

## Chapter EAB 7

## CANCELLATION AND SETTLEMENT

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**EAB 7.01 Philosophy and principles.** (1) It shall be the policy of the board to approve only those schools which publish and adhere to cancellation and settlement provisions which are designed to improve the educational quality of the school and are based upon sound educational as well as economic principles.

(2) The cancellation and settlement provisions required by the educational approval board in this rule are based upon these principles:

(a) The purchase of educational opportunity to learn through any course of study is different from any other kind of purchase because of the number of intangibles and unknowns involved in education. As a result, it is common that students make numerous "false starts" in their educational programs. These starts are to some degree minimized through good counseling. It is important, however, to preserve for the student the right to change his mind (recognize a false start) without too serious a penalty since this action itself may be important in the student's growth, maturation, and learning. Since it is the responsibility of the school to select its students carefully, charges to the student upon cancellation or withdrawal before the course begins should be a smaller portion of the total cost of the course of instruction than upon cancellation or withdrawal after partial completion.

(b) After the course is begun, the student's responsibility for his progress increases with the passage of time and the completion of work. If it is fair to expect the school to select students carefully, it is fair (assuming competent instruction) to expect the individual student to bear increasing responsibility for his progress. Furthermore, the school's investment in the student's learning increases as the student progresses, and a fair and ethical cancellation and settlement policy should encourage the school to invest generously in the instruction of continuing students with adequate safeguard of that investment. Consequently, the cancellation and settlement provisions of this rule permit an ever larger portion of the total cost of the course to be charged to the student as he progresses through his course.

**History:** Cr. Register, December, 1972, No. 204, eff. 1-1-73.

**EAB 7.02 Full refund.** A school's cancellation and settlement policy must provide for a full refund of all money paid by a student if:

(1) The student cancels the contract within 72 hours as provided for in section EAB 5.02; ✓

(2) The student accepted was unqualified;

(It is the school's responsibility, through pre-enrollment counseling, to make reasonably certain before enrollment is completed that the

student has the ability to profit from the course under consideration. If this policy is violated, the student shall be entitled to an immediate refund of all monies paid to the school or its agent.

In determining the student's ability to profit from the course, criteria such as the following may be applied:

Educational background, success as a high school or post-high school student, practical experience in a related activity, physical ability to engage in the type of employment for which the course is represented to prepare students and/or results of a valid qualifying test.)

(3) The student's enrollment was procured as the result of any misrepresentations in a school's advertising, promotional material, or solicitor's representations.

**History:** Cr. Register, December, 1972, No. 204, eff. 1-1-73.

**EAB 7.03 Partial refund.** If a student cancels after the expiration of the 72-hour cancellation privilege but before 75% of the course has been completed or if a valid disclaimer, separately signed by the student, as provided for in section EAB 6.04 has been obtained by the school, the school's cancellation and settlement policy shall not permit any charge to a student which is in excess of the exact pro rata portion of the total contract price that the length of the completed portion of the course bears to the total length of the course, plus a surcharge of 15% of the cost of the course. The cancellation and settlement policy is further limited by the following:

(1) If a student cancels a home study (correspondence) course prior to submission of the first completed lesson to the school, the surcharge may not exceed \$50.

(2) If a student cancels enrollment in a resident course prior to the start of classes, the surcharge may not exceed \$100.

(3) During the first week of classes of a resident course, the charge to the student may not exceed the larger of:

(a) The exact pro rata portion of the contract price that the completed portion of the course, on a daily basis, bears to the total length of the course, or

(b) \$100.

(4) A course consisting of a combination of home study (correspondence) instruction and required resident instruction shall have the cancellation and settlement policy applied separately to the separate charges made for the correspondence and resident parts required by section EAB 2.06 (6).<sup>1</sup>

(5) The pro rata portion of the course completed shall be determined:

(a) With respect to home study (correspondence) courses or the home study portion of combination courses, by the ratio of the number of completed lessons submitted to the school by the student to the total number of correspondence lessons.

(b) With respect to resident courses or the resident portion of combination courses where the contract provides for a stated number of lessons or classes, by the ratio of the number of lessons or classes received or attended by the student to the total number of lessons or classes provided in the contract;

(c) With respect to resident instruction not falling within the purview of (b), by the ratio of the number of weeks the student

attended, including as a whole week the last week in which the student attended any class, to the total number of weeks provided in the contract.

(6) With respect to resident courses of more than 12 months length, the cancellation and settlement policy shall be applied to the student's obligation for the current school year. All payments made for periods beyond the current school year shall be fully refunded, and the student's obligation for these periods cancelled.

(7) The school must honor any valid notice of cancellation, and, within 10 business days after receipt of such notice, refund to the student any amounts due him and arrange for a termination of the student's obligation to pay any sum in excess of that permitted under the cancellation and settlement policy.

**History:** Cr. Register, December, 1972, No. 204, eff. 1-1-73.

**EAB 7.04 Refund not conditional on conduct.** A school cannot make its refund policy conditional upon compliance with the school's regulations or rules of conduct.

**History:** Cr. Register, December, 1972, No. 204, eff. 1-1-73.