

WITHDRAWAL AND SETTLEMENT POLICY & CHECKLIST AND MINIMUM REFUND GUIDELINES

A copy of this checklist is to accompany each catalog and enrollment agreement sent to the Commission, and this form is also a required exhibit for the Institutional Self-Study for Standard VII, Criterion 3. For each of the items below, review the relevant section of your refund policy in both your catalog and enrollment agreement to determine if it contains all of the information required by the item in the NACCAS Cancellation and Settlement Policy and Minimum Refund Guidelines. Then list the item number in the refund policy in your catalog and enrollment agreement where the information can be found.

The institution must state its policy and schedule of refund in clear language that can be easily understood. The policy must apply to all terminations for any reason, by either party, including student decision, program or course cancellation and school closure.

1. State, Federal, and/or special program mandated refund policy

When calculating refunds, the school must use the policy mandated by state and/or federal regulatory agencies or special programs for each student, as applicable. If the Commission receives information that an institution is not complying with a mandated policy, it shall take appropriate action pursuant to the *Rules of Practice and Procedure*.

2. NACCAS Refund Policy

For a student to whom no state or federal or special program refund policy applies, the school shall apply a policy which complies with the NACCAS refund policy.

The intent of the NACCAS Withdrawal and Settlement Policy & Checklist and Minimum Refund Guidelines is to see that each applicant/student is assured minimum conditions of refund, and that the institution will be assured of its integrity if it meets these standards. When calculating refunds, the school must use the policy mandated by state and/or federal regulatory agencies for each student. In the absence of such mandated policies, the school must apply a fair and equitable policy that is at least as liberal as the NACCAS Withdrawal and Settlement Policy & Checklist and Minimum Refund Guidelines. Many institutions however, have more liberal policies and the Commission encourages such practices. No institution should feel that it must adhere to the specific conditions stated here; only that its policy is at least as liberal to the student as this one.

- a. Any monies due the applicant or student shall be refunded within 45 days of official cancellation or withdrawal. Official cancellation or withdrawal shall occur on the earlier of the dates that

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- _____ 1. An applicant is not accepted by the school. This applicant shall be entitled to a refund of all monies paid with the exception of an application fee.
- _____ 2. A student (or in the case of a student under legal age, his/her parent or guardian) cancels his/her contract and demands his/her money back in writing, within three business days of the signing of the enrollment agreement or contract. In this case all monies collected by the school shall be refunded except an application fee. This policy applies regardless of whether or not the student has actually started training.
- _____ 3. A student cancels his/her contract after three business days after signing, but prior to entering classes. In this case he/she shall be entitled to a refund of all monies paid to the school less an application, registration or enrollment fee of (state the amount for each course of study).
- _____ 4. A student notifies the institution of his/her withdrawal;
- _____ 5. A student on an approved leave of absence notifies the school that he or she will not be returning. The date of withdrawal shall be the earlier of the date of expiration of the leave of absence or the date the student notifies the institution that the student will not be returning; or
- _____ 6. A student is expelled by the school.
- _____ 7. In type 2, 3, 4 or 5 official cancellations or withdrawals, the cancellation date will be determined by the postmark on written notification, or the date said information is delivered to the school administrator/owner in person.
- _____ b. Any monies due a student who unofficially withdraws from the institution shall be refunded within 45 days of a determination by the institution that the student has withdrawn without notifying the institution. To determine unofficial withdrawals, the school must monitor each students' completion of class participation in learning activities (such as class assignments, examinations, tutorials, computer-assisted instruction, and participation in academic

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advisement or other academically-related activities).¹ For programs measured in clock hours, unofficial withdrawals must be monitored and determined by the institution at the times it normally monitors attendance, but a minimum of once a month (every 30 days).

- _____ c. When situations of mitigating circumstances are in evidence, schools are encouraged to adopt a policy wherein the refund to the student may exceed the Withdrawal and Settlement Policy & Checklist and Minimum Refund Guidelines.
- _____ d. All extra costs, such as books, equipment, graduation fees, etc., which are not included in the tuition price, must be stated in the catalog and contract and any non-refundable items will be identified.
- _____ e. An institution may charge a non-refundable application fee that cannot exceed \$50.00. This charge must be clearly stated in both the school's catalog and contract.
- _____ f. All fees must be identified in the catalog and on the contract.

3. Program or Course Cancellation Policy

If a program or course is canceled subsequent to a student's enrollment, and before instruction in the program or course has begun, the school shall at its option:

- _____ a. Provide a full refund of all monies paid; or
- _____ b. Provide completion of the program or course.

4. Notice of the Policies

The enrollment agreement must clearly outline the obligations of both the institution and the student, and provide details of the cancellation and settlement policy of the institution. A copy of the enrollment agreement and other data covering student costs must be furnished to the applicant before any payment is made. No enrollment agreement is binding until it has been accepted in writing

¹ For a school that is required to take attendance, to determine if a refund has been paid timely, count from the date withdrawal has been determined. However, for schools that measure their progress in clock hours, the refund is calculated based on the student's last date of attendance.

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by an appropriate official at the institution (see Enrollment Agreement Requirements).

_____ The institution's cancellation and settlement policy must also be printed in the school catalog (see Catalog Requirements).

5. Collection Policy

Collection procedures must reflect good taste and sound, ethical business practices.

- a. The name of the National Accrediting Commission of Cosmetology Arts and Sciences may not be used in the institution's refund policy nor in any of its collection efforts.
- b. Collection correspondence regarding cancellation and settlement from the institution itself, banks, collection agencies, lawyers, or any other third parties representing the institution must clearly acknowledge the existence of the withdrawal and settlement policy of the institution.
- c. If promissory notes or contracts for tuition are sold or discounted to third parties, students or their financial sponsors must sign a statement authorizing such sales and the institution must comply with the cancellation and settlement policy of the institution.

Tuition Adjustment Guidelines in effect 1995

For students who enroll in and begin classes, the following schedule of tuition adjustment will be considered to meet minimum standards for refunds:

PERCENTAGE LENGTH COMPLETED TO AMOUNT OF TOTAL TUITION
TOTAL LENGTH OF PROGRAM OR COURSE, OWED TO THE SCHOOL
SEMESTER OR TERM

0.01%	to	4.9%	20%
5%	to	9.9%	30%
10%	to	14.9%	40%
15%	to	24.9%	45%
25%	to	49.9%	70%
50%	and	over	100%

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6. School Closure Policy

If a school closes permanently and ceases to offer instruction after students have enrolled, or if a program is canceled after students have enrolled and instruction has begun, the school must make arrangements for students or implement any applicable teach-out plan in compliance with the following requirements:

- _____ a. The arrangements or plan must offer the student a reasonable opportunity to promptly resume and complete the canceled program or course(s) of study or transfer to a substantially similar program or course at the institution (or institutions) which offer similar educational programs.
- _____ b. The arrangements or teach-out is to be performed, by an institution in the same geographic area as the original school which provided the program or course.
- _____ c. The school at which students continue their education and training shall not charge the students an amount greater than that to which the original school would have been entitled under its contract with the student and for which the student has not yet paid.
- _____ d. The original school shall notify affected students individually of the availability of the arrangement or teach-out plan, and diligently advertise such availability. The agreements among institutions may provide that these notices may be sent by the school(s) that are accepting students from the original school.
- _____ e. The school that is closing or has closed must submit to NACCAS a list of all students who were enrolled at the time of closure, and indicate on it the arrangements made for each student to complete his or her education.
- _____ f. The original school shall dispose of school records in accordance with state laws.
- _____ g. If the closing school does not have a teach-out plan, students shall receive a pro-rata refund of tuition.