

Third-Party Servicer Contract Requirements

NOTE: This document lists contract terms that are required for any agreement between a University of Wisconsin and a third-party servicer, defined as any party that performs an administrative function involving Title IV funds on behalf of the UW.

1. The servicer's legal name and any doing-business-as name
2. The servicer's contact information, including:
 - a. Its primary physical address and phone number
 - b. Its CEO's name, title, phone number, and email address
3. A clear description of the specific Title IV functions the servicer will perform
 - a. The identity of any subcontractor and any subcontracted functions
4. A statement that the servicer's eligibility must not have been limited, suspended, or terminated based on Department of Education (ED) proceedings
 - a. A provision that the UW may terminate immediately in the event the servicer's eligibility is limited, suspended, or terminated
5. The servicer's agreement to:
 - a. Comply with all Title IV provisions
 - b. Use Title IV funds solely for authorized purposes
 - c. Notify ED's Office of Inspector General of any reasonably suspected Title IV-related fraud or criminal misconduct by a university or financial aid applicant
 - d. Be jointly and severally liable with the UW for Title IV violations
 - e. Confirm student eligibility before disbursing Title IV funds and return any unearned Title IV funds
 - f. Return all Title IV funds and related records to the UW upon contract termination, the servicer's cessation of performance, or the servicer's bankruptcy
 - g. Comply with FTC information security requirements for financial institutions pursuant to the GLBA Safeguards Rule
 - h. Comply with FERPA
 - i. Annually submit a compliance audit per 34 CFR § 668.23(c)

Example Third-Party Servicer Contract Terms

NOTE: These are sample contract terms to include the information required by ED in contracts with third-party servicers. The terms may be added to, substituted, or used to verify that agreements with third-party servicers to assure that all required information is included.

1. **Servicer identification:** The servicer's legal name is [Servicer Legal Name], and it conducts business under the following assumed name(s), if any: [Servicer DBA(s)]. The servicer represents and warrants that the foregoing information is accurate and that it will promptly notify the University of Wisconsin ("UW") in writing of any change to its legal name or any doing-business-as name.
2. **Servicer contact information:** The servicer's primary physical address is [Street, City, State, Zip], and its primary telephone number is [Phone]. The servicer's chief executive officer is [CEO Name], whose title is [CEO Title], telephone number is [CEO Phone], and email address is [CEO Email]. The servicer shall update this information within five (5) business days of any change and shall ensure continuous availability for official notices and compliance communications.
3. **Title IV services performed:** The servicer shall perform the following specific functions related to Title IV of the Higher Education Act: [List of specific Title IV functions]. The servicer shall not perform any Title IV function not expressly identified in this clause without UW's prior written consent. The servicer shall maintain policies, procedures, and controls reasonably designed to ensure these functions are performed in accordance with all applicable federal statutes and regulations.
4. **Subcontractors:** The servicer shall not subcontract any Title IV function without UW's prior written approval. If approved, the servicer shall identify each subcontractor and the specific subcontracted functions as follows: [Subcontractor Name(s) and Functions]. The servicer remains fully responsible for all subcontracted performance and compliance and shall ensure that any subcontractor agrees in writing to comply with the same obligations applicable to the servicer under this agreement.
5. **Eligibility to perform Title IV functions:** The servicer represents and warrants that its eligibility to perform Title IV functions has not been limited, suspended, or terminated based on proceedings by the United States Department of Education ("ED"). The servicer shall promptly notify UW in writing within one (1) business day of any ED action or proceeding that could limit, suspend, or terminate the servicer's eligibility. UW may terminate this agreement immediately, in whole or in part, upon notice if the servicer's eligibility is limited, suspended, or terminated based on ED proceedings.
6. **Compliance with Title IV:** The servicer shall comply with all provisions of Title IV of the Higher Education Act and all implementing regulations, guidance, and official interpretations applicable to the services performed under this agreement. The servicer shall monitor changes in applicable law and update its practices as necessary to maintain continuous compliance.
7. **Use of Title IV funds:** The servicer shall use Title IV funds solely for authorized purposes as permitted by applicable statutes, regulations, and ED guidance. The servicer shall implement controls to prevent commingling and unauthorized use and shall maintain auditable records evidencing proper receipt, disbursement, and reconciliation.

8. **Reporting suspected fraud or criminal misconduct to ED OIG:** The servicer shall notify ED's Office of Inspector General without undue delay of any reasonably suspected fraud or criminal misconduct related to Title IV by any university or financial aid applicant. The servicer shall contemporaneously notify UW of any such report, unless prohibited by law or by instruction from ED or law enforcement, and shall preserve all relevant records.
9. **Joint and several liability:** The servicer agrees that it shall be jointly and severally liable with UW for any violations of Title IV requirements arising from the servicer's performance of Title IV functions under this agreement, to the extent such liability is imposed under applicable law.
10. **Student eligibility verification and return of unearned funds:** Before any disbursement of Title IV funds, the servicer shall confirm each student's eligibility in accordance with applicable regulations and UW policies. The servicer shall promptly identify, calculate, and return any unearned Title IV funds in compliance with applicable law, including required timelines, documentation, and reconciliation processes.
11. **Return of Title IV funds and records upon cessation or termination:** Upon termination of this agreement, cessation of performance, or the servicer's bankruptcy, the servicer shall immediately cease disbursement activities, promptly return or transfer to UW all Title IV funds in its possession or control, and deliver to UW all records related to Title IV functions, including electronic data, in a usable, accessible format. The servicer shall cooperate to ensure continuity of operations and shall provide reasonable transition assistance at no additional cost.
12. **Information security requirements:** The servicer shall comply with Federal Trade Commission information security requirements for financial institutions pursuant to the Gramm-Leach-Bliley Act Safeguards Rule, including:
 - a. Maintaining a written information security program;
 - b. Conducting risk assessments;
 - c. Implementing access controls, encryption, secure software development, monitoring and logging, vulnerability management, incident response, and vendor oversight; and
 - d. Assigning qualified personnel responsible for the program.The servicer shall, upon request, provide UW with reasonable documentation demonstrating compliance.
13. **FERPA compliance:** The servicer shall comply with the Family Educational Rights and Privacy Act and its implementing regulations, including restrictions on disclosure and use of education records, requirements for student consent or applicable exceptions, data minimization, secure handling, and recordkeeping of disclosures. The servicer shall treat UW as the FERPA "school official" context provider and shall use education records solely to perform services under this agreement.
14. **Annual compliance audit:** The servicer shall annually submit a compliance audit in accordance with 34 CFR § 668.23(c), including any required audited financial statements and compliance attestation, and shall provide UW with copies of all submissions and related ED correspondence upon request. The servicer shall timely address any findings, corrective actions, or recommendations and shall implement remediation reasonably acceptable to UW.