee Board of Regents Chancellor's Office on a Request Summary and Certification Form, after approval from the Vice President for Finance and Administration and the President has been obtained.
3. Requests for the write-off of single accounts of less than \$1,000 and/or accounts aggregating less than \$5,000 shall be approved by the Vice President for Finance and Administration and the President. These requests do not require additional approval by the Board Office or State Departments.
4. Any debtors identified by the TBR or State, as employees with debts of \$50 or more will not be approved for write off. Information on the employing institution/school or agency will be returned and additional collection efforts as identified in [TBR Guideline B-010](#) must be followed.
5. [TBR Guideline No. B-010](#) shall be followed in all procedures for the write-off of uncollectible accounts receivable.

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 hand delivered by the Resident Manager to the tenant. This notice will inform the tenant that he has thirty (30) days in which to vacate the University property, or three (3) days to pay the unpaid rent.
3. 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 second notice, the Business Office will contact the legal services office of the Tennessee Board of Regents and request approval to obtain a detainer warrant and to proceed with recovery of University property.
4. 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.

5. 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 Tennessee 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 within three working days stating that the check must be redeemed within ten (10) days of the date of the notice. The individual will be required to redeem the check with cash.
 - a. An individual who presents a dishonored check in payment of registration fees will be informed in the notice that the registration will be canceled if the check is not redeemed. A \$20 bad check fine and a \$50 late registration fee will be levied. If the check is not redeemed within ten (10) days, a notice will be sent to the Records and Registration Office requesting the cancellation of the student's registration. When appropriate, the Director of Residence Life will be notified of the registration cancellation.
 - b. An individual who presents a dishonored check for a payment other than registration will be notified that the check must be redeemed and that the individual 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 ten (10) days of the receipt of the notice.

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 and conducted by personnel in the Loan Collections Department of the Business Office, usually by means of a group exit interview.
- B. During the exit interview each borrower shall be required to complete the following:

1. Final-Truth-In-Lending Statement
 2. Personal and Confidential Information Data Sheet
 3. Statement of Rights and Responsibilities
 4. Statement of Rights and Obligations
 5. Exit Interview Checklist
- 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 Final-Truth-In-Lending 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), a letter shall be mailed to the borrower indicating that the grace period will be expiring. A copy of the Final-Truth-In-Lending 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 statement 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) day 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 telephone call or attempt is required and 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 full amount of the loan will be accelerated and 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 and will assign the loan 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 will be referred to a specified collection agency.

If no payment or response is received within one hundred and the twenty (120) days of the first billing notice accounts are submitted to two collection agencies for collection. If the first agency returns the account as uncollectible, the University shall submit the account to a second collection agency. If the second collection agency and the University determine that the account is uncollectible, a request for write off is submitted. Prior to requesting a write off, all collection efforts in accordance with [TBR Guideline No. B-010](#) and University Policy 4:011 must have been exhausted. Debts over \$25 but less than \$100 shall have final collection efforts made by the General Counsel's office.

N. Request for write off shall be made according to this policy, Section D. Annual collection efforts should be pursued for Federal loans that cannot be written off nor referred to the U.S. Department of Education. The IRS/ED skip tracing service will be used for Perkins Loans.

III. Litigation

The University will follow [TBR Guideline No. B-010](#) when all other collection attempts have failed.

IV. Bankruptcy

The University will follow [TBR Guideline No. B-010](#) in the handling of accounts for which notice of, or petition for bankruptcy is received.