

Pay Now Frequently Asked Questions

RenWeb has announced changes in credit card processing rules for Pay Now. Which states have laws that might impact schools that want parents to pay the credit card convenience fees?

The affected states include California, Colorado, Connecticut, Florida, Kansas, Maine, Massachusetts, New York, Oklahoma and Texas. In these states, schools will not have the option for parents to pay the credit card convenience fee.

Why is the parent-pay option not available in these states?

Each of these 10 states has a consumer protection statute that may affect the ability of a seller – in this case, your school - to charge a convenience fee for credit card payments. These statutes date back to the 1970s when some merchants, primarily gasoline stations, were imposing surcharges with no notice to cardholders. With convenience fees, cardholders receive notice and can make the choice to not use a credit card. However, these statutes are written broadly and could be interpreted to include convenience fees. Given the lack of legal clarity, we are taking the conservative approach and not offering the parent-pay option in these states.

You used the term “may affect” our ability to charge a convenience fee. Why can’t our school decide if we want to take on the risk of being in violation of the state statute?

We recently received a copy of a letter that was sent to a school in Maine. The letter was from the Maine Bureau of Consumer Credit Protection and stated that the convenience fee was, in fact, in violation of the Maine statute. They asked that the school refund any convenience fees collected and discontinue the parent-pay credit card option. We are also aware that several higher-ed institutions in California have decided to discontinue offering the convenience fee option as they feared it may violate the California statute.

Based on these recent scenarios and today’s financial environment with increased focus on consumer protection rights for credit card payments, we have decided to discontinue offering the parent-pay option in the 10 states listed.

Our school is in one of these states, and we take manual credit card payments today. Why can’t we take them online?

Your school can, but the school will have to pay, or absorb, the credit card processing fee. That is the same as if your school accepted a credit card payment at the front office or in the lunchroom or bookstore. Your school is absorbing the fees charged by the credit card company in those cases.

Our school is in one of these states. When we used Pay Now before, our school was allowed to have the parents pay the convenience fee. Why can’t we now?

Recently these state statutes have come under closer scrutiny and have raised concerns by some companies and schools that have been offering the parent-pay option in these 10 states. Based on today's financial environment of increased focus on consumer credit card fees, we have decided to discontinue offering the parent-pay option in the 10 states listed.

Does that mean our school is prevented from allowing our parents to make credit card payments online if we are located in one of the 10 states?

No. It means that your school will have to pay, or absorb, the credit card processing fee to offer parents the option of making online credit card payments.

Do you have the specific statute numbers we can reference?

Yes, [Click Here](#) for the list of statute numbers.

Why is Visa not available if our school elects the option to have parents pay the credit card convenience fee?

MasterCard, Discover and American Express are clear in their operating rules that convenience fees charged by educational institutions for purposes of facilitating a credit card payment for tuition or other education fees is compliant.

We received a ruling from VISA stating they do not allow a seller to charge a cardholder a convenience fee as charged under Pay Now. Therefore, we do not allow schools to use VISA if they plan to use the parent-pay option.

When our school used Pay Now before, our school was allowed to use Visa and have the parents pay the convenience fee. Why can't we now?

Each merchant processor must go through underwriting to process credit cards, including Tadley, Inc., your previous processor for Pay Now. We received a notification from VISA stating they do not allow a seller to charge a cardholder a convenience fee. Therefore, we do not allow schools to use VISA if they plan to use the parent-pay option. We are not aware of Tadley, Inc. ever receiving a similar notification from Visa.

What strategy does RenWeb recommend if we want to offer credit cards to our parents, including Visa, but are concerned about absorbing credit card fees for large tuition payments?

Place all your miscellaneous fees into a unique accounting system or systems, and place your tuition fees in a different accounting system. Then just turn on Pay Now for the accounting systems with the miscellaneous fees. Then you can offer credit cards and absorb the fees, but limit your exposure to large payments. Then use Pay Easy for your tuition accounting system, and only allow eCheck payments for Pay Easy.

Can schools set an upper limit on the size of a credit card payment amount, but have no limit on an eCheck payment amount?

No. Credit card association rules will not allow a payment limit to be enforced on credit cards unless the same payment limit is also enforced for eCheck payments.

Can schools set up their merchant agreement to absorb the Visa fee, but have parents pay the convenience fee for MasterCard, Discover and American Express?

No. The same business rules must be applied to all credit cards offered by a school through Pay Now.

Can schools toggle on and off when they offer the credit card payment option?

The school can ask a Commerce Manager system administrator to turn on or off credit card payments at any time. This may be confusing to parents, however.

Do you have a letter we can send parents announcing these changes?

Yes. We have a letter template that addresses different scenarios. Schools can customize the template to fit their unique situation. [See Parent Letter Template](#)

Are there any restrictions on schools that elect the option that parents pay the processing fees for ACH payments?

No. There are no rules limiting who pays the ACH processing fees.

When must we migrate from Tadley, Inc. to FACTS/NBS?

RenWeb will provide instructions and informational webinars that will advise schools how to complete the migration process. Schools can elect to migrate immediately, or wait. The deadline for migrating is July 31, 2010.

Will I receive my credit card payments in two business days now, rather than 10 days?

Yes! Previously Tadley, Inc. processed all credit card payments for Pay Now users. Because Tadley, Inc. also acted as the credit card merchant, the credit card companies deposited parent payments into Tadley's merchant account. Tadley waited for settlement confirmation and then would submit the payments for deposit into the school bank accounts. The downside of this process approach was that schools experienced a 10-day deposit interval for credit cards.

With FACTS/NBS, schools serve directly as the merchants and receive deposits directly from the credit card companies, resulting in a two-day deposit interval.