Drexel UNIVERSITY

Loan Repayment and Collections

STUDENT FINANCIAL OBLIGATION AND REPAYMENT AGREEMENT

COHEAO MID-YEAR CONFERENCE PRESENTATION

JULY 31, 2017

Drexel is a comprehensive global research university ranked among the top 100 in the nation. With over 24,000 students, Drexel is one of America's 15 largest private universities.

- Arts & Sciences
- Biomedical Engineering, Science and Health Systems
- Business
- Computing and Informatics
- Education
- Engineering
- Entrepreneurship
- Food and Hospitality Management
- Graduate College
- Honors
- Law
- Media Arts & Design
- Medicine
- Nursing and Health Professions
- Professional Studies
- Public Health
- Sport Management

Drexel UNIVERSITY

Loan Repayment and Collections

Portfolio Consists of:

- Tuition Accounts
- Perkins Loans
- Primary Care Loans
- Nursing Student Loans
- Loans for Disadvantaged Students
- Drexel Institutional Loans

I. SUMMARY OF THE CASE LAW ADDRESSING WHETHER UNPAID TUITION IS NON-DISCHARGEABLE IN BANKRUPTCY PURSUANT TO THE PROVISIONS OF 11 U.S.C. § 523(a)(8).

Section 523 of the Bankruptcy Code provides, in relevant part, as follows:

A discharge under section 727, 1141, 1228(a), 1228(b), or 1328(b) of this title does not discharge an individual debtor from any debt—

(8) unless excepting such debt from discharge under this paragraph would impose an undue hardship on the debtor and the debtor's dependents, for—

(A)

(i) an educational benefit overpayment or loan made, insured, or guaranteed by a governmental unit, or made under any program funded in whole or in part by a governmental unit or nonprofit institution; or

(ii) an obligation to repay funds received as an educational benefit, scholarship, or stipend; or

(B) any other educational loan that is a qualified education loan, as defined in section 221(d)(1) of the Internal Revenue Code of 1986, incurred by a debtor who is an individual.

The purpose of restricting dischargeability of certain educational benefits and loans under § 523(a)(8) is to avoid abuse by students who may attempt to discharge such loans upon graduation, and to prevent harm to the governmental and non-profit entities that provide educational loans to students. 4 Lawrence P. King et al., Collier on Bankruptcy, P 523.14[1] (15th ed. rev. 2004). By enacting § 523(a)(8), Congress sought to protect educational loan programs for future students threatened by possible abuses of the bankruptcy process, as well as the creditors who help students pursue their education through loan programs. *Cazenovia College v. Renshaw (In re Renshaw)*, 222 F.3d 82, 87 (2d Cir. 2000); *Boston Univ. v. Mehta (In re Mehta)*, 310 F.3d 308, 311-12 (3d Cir. 2002).

Collections for Nonpayment

I understand that should my student account become delinquent, Drexel University reserves the right to transfer my delinquent account to a contracted collection agency, attorney and/or credit bureau. I will be held responsible for collection costs and attorney's fees in addition to my outstanding balance. Such fees will be assessed at a **minimum of 33 and 1/3 percent** of my balance due. Should legal action be necessary, this Agreement shall be construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania and the parties hereby submit to the **exclusive jurisdiction** of the courts of Philadelphia County Court of Common Pleas, the Philadelphia Municipal Court, and the U.S. District Court of the Eastern District of Pennsylvania for litigation of any disputes arising under this Agreement.

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HELP EXIT

Drexel University Student Financial Obligations and Tuition Repayment Agreement

Dear [redacted],

The document below is an Agreement outlining your legal obligations to pay all charges and costs related to your education at Drexel.
You will see this Agreement before every term you are eligible to register for classes and/or co-op.

Please read the Agreement and follow the directions carefully. At the end of the Agreement, you will have to choose ONE of three options:

1. **Accept** the terms of the Agreement, which will allow you to register for and participate in classes and/or co-op.
2. **Choose "No Interest"**, which indicates you will not be registering for or participating in classes and/or co-op for that term.
3. **Decline** the terms of the Agreement. In this case, **you will not be able to register for or participate in classes and/or co-op**.

PLEASE NOTE: Choosing No Interest or Declining the Agreement **WILL IMPACT YOUR ABILITY TO REGISTER FOR CLASSES AND/OR CO-OP, BY PLACING A HOLD ON YOUR REGISTRATION**.

If you have any questions, please contact Drexel Central at 1.215.895.1600 or toll free at 1.877.DREXEL.5.

Thank you for your attention to this important matter.

This agreement applies to services for term 201645 - Summer Quarter 16-17

I understand that once I am registered for a course(s) and/or participating in the Cooperative Education Program at Drexel University, I become solely responsible for payment of the resulting tuition, fees and any other balances pursuant to the Student Financial Obligations and Tuition Repayment Agreement. Regardless of any expected reliance on any third-party resource, including but not limited to financial aid, family gifts, employer reimbursement, or any other external resource, I remain personally responsible for paying any and all outstanding balances. This Agreement shall constitute a Promissory Note, obligating me to pay all outstanding balances due Drexel University. I understand that these balances are considered a Loan for Educational Purposes which is being made by Drexel University.

Further, I understand that per University Policy, payments made by me, or a third party on my behalf, may be applied to oldest Prior Term balances first, as appropriate.

Withdrawal Policy

I understand that if I am not planning to attend, it is my responsibility to drop my course(s), as Drexel University will not automatically cancel my registration. I understand that in accordance with Drexel University's Tuition Refund/Credit Schedule Policy, my effective date of withdrawal (whether it is from an individual(s) course or from Drexel University completely) will determine the amount of credit that I may be eligible to receive, if any, thereby reducing the total amount of fees owed to Drexel University. The Tuition Refund/Credit Policy and/or Add/Drop/Withdraw/Leave of Absence policy may be found at the Drexel Central website: http://www.drexel.edu/drexelcentral.

Failure to Pay

I understand that should I fail to pay any outstanding balances in full when due, and my account becomes delinquent, a late fee of one percent (1%) of my total outstanding balance will be assessed on a monthly basis, and added to my total outstanding balance.

I further understand that when my account becomes delinquent, Drexel University, in addition to placing a financial hold on my account, and assessing late fees, may restrict my right to register or receive other Drexel University services in accordance with Drexel University Policies, until all past due balances have been paid. These restrictions include, but are not limited to: 1) withholding future registration privileges or schedule adjustments; 2) withholding the awarding of any degree(s), diploma(s), or certificate(s); and/or 3) withholding official transcripts.

Collections for Nonpayment

I understand that should my student account become delinquent, Drexel University reserves the right to assign my delinquent account(s) to a contracted collection agency, attorney and/or credit bureau. I understand that I will be held responsible for all fees and/or costs, associated with the recovery of my del inquent account(s), including but not limited to: collection fees, attorney fees, court costs, and service fees, in addition to my outstanding balance. Collection fees and/or attorney fees will be assessed at a maximum rate of thirty three and one third percent (33 1/3) of my balance due.

Please acknowledge reading the above: ☐

Collection Activity Involving Cell Phone Numbers and E-mail Addresses

I authorize Drexel University and its agents, representatives, attorneys and contractors (including collection agencies) to contact me at my cellular telephone number or wireless communication service, now or in the future, using automated dialing systems, artificial or pre-recorded voice or text messages, or live representative calls, regarding my obligation to repay any debt I owe to Drexel University, which is/or may become past due, resulting from my registration. I authorize Drexel University and its agents to contact me at my e-mail address and/or at any other e-mail address listed to me in the future, regarding my obligation to repay any debt I owe to Drexel University, which is/or may become past due, resulting from my registration. I understand that it is my responsibility to assure the security of any e-mail address utilized for this purpose, and to protect my password information, as others may be able to review my messages and/or e-mails related to my debts sent to or from Drexel University, including their contents, which may include information about my debt and its status.

Please acknowledge reading the above: ☐

Acknowledgement

I hereby acknowledge the following:

1. That I have read and understand this Agreement.
2. That I am eighteen (18) years or older as of today's date.
3. That I must log into my Drexel One account to access my billing statements, and that paper bills are not generated and/or forwarded to me.
4. That I may have been registered for a course(s) or Cooperative Education Program assignment by my Academic Advisor or other University official, and that I am aware of this registration, and accept responsibility for this registration.
5. That I am physically in Philadelphia, PA when signing this Agreement. **(If not physically in Philadelphia, PA when signing this Agreement, please indicate the Zip Code of your current location.)** 19104
6. That by clicking on the button below, and signing this Agreement, I am consenting to be bound by this Agreement, as of today's date, which shall serve as a Promissory Note, thereby obligating me to pay all outstanding balances due Drexel University, and shall supersede any previous version of this Agreement.

Please acknowledge reading the above: ☐

ACCEPT - I accept all of the terms of this agreement

[redacted]

I assert that **I am not registering, nor attending classes/co-op for the term associated with this agreement because I will be graduating, going out on a leave of absence, withdrawing from the university or will be on a vacation term**. I only wish access to my account, for non-registration related purposes. (Please note: If you are already registered for the term and wish to not attend, you will need to formally withdraw and drop your classes prior to expressing no interest).

NO INTEREST - I will not be registering for classes

[redacted]

I do not agree with the terms of these registration requirements, and understand that **I am therefore not permitted to register**.

DECLINE - I decline to abide by this agreement

[redacted]

RELEASE: 016

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HELP EXIT

Drexel University Student Financial Obligations and Tuition Repayment Agreement

All three acknowledgements are required. Please be sure that each one is checked.

Dear [redacted],

The document below is an Agreement outlining your legal obligations to pay all charges and costs related to your education at Drexel.
You will see this Agreement before every term you are eligible to register for classes and/or co-op.

Please read the Agreement and follow the directions carefully. At the end of the Agreement, you will have to choose ONE of three options:

1. **Accept** the terms of the Agreement, which will allow you to register for and participate in classes and/or co-op.
2. **Choose "No Interest"**, which indicates you will not be registering for or participating in classes and/or co-op for that term.
3. **Decline** the terms of the Agreement. In this case, **you will not be able to register for or participate in classes and/or co-op**.

PLEASE NOTE: Choosing No Interest or Declining the Agreement **WILL IMPACT YOUR ABILITY TO REGISTER FOR CLASSES AND/OR CO-OP, BY PLACING A HOLD ON YOUR REGISTRATION**.

If you have any questions, please contact Drexel Central at 1.215.895.1600 or toll free at 1.877.DREXEL.5.

Thank you for your attention to this important matter.

Collections for Nonpayment

I understand that should my student account become delinquent, Drexel University reserves the right to assign my delinquent account(s) to a contracted collection agency, attorney and/or credit bureau. I understand that I will be held responsible for all fees and/or costs, associated with the recovery of my del inquent account(s), including but not limited to: collection fees, attorney fees, court costs, and service fees, in addition to my outstanding balance. Collection fees and/or attorney fees will be assessed at a maximum rate of thirty three and one third percent (33 1/3) of my balance due.

Please acknowledge reading the above: ☐ **

Collection Activity Involving Cell Phone Numbers and E-mail Addresses

I authorize Drexel University and its agents, representatives, attorneys and contractors (including collection agencies) to contact me at my cellular telephone number or wireless communication service, now or in the future, using automated dialing systems, artificial or pre-recorded voice or text messages, or live representative calls, regarding my obligation to repay any debt I owe to Drexel University, which is/or may become past due, resulting from my registration. I authorize Drexel University and its agents to contact me at my e-mail address and/or at any other e-mail address listed to me in the future, regarding my obligation to repay any debt I owe to Drexel University, which is/or may become past due, resulting from my registration. I understand that it is my responsibility to assure the security of any e-mail address utilized for this purpose, and to protect my password information, as others may be able to review my messages and/or e-mails related to my debts sent to or from Drexel University, including their contents, which may include information about my debt and its status.

Please acknowledge reading the above: ☐ **

Acknowledgement

I hereby acknowledge the following:

1. That I have read and understand this Agreement.
2. That I am eighteen (18) years or older as of today's date.
3. That I must log into my Drexel One account to access my billing statements, and that paper bills are not generated and/or forwarded to me.
4. That I may have been registered for a course(s) or Cooperative Education Program assignment by my Academic Advisor or other University official, and that I am aware of this registration, and accept responsibility for this registration.
5. That I am physically in Philadelphia, PA when signing this Agreement. **(If not physically in Philadelphia, PA when signing this Agreement, please indicate the Zip Code of your current location.)** 19104
6. That by clicking on the button below, and signing this Agreement, I am consenting to be bound by this Agreement, as of today's date, which shall serve as a Promissory Note, thereby obligating me to pay all outstanding balances due Drexel University, and shall supersede any previous version of this Agreement.

Please acknowledge reading the above: ☐ **

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HELP EXIT

Financial Responsibility Agreement List

✓ Agreement for Summer Quarter 16-17 altered as requested

Term	Date	Status
Summer Quarter 16-17	July 10, 2017	Agreed View

RELEASE: 016

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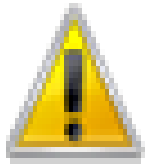
Message from webpage



WARNING! You have indicated that you have No Interest in registering for or participating in classes and or co-op. Your ability to do so has now been restricted. To remove this restriction, see the following page for more information.

OK

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HELP EXIT

Drexel University Student Financial Obligations and Tuition Repayment Agreement

You have indicated you have no intention of registering and/or attending courses/co-op for the 201645 - Summer Quarter 16-17 term.

If you would like to change your response so that you are eligible to register, please click **here**.

Entered Zip Code: 19104
Continue

RELEASE: 016

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HELP EXIT

Financial Responsibility Agreement List

Term	Date	Status
Summer Quarter 16-17	July 10, 2017	No Interest View

RELEASE: 016

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HELP EXIT

Financial Responsibility Agreement

Term Viewed	Summer Quarter 16-17
Date Viewed	July 10, 2017
Signature Status	No Interest
Zip Code Entered	19104

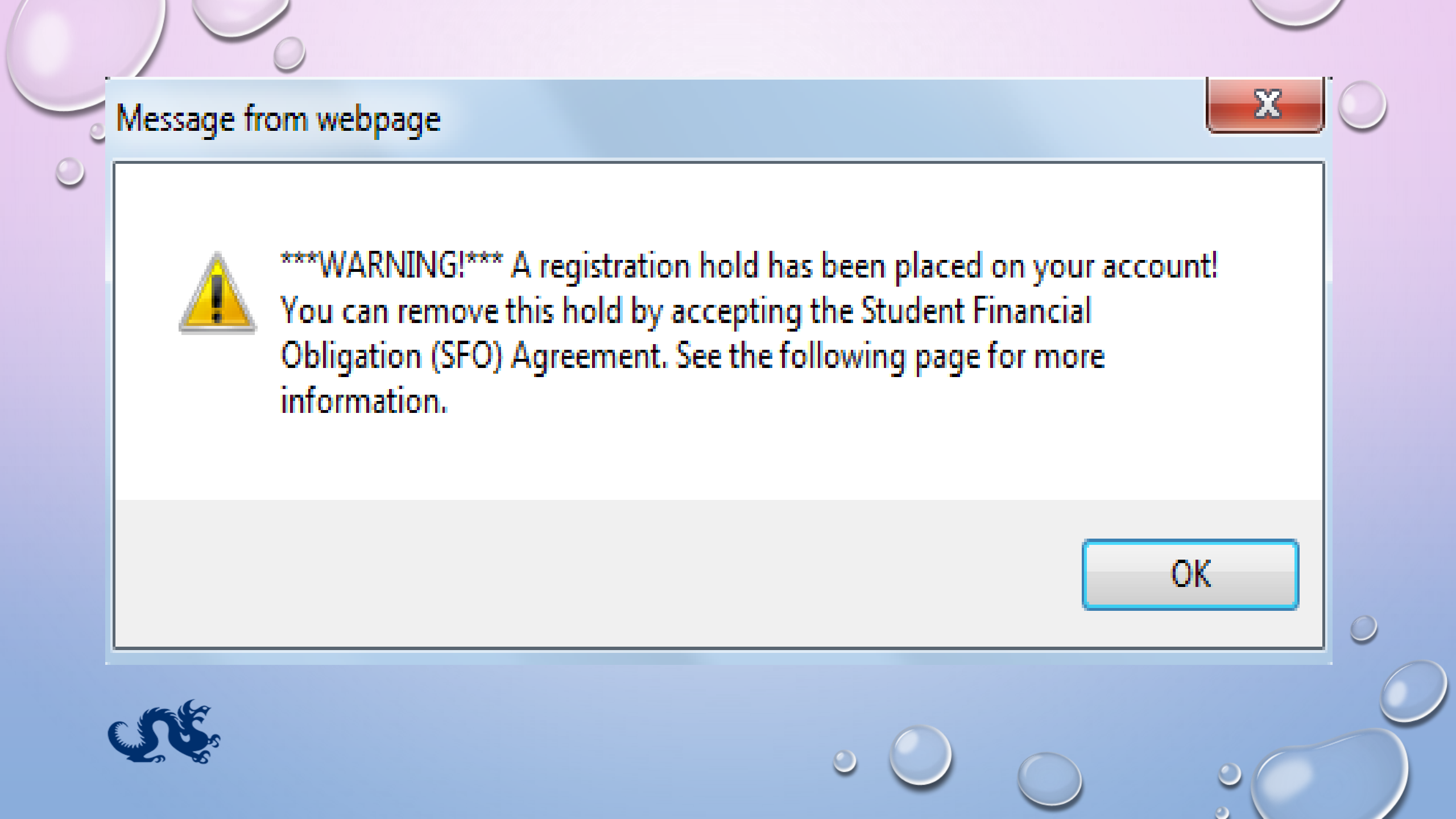
Agreement Text:

This agreement applies to services for term 201645 - Summer Quarter 16-17

I assert that **I am not registering, nor attending classes/co-op for the term associated with this agreement because I will be graduating, going out on a leave of absence, withdrawing from the university or will be on a vacation term**. I only wish access to my account, for non-registration related purposes. (Please note: If you are already registered for the term and wish to not attend, you will need to formally withdraw and drop your classes prior to expressing no interest).

[redacted]

Return to Financial Responsibility Agreement Display


Message from webpage
WARNING! A registration hold has been placed on your account! You can remove this hold by accepting the Student Financial Obligation (SFO) Agreement. See the following page for more information.
OK

Drexel University BannerWeb Information System

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HELP EXIT

Financial Responsibility Agreement List

✓ Agreement for Summer Quarter 16-17 altered as requested

Term	Date	Status
Summer Quarter 16-17	July 10, 2017	Declined View

RELEASE: 016

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HELP EXIT

Financial Responsibility Agreement

Term Viewed	Summer Quarter 16-17
Date Viewed	July 10, 2017
Signature Status	Declined
Zip Code Entered	19104

Agreement Text:

This agreement applies to services for term 201645 - Summer Quarter 16-17

I do not agree with the terms of these registration requirements, and understand that **I am therefore not permitted to register**.

[redacted]

Return to Financial Responsibility Agreement Display

RELEASE: 016

QUESTIONS…

COMMENTS…

Loan Repayment and Collections

James Seward, Jr.
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