

# MAINE COMMUNITY COLLEGE SYSTEM

## FINANCIAL AFFAIRS Section 709

**SUBJECT: STUDENT DEBTS, STUDENT EMERGENCY LOANS AND STUDENT  
ACTIVITY FUNDS**

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**PURPOSE: To establish a uniform policy for student debts, emergency loans and activity  
fund expenditures throughout the Maine Community College System**

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### **A. Student Debts**

#### **1. Policy**

It is the policy of the Maine Community College System to withhold all official credentials, including grade reports, transcripts and recommendations, until all student accounts, charges, fees and fines, including any late charges, are paid in full. It is also the System policy to withhold the same from students who have defaulted on a governmental loan. Students who have delinquent accounts can be assessed late fees and not be allowed to register for classes until all financial obligations are met. The System further reserves the right to cancel a student's registration and disenroll a student for non-payment of current semester charges or other financial obligations past due. Students can have their delinquent accounts referred to Maine Revenue Services for taxation refund withholding, and/or to an agency for collection. All college costs associated with such actions and fees, including attorneys' fees, may also be assessed to the student.

A debt to one community college is construed as a debt to the System. Accordingly, a person who owes a debt to one community college may be prevented from enrolling at another community college until that debt is addressed to the satisfaction of the college to whom the debt is owed.

#### **2. Publication**

Section A of this policy shall be published in each college catalog and/or other materials available to students.

#### **3. College Policies, Invoices and Payment Plans**

Each college shall have its own policies and procedures related to student billing, and such policies shall comply with this policy. Each college shall invoice a student at least twice before placing their account into delinquency. At the discretion of a college, a student may be allowed to enter a payment plan agreement. Any such agreement shall be in writing, include the total amount owed and a schedule of payments not to exceed the length of the term, and be signed by the student. A student who fails to respond to the

above notices, misses or is otherwise late with a scheduled payment may be subject to disenrollment.

#### **4. Bankruptcy**

The MCCS recognizes that, generally speaking, the following conditions and/or protections apply when a student who owes a debt to the MCCS files for bankruptcy (“student debtor”):

- a. When a college receives notification from the bankruptcy court that a student debtor has filed for bankruptcy, the college should immediately cease all collection efforts.
- b. If the bankruptcy notice states that claims may be filed, the college should promptly refer the matter to the MCCS general counsel for assistance.
- c. Student loans or other debts representing an obligation to repay amounts received or credited for educational purposes are not dischargeable in bankruptcy unless the court finds that exception from discharge will impose an undue hardship on the student debtor.
- d. Parking and library fines are not dischargeable by a bankruptcy court.
- e. If a discharge notice is received from the bankruptcy court, the student debtor is no longer liable and the debt should be cleared from the student debtor's record. However, for non-dischargeable debts as described in subsection c above, collection efforts may resume after the student debtor's discharge in bankruptcy.
- f. Collection efforts may resume if the case is dismissed.

#### **B. Student Emergency Loans**

Each college of the Maine Community College System may administer an emergency financial assistance fund through the student services office for eligible students with evidence of proven need. Such loan program, established upon the approval of the college president, shall be managed under the supervision of the college president or designee.

Each emergency loan fund shall have written procedures governing the administration of the fund that shall include the application process; criteria for eligibility; approval process; promissory agreement detailing the loan amount, penalties, fees and/or interest rate, if applicable, and terms of repayment; and the default process.

### **C. Student Activity Funds**

College student activity funds enhance the students' educational experience by funding extracurricular activities and supporting instructional programs. Each college shall be responsible for the integrity and accounting of such student funds. Such responsibility shall include ensuring that the funds are expended properly and in accordance with the purposes for which they were raised.

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REFERENCES: 20-A M.R.S.A. §12706(1), (7), (9), (15) and (18); §12712(1) and (9); and §12716(3)

DATE ADOPTED: June 24, 2009

DATE(S) AMENDED: June 23, 2010