

DIVISION OF STUDENT AND STAFF SERVICES

STUDENT LOAN POLICY

Authorised by: Executive Director, Student and Staff Services **Date Authorised:** 13/2/06

Effective Date: 13/2/06

Review Due Date: 13/2/08

TRIM File Number: 2006/706

Implementation & Review: Director Student Support Services

Any person requiring assistance in understanding any aspect of this document should contact the Director Student Support Services.

FOR APPROVAL

1. Overview

The University's Student Loan Fund (SLF) was made available by Government Special Grants to provide financial support to students where a lack of financial resources impedes their academic progress. The fund is self-sustaining and therefore relies on consistent control and recovery of debt.

This document details the policies and procedures relating to the Student Loan Fund.

2. Scope

These policies and procedures apply to students borrowing under the SLF. Loans under the Emergency Loans Fund are dealt with under separate procedures unless repayment of an Emergency Loan has been included as part of a SLF application.

3. Definitions

- a) "Interviewing Officer" refers to either an Education and Welfare Officer or an International Student Adviser
- b) "Credit Officer" refers to the officer of the University nominated to the Loans Committee by the Chief Financial Officer of the University
- c) "Loans Committee" refers to the committee that reviews the state of the Loans Fund and reports to the Executive Director, Student and Staff Services. Members of the committee include an Education and Welfare Officer, the Credit Officer and the Chair (nominated by the Executive Director, Student and Staff Services).
- d) "Issuing Officer" refers to an officer of the University nominated by the Chief Financial Officer of the University with the responsibilities under 5.4(b) below
- e) "Negative Service Indicator" (NSI) is the restrictive status placed in the University's student record system to indicate an individual's overdue debt(s) to the University.

4. Policy

4.1 General

The SLF provides loans under the terms of the SLF policies and procedures. Applications are assessed by an Interviewing Officer for compliance with the guidelines and the capacity of the applicant to service the loan in a timely manner. Applicants enter into an agreement to repay the loan usually within an academic year but in all cases (except under 6.6 below) before they may

be awarded their degree/diploma.

- a) Under Chapter 89 of the University's Statutes, the University may exercise restrictions in respect of re-enrolment, graduation, services and access for a student who has a financial debt to the University.
- b) Under Law of Contract, the University has recourse to pursue debt through the Magistrates Court.
- c) Under the terms of agreement, 1% interest may be levied in the instance of payment default.

4.2 Eligibility

- a) The applicant must be enrolled at the University of Adelaide for a course or an award recognised by DEST as a tertiary course under the Student Assistance Act (but also including Masters and Doctoral courses) and where the University of Adelaide is the awarding institution; or enrolled in a Wilto Yerlo Foundation Course or an advanced certificate or associate diploma of the Centre for Aboriginal Studies in Music; or a visiting student enrolled in degree studies as part of Study Abroad or Overseas Exchange program; or a student enrolled in a PEP program.
- b) The following students are not eligible:
 - i. Non-Award students.
 - ii. Fee-paying single study students.
 - iii. Students where the University of Adelaide is not their awarding Institution unless described in 4.2.a) above.

4.3 Loan Amounts

- a) The amount granted will not exceed \$2,000. This constitutes a cumulative total, so no student should owe more than \$2,000 to the loans scheme at any time.
- b) Where the amount of a requested loan exceeds \$500, or where a requested loan means that the applicant's cumulative debt under the SLF would exceed \$500, a guarantor will normally be required for that loan. Exceptions will be considered by the Interviewing Officer where the applicant cannot reasonably provide a guarantor but can provide evidence of a personal asset as surety in place of a guarantor.
- c) The International Student Centre will stand guarantor for all loans made to International Students including visiting Exchange and Study Abroad students.

4.4 Purpose of Loans

4.4.1 General

Loans may be made for any purpose deemed by the interviewing officers to support the well-being and capacity to study of a student in financial need, including:

- a) Basic living expenses including support of dependents where the assistance is needed to deal with short-term or seasonal shortfall between income and expenditure.
- b) Educational expenses such as textbooks, equipment considered necessary for studies, field excursions.
- c) Bond money and expenses associated with moving into non University managed accommodation.
- d) Medical expenses.

4.4.2 Motor vehicles

Loans for purchase or repair of motor vehicles will be regarded as exceptional and the Interviewing Officer will take into account such issues as the availability of public transport, the need for private transport to attend classes, take children to child care or school, or attend

employment which provides essential income

4.4.3 Overseas Travel

Loans will not normally be granted for overseas travel unless it is demonstrated to constitute part of or be highly beneficial to the student's award of study.

4.4.4 Loans against Debts to the University

Loans will not be made to cover Student Service Fees or other financial obligations to the University such as tuition fees, library fines or accommodation fees.

4.4.5 Loans against Credit Card Debt

Loans will not normally be made to repay credit card debts unless the loan will be critical in reducing service and interest charges on the credit card to achieve a balanced budget.

4.4.6 Debt previous to study

Applications to cover debts incurred prior to a student commencing their studies will be determined on the merits of the particular application. Favourable consideration will generally be given only if the continued servicing of the debt is affecting the student's ability to study and a loan would sufficiently reduce service charges to achieve a balanced budget.

4.4.7 Debt in previous years

Loans will not normally be granted to students who have defaulted in their repayments in previous years. Exceptions may be made where the student has negotiated alternative repayment schedules and met these.

4.5 Application Requirements

The student will supply the interviewing officer with documentary evidence necessary to substantiate claims in the loan application and any other evidence required by the interviewing officer.

4.6 Loan Repayment

- a) Repayments are to be made to the Revenue Office of the University via methods outlined in Attachment A "Repayment of Student Loans"
- b) Loans must be fully repaid prior to graduation.
- c) Where a student's circumstances change after the loan was made, the repayment schedule of the loan may be renegotiated on recommendation of an Interviewing Officer. The renegotiated schedule will be a written agreement signed by both the borrower and the Interviewing Officer and forwarded to the Revenue Office.

5. Procedures

5.1 Applications

- a) Applications will be made on the standard loans form available from Student Care and the International Student Centre.
- b) The Interviewing Officer for applications made by International Students and visiting Exchange or Study Abroad students will always be an International Student Adviser. For all other students the Interviewing Officer will be an Education and Welfare Officer.
- c) The Interviewing Officer will negotiate a repayment schedule with the student. Loans will normally be structured to allow for repayment from current income over a period not exceeding one year. Loans will only be approved if the repayment schedule allows for full repayment while the student remains enrolled at the University, and the student's budget indicates their ability to service the loan.

- d) The Interviewing Officer will confirm with the student that they understand the conditions of the loan.
- e) The Interviewing Officer will check the following and sign to the effect that:
 - i. The student is not in Bad Financial Standing in respect of a previous loan
 - ii. The student's Academic record is satisfactory (for assessment of risk)
 - iii. The student's enrolment status is current
 - iv. Supporting documentation is provided as required

5.2. Approval

- a) The Interviewing Officer(s) will approve or reject the application subject to these policies and procedures
- b) If the loan is for more than \$500, two Interviewing Officers are required to approve the loan.
- c) The Interviewing Officer may recommend that a loan cheque should be drawn in favour of any party or utility to whom the student is indebted; or will be indebted (including the Emergency Loan Fund.)
- d) The Interviewing Officer will forward all applications with the weekly Loans Schedule to the Revenue Office for processing (normally Monday mornings to comply with pay-run cut-offs)

5.3 Processing of Approved Applications

- a) The Revenue Office will be responsible for the maintenance of all documentation relating to each individual student loan file and for the maintenance of a data summary file of all loans.
- b) Forms for loans that are not approved will be destroyed in confidential waste after a period of ten weeks.

5.4 Process for payment and receipt of monies

- a) On receipt of the weekly Loans Schedule and loan applications, the Revenue Office will draw cheques against each application approved and draw up contracts reflecting the terms of each loan application, ensuring:
 - i. That no applicant's cumulative loans under the SLF at any time exceed \$2,000 or exceed \$500 without meeting the requirement for a guarantor.
 - ii. That amounts allocated on the Loans Schedule for ELF, SSF or specified creditors are remitted appropriately.
- b) When student applicants present themselves to collect a loan, the Issuing Officer will:
 - i. Ensure that the applicant provides personal identification.
 - ii. Present the loan contract, confirm its terms of amount and repayment schedules; and indicate in the contract the penalties, which can apply for failure to repay according to the schedule of repayments.
 - iii. Ensure the applicant signs the contract and receives a copy.
 - iv. Ensure that the applicant has provided the documentation indicated in the Loans Schedule.
 - v. Discuss the possible modes of repayment with the applicant.
 - vi. Give the applicant the cheque.
 - vii. Forward to the Revenue Office the original of the contract and any documentation on the applicant's loan file.

6. DEBT MANAGEMENT

6.1 Failure to comply with schedule of repayments - penalty fines

- a) Interest of 1% per month on the outstanding balance may be applied where the conditions of the loan agreement have not been met.

- b) The Credit Officer, on advice from an Interviewing Officer, is authorised to waive a penalty fine in cases of hardship. This will not normally happen if the student has not given warning of late repayment.

6.2 Failure to comply with schedule of repayments - Negative Service Indicator (NSI)

6.2.1. Delegation to place NSI A NSI in respect of a student loan is manually instated and removed by the Credit Officer (or delegate).

6.2.2. Placement of NSI

- a) A NSI will be instated for failure to repay loan instalments for a period of more than one month
- b) A NSI is also applied to any student, irrespective of Financial Bad Standing, with an outstanding SLF debt, and who applies to graduate.
- c) The NSI in respect of a student loan prevents a student from re-enrolling or graduating.

6.2.3. Removal of NSI

- a) The NSI in respect of a student loan may be removed where:
 - i. The Credit Officer accepts that repayment schedules are being adequately complied with; or
 - ii. Where the outstanding debt has been repaid in full; or
 - iii. Where the Credit Officer accepts the recommendation of an Interviewing Officer.
- b) The recommendation by the Interviewing Officer for removal of NSI will normally be on the grounds that:
 - i. The student is assessed by an Interviewing Officer as having a viable on-going academic program at the University of Adelaide; and either
 - ii. There are extenuating circumstances for the failure to meet repayment schedules, and the student signs an agreement that the debt will be serviced in full before the end of the next academic year or before the student qualifies to graduate (whichever is achievable); or
 - iii. The student signs an agreement that before a deadline, no later than the HECS census date in the following 1st semester, they will repay an amount not less than 50% of the outstanding debt and that failure to honour the agreement may result in cancellation of re-enrolment.
- c) Agreements under 6.2.3 b) ii and iii will be placed on the student's debtor file. The Credit Officer will notify the student of any action taken to re-instate a NSI. Recommendations may include review or re-instatement of a NSI as a protective debt-control strategy.
- d) Recommendation by the Interviewing Officer not to remove a NSI will be conveyed to the student and recorded in writing on the student's debtor file as a decision of the Credit Officer.
- e) A NSI will not be removed in respect of a student with unpaid SLF debt seeking to graduate unless the Loans Committee agrees, on evidence, that failure to graduate would clearly deprive the student of livelihood.
- d) Removal of a NSI in respect of a SLF loan does not affect any other NSI in respect of any other debt to the University.

6.3 Failure to comply with schedule of repayments - reminder to borrower

Borrowers with NSI in respect of their loans will be reviewed by Revenue in each semester (usually in May and September) and a reminder letter sent to each borrower outlining the contractual obligation, and the consequences possible under these Rules for failure to comply with the terms of contract.

6.4 Referral of Debt to Debt Collection Agency

- a) Where no response is made to reminder letters, the debtor file will be referred by the Credit Officer to an Interviewing Officer for recommendation on further action.
- b) Under the terms of the loan contract the debt may be referred to a Debt Collection Agency (DCA).
- c) This would normally be recommended where:
 - i. There is indication from academic records that a student debtor has discontinued their studies, or is otherwise not a bona fide student.
 - ii. No response has been made by the debtor to letters or other contacts from the Credit Officer or an Interviewing Officer, and no significant compassionate or other mitigating circumstances are known to explain failure to meet the contracted repayments or respond to correspondence; or
 - iii. Agreement or promised action or a revised contract in respect of a bad debt by the debtor is not honoured
 - iv. The debt balance is greater than \$300

6.5 Write-off of debt

6.5.1 General

- a) "Write-off" refers to suspension of pursuit of a debt (as distinct from waiver of debt, as below)
- b) A debt written off will still leave the student with an active NSI. The debt will stand, but no further action will be undertaken by the Revenue Office to pursue the debt unless new circumstances suggest that further action will result in recovery of money owed.
- c) No interest will accrue while a debt is written off.

6.5.2 Process for write-off

- a) An Interviewing Officer will make recommendation on write-off to the Credit Officer who exercises the write-off delegation under the Chief Financial Officer. Where the Credit Officer does not accept the recommendation, the case should be referred to the Financial Controller for a ruling.
- b) Write-off may occur before referral to a Debt Collection Agency occurs, or at any subsequent time during the debt collection process.
- c) In recommending write-off, the Interviewing Officer will consider:
 - i. The size of the debt balance
 - ii. Any known circumstances of the debtor which would indicate whether pursuit of the debt is likely to succeed
 - iii. Any evidence or recommendation of the Debt Collection Agency if the debt has been referred to them
 - iv. What action has already been taken to recover the loan, and what response there has been
 - v. Where applicable, whether recovery via pursuit of a guarantor has been attempted, and

whether recovery of monies is likely through that action

6.6 Waiver of debt

6.6.1 General

In waiver of debt, the debt is effectively discharged, and ceases to exist as a debt.

6.6.2 Conditions for Waiver

Waiver will occur only when:

- a) The debtor dies; or
- b) The debtor is declared bankrupt and the University is cited as a creditor in the application for bankruptcy; or
- c) The Chief Financial Officer agrees on the recommendation by the Loans Committee that exceptional and extreme circumstances would make collection of a debt inappropriate.

6.6.3 Effect of Waiver on future loan applications

- a) While waivers as a result of bankruptcy will require the removal of any NSI, Interviewing Officers will consider the circumstances of the bankruptcy (eg the extent to which it was voluntary) in any future loan application by the student.
- b) Where waiver has occurred on approval of the Chief Financial Officer, Interviewing Officers will consider the circumstances of waiver in any future loan application by the student.

7. Decisions and appeals

Questions about decisions or service relating to the SLF should be referred in the first instance to an Interviewing Officer. If resolution cannot be reached then formal complaint or grievance should be directed to the Chair of the Loans Committee under the Student Complaints Policy of the University

8. Reporting

8.2.1 Loans Committee

- a) The Loans Committee will convene four times a year and otherwise as required.
- b) At Loans Committee meetings, the Credit Officer shall provide the Chair of the Loans Committee with a report on:
 - i. The number of loans approved
 - ii. Amounts lent
 - iii. Amounts repaid
 - iv. Amounts outstanding
 - v. Interest paid by the University and by students
 - vi. Amounts written off
 - vii. Amounts transferred to the Emergency Loan Fund
 - viii. Balance of funds/funds available
- c) The Chair of the Committee will audit approved loans for conformity to the guidelines. This will be done on a random sample basis determined by the Chair. The Chair will report to the committee on the results of these audits.
- d) The Chief Financial Officer will report to the Loans Committee on the status of the loan fund once per year.
- e) The Committee will consider these reports and will forward them with any recommendations for procedural or policy review, to the Executive Director, Student and Staff Services.