

BENJAMIN FRANKLIN INTERNATIONAL SCHOOL

BFIS DEBT COLLECTION POLICY

INTRODUCTION

Parents/Legal Guardians/Companies are required to sign the Educational Commitment Contract and the Enrollment Contract in order to attend the school. Appropriate completion of such documents is very important in view of possible legal proceedings that may be brought forth in the future.

SCOPE

The policy's purpose is:

- To develop standard procedures for debt management and collection of debt
- To create a culture that all debt is followed up within a specified time frame
- To assist BFIS in delivering committed services
- To assist in maximizing cash flow by preventing any unpaid fees.

This policy applies to all people and organizations that owe monies to BFIS.

This policy will take effect as of April 1st, 2016.

REGULATION

- a. The Parent/Legal Guardian/Company contract, as well as any associated documentation, must be appropriately completed.
- b. The Enrollment Contract establishes that failure of payment of fees will lead to the discontinuation of services rendered by the school.
- c. The terms and conditions of BFIS require the parents/legal guardians/company to pay in advance annually, or monthly during the first week of the month.
- d. Invoicing must be carried out on a timely basis in order to allow parents/legal guardians/company to promptly comply with their payment obligations or to notify the school of any problem to complete their contractual payment commitment.
- e. From the moment that a direct debit is returned or an invoice is unpaid, the debtor must be identified, and the designated Financial Assistant must proactively contact the debtor by telephone or email. This process will alert the school, on a timely basis, regarding possible financial problems, whether they are due to employment matters, individual insolvency, dismissal, divorce, or serious or chronic illnesses.

- f. In the event that no response is received, and payment has not been received within the next 30 days from the invoice date (i.e. two unpaid monthly fees at this point), a letter must be sent (Annex I) requesting that payment be made or, if payment is not possible, that the debtor contact the BO or DFO of the school to agree on a payment plan , Debt Acknowledgement Contract (Annex IV).
- g. If no payment is received during the 14 days following the date that first letter is sent, the second standard form will be sent (Annex II). This letter raises the possibility of initiating legal action if no payment is received, as well as the possibility that the school will suspend the students from classes while such payments remain in default.
- h. If payment is still pending 10 days following the date that second letter was sent, a third standard form letter must be sent (Annex III), notifying the debtors that the situation will be handled with the intervention of an attorney and teaching services will be suspended. This letter must be sent by registered mail (burofax).
- i. If during this process the debtor were to contact the school in order to reach an agreement on the debt payment terms, the standard Debt Acknowledgement Contract (Annex IV) must be used to establish the terms of the agreement. The parties, parents/legal guardians/company and HoS must sign all of the pages of the agreement as acceptance of the agreement.
- j. In the event that the debt increases throughout the process of sending letters as established in the points above, the process will not be stopped, but instead the new outstanding invoices will be added to the balance of the claim.
- k. If during the process of sending letters any partial payment is collected that does not satisfy the existing debt, the collection process described will continue, nevertheless.
- l. If the payment schedule agreed on the Debt Acknowledgement Contract is not fulfilled, a notification will be sent (Annex V), and the school must begin the collection process as described in point g).
- m. If during the collection process BFIS decides to suspend students from classes, a burofax, signed by HoS, will be sent to the debtor notifying them of the decision. The Chief Educational Inspector of the area will be informed that the student has been suspended (AnnexVI)
- n. Unpaid balances are subject to the legal interest of delay payments.

RECURRING DEFAULTERS' REGULATION

By recurrent defaulters, we refer to these customers, who are repeatedly delayed in the payment of monthly fees.

1. BFIS will consider conditioning the place for the next school year to the payment in advance of an annuity of the educational services, before the start of the school year.
2. For families of continued delinquency, with a debt claim process in progress and without a payment plan agreement, the BFIS will reject the student's registration and will not guarantee the place for the following school year.
3. Customer with whom the debt claim process has been initiated on two previous occasions. To the third situation of delinquency, and once it is solved, to guarantee the continuity of the students in the school, BFIS could request a deposit equivalent to 3 months of educational fees.

The school will return the deposit when it is considered that there is no risk of a new defaults

4. The existence of a deposit does not prevent the claim of new debts. BFIS will suspend all the extra services (lunch, bus, trips, overnight trips,) to defaulter families.

RESPONSIBILITIES

- The Admissions Office will be responsible for ensuring that the required documentation - Educational Commitment Contract and Enrollment Contract - are completed properly.
- The Financial Department (Business Office) will be responsible for preparing the invoices, ensuring internal controls are applied to identify outstanding invoices, carrying out recovery actions, and reporting the debt status to the DFO.
- The Admissions Office and the BO staff will maintain procedures to support the implementation of this policy.
- The DFO will be responsible for reviewing debt reports, developing appropriate debt recovery plans, informing and involving the HoS and Treasurer if necessary.
- The HoS must approve any proposed payment plans.

ADDITIONAL INFORMATION

If anything is unclear within the policy, please seek further guidance from the DFO and Business Office, who will be happy to answer any questions you might have.