

141.271 REFUNDS.

Subdivision 1. **Student.** For the purposes of this section, "student" means the party to the contract, whether the party is the student, the student's parent or guardian, or other person on behalf of the student.

Subd. 1a. **Notice; right to refund.** Every school shall notify each student, in writing, of acceptance or rejection. In the event that the student is rejected by the school, all tuition, fees and other charges shall be refunded.

Subd. 1b. **Short-term programs.** Licensed schools conducting programs not exceeding 40 hours in length shall not be required to make a full refund once a program has commenced and shall be allowed to prorate any refund based on the actual length of the program as stated in the school catalog or advertisements and the number of hours attended by the student.

Subd. 2. **Schools using written contracts.** (a) Notwithstanding anything to the contrary, a school that uses a written contract or enrollment agreement shall refund all tuition, fees and other charges paid by a student, if the student gives written notice of cancellation within five business days after the day on which the contract was executed regardless of whether the program has started.

(b) When a student has been accepted by the school and has entered into a contractual agreement with the school and gives written notice of cancellation following the fifth business day after the date of execution of contract, but before the start of the program in the case of resident schools, or before the first lesson has been serviced by the school in the case of distance education schools, all tuition, fees and other charges, except 15 percent of the total cost of the program but not to exceed \$50, shall be refunded to the student.

Subd. 3. **Schools not using written contracts.** (a) Notwithstanding anything to the contrary, a school that does not use a written contract or enrollment agreement shall refund all tuition, fees and other charges paid by a student if the student gives written notice of cancellation within five business days after the day on which the student is accepted by the school regardless of whether the program has started.

(b) When a student has been accepted by the school and gives written notice of cancellation following the fifth business day after the day of acceptance by the school, but before the start of the program, in the case of resident schools, or before the first lesson has been serviced by the school, in the case of distance education schools, all tuition, fees and other charges, except 15 percent of the total cost of the program but not to exceed \$50, shall be refunded to the student.

Subd. 4. **Resident schools.** When a student has been accepted by a school offering a resident program and gives written notice of cancellation, or the school has actual notice of a student's nonattendance after the start of the period of instruction for which the student has been charged, but before completion of 75 percent of the period of instruction, the amount charged for tuition, fees, and all other charges shall be prorated based on number of days in the term as a portion of the total charges for tuition, fees, and all other charges. An additional 25 percent of the total cost of the period of instruction may be added, but shall not exceed \$100. After completion of 75 percent of the period of instruction for which the student has been charged, no refunds are required.

Subd. 5. **Distance education schools.** When a student has been accepted by a distance education school and gives written notice of cancellation after the first lesson has been completed by the student and serviced by the school, but before completion of 75 percent of the program, the amount charged for tuition, fees and all other charges for the completed lessons shall be prorated as a portion of the total charges for tuition, fees and all other charges. An additional 25 percent of the total cost of the program may be added but shall not exceed \$75. After completion of 75 percent of the program, no refunds are required.

Subd. 6. **Combination distance education-resident schools.** When a student has been accepted by a school that offers a combination distance education-resident program and gives written notice of cancellation after the start of the program or after the first lesson has been completed by the student and serviced by the school, whichever phase comes first, the school shall refund all tuition, fees and other charges as provided in subdivision 4 if cancellation occurs during the resident portion, and as provided for in subdivision 5 if cancellation occurs during the distance instruction portion. If the cancellation occurs before the student has commenced one of the phases, the price of that phase shall not be considered in making the proration and the student shall be entitled to a full refund of the charges. Conversely, if the student has completed a phase of the program before cancellation, the charges may be retained by the school provided that the total tuition, fees and other charges for each phase have been stated separately in the school's catalog or electronic display and contract or enrollment agreement.

Subd. 7. **Equipment and supplies.** The fair market retail price, if separately stated in the catalog and contract or enrollment agreement, of equipment or supplies furnished to the student, which the student fails to return in condition suitable for resale, and which may reasonably be resold, within ten business days following cancellation may be retained by the school and may be deducted from the total cost for tuition, fees and all other charges when computing refunds.

An overstatement of the fair market retail price of any equipment or supplies furnished the student shall be considered inconsistent with this provision.

Subd. 8. **Time of refund.** Each school shall acknowledge in writing any valid notice of cancellation within ten business days after the receipt of such notice and within 30 business days shall refund to the student any amounts due and arrange for termination of the student's obligation to pay any sum in excess of that due under the cancellation and refund policy.

Subd. 9. **Limitation.** A school cannot make its refund policy conditional upon compliance with the school's regulations or rules of conduct.

Subd. 10. **Cancellation occurrence.** Written notice of cancellation shall take place on the date the letter of cancellation is postmarked or, in the cases where the notice is hand carried, it shall occur on the date the notice is delivered to the school. If a student has not attended class for a period of 21 consecutive days without contacting the school to indicate an intent to continue in school or otherwise making arrangements concerning the absence, the student is considered to have withdrawn from school for all purposes as of the student's last documented date of attendance.

Subd. 11. **Date of execution.** The date of execution of the contract or enrollment agreement shall be presumed to be the date of delivery of the notice of acceptance; and if delivered by mail, the postmark date of the letter of acceptance.

Subd. 12. **Instrument not to be negotiated.** A school shall not negotiate any promissory instrument received as payment of tuition or other charge prior to completion of 50 percent of the program, except that prior to that time, instruments may be transferred by assignment to purchasers who shall be subject to all defenses available against the school named as payee.

Subd. 13. **Cancellation of enrollment.** If a student's enrollment in a school is canceled for any reason, the school shall notify any agency known to the school to be providing financial aid to the student of the cancellation within 30 days.

Subd. 14. **Closed school.** In the event a school closes for any reason during a term and interrupts and terminates classes during that term, all tuition for the term shall be refunded to the students or the appropriate state or federal agency or private lender that provided any funding for the term and any outstanding obligation of the student for the term is canceled.

History: 1973 c 714 s 12; 1980 c 559 s 2,3; 1986 c 444; 1996 c 366 s 4; 1999 c 214 art 3 s 22-28; 2005 c 107 art 3 s 10-14; 2007 c 144 art 3 s 26,27