

<b>NEOMED ACADEMIC POLICY</b>	<b>Policy No: 3349-AC-251</b>
<b>ACADEMIC POLICY TITLE: Financial Aid Disbursement and Credit Balance Refund Policy</b>	<b>EFFECTIVE DATE: May 31, 2019</b>  <b>REVISED: January 31, 2022</b>
<b>RESPONSIBLE DEPARTMENT: Office of Financial Aid</b>	<b>Approval Authority: VPAA</b>

**(A) PURPOSE**

This policy applies to all students at NEOMED who are eligible for financial aid to pay for eligible charges on a student tuition account.

**(B) SCOPE**

This Policy outlines the eligibility requirements, timelines, and methods for Financial Aid disbursement to students’ tuition accounts, the disbursement of credit balance refunds, and the conditions for revocation of such refunds.

Financial aid policies are written and revised with the intent of being compliant with regulations set forth from the United States Department of Education and other agencies from which NEOMED receives funding. In the event new regulations are created or existing regulations are revised or removed, the most up to date regulations will be enforced regardless of whether the process of updating this policy has been completed.

**(C) DEFINITIONS**

- (1) “Billable Education Expenses” refers to direct charges assessed to a student by NEOMED for the purpose of enrolling in a university program, including tuition and mandatory program fees.
- (2) “Credit Balance Refund” refers to when the total amount of Financial Aid (NEOMED-Based Financial Aid, Title IV Financial Aid, private educational funding, or HRSA Funding) exceeds the total charges assessed to the student for the Payment Period.
- (3) “Early Disbursement” refers to the disbursement of financial aid for a payment period made to an eligible student before that student is scheduled to begin attendance in that payment period.

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- (4) “Financial Aid” includes any educational benefits paid because of enrollment in postsecondary education and can include grants, scholarships, and student loans from federal, state, university, or private sources. Sources of Financial Aid at NEOMED come from Title IV Financial Aid programs, NEOMED-Administered Financial Aid, Health Resources and Services Administration Funding, and private financial aid sources.
- (5) “Financial Aid Disbursement” refers to the process of crediting a student’s tuition account at NEOMED with eligible financial aid to pay outstanding charges owed to NEOMED.
- (6) “Financial Aid Offer” refers to a collection of different types of Financial Aid from multiple sources and is intended to help a student fill the gap between their ability to pay and college costs. Financial Aid Offers are made to students at the start or during an academic year, once required application materials are completed (which establishes a student’s eligibility for the various financial aid sources).
- (7) “Health Resources and Services Administration (HRSA) Funding” refers to federal funding that is awarded to NEOMED through a grant application process and is administered by NEOMED Office of Financial Aid utilizing the terms and conditions set forth by HRSA. Funding under HRSA includes but is not limited to Title VII Loan Programs (Loan for Disadvantaged Students, Primary Care Loan, Health Professions Student Loan) and the Scholarship for Disadvantaged Students.
- (8) “Late Disbursement” refers to the disbursement of Financial Aid for a payment period, made after the student ceases to be eligible (e.g. withdrawal, dismissed, end of the academic year, graduation).

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- (9) “Normal Disbursement” refers to the disbursement of Financial Aid for a payment period made during that payment period while the student is eligible.
- (10) “NEOMED-Based Financial Aid” includes all funding from the NEOMED Foundation, NEOMED operating budget, and NEOMED business arrangements. Institutional funds available to NEOMED students includes scholarships (need and non-need), need-based loans, and forgivable loans.
- (11) “Payment Period” refers to the period of time for which a student is enrolled, defined as semesters or term. For Federal Student Aid purposes, a year-long clinical term is divided into two to three payment periods based upon the part of term schedule.
- (12) “Retroactive Disbursement” refers to the disbursement of Financial Aid for a payment period made after the payment period ends, but before the student ceases to be eligible.
- (13) “Satisfactory Academic Progress” or “SAP” refers to the measurement of both quantitative (time-based) and qualitative (grade-based) standards a student must meet to maintain eligibility for Title IV Financial Aid, NEOMED-Based Financial Aid, and HRSA Funding. There are three separate SAP standards; Maximum Timeframe, Quantitative (pace of progression), and Qualitative (grade-based).
- (14) “Title IV Financial Aid” refers to funding from the Federal Student Aid Office of the U.S. Department of Education. Title IV Financial Aid funds available to NEOMED students include loans from the William D. Ford Federal Direct Loan (Direct Loan) Program: Direct Unsubsidized Loans and Direct PLUS Loans (Graduate PLUS).

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**(D) POLICY STATEMENT**

(1) Eligibility to Receive a Financial Aid Disbursement

To be eligible for a disbursement of Financial Aid, the student must meet the following criteria, as detailed in the [Financial Aid Eligibility, Application and File Verification Policy](#):

- (a) Have a completed financial aid application and have completed necessary requests for information related to the verification process.
- (b) Be enrolled in a program that meets the eligibility requirements for Title IV Financial Aid and/or HRSA Funding programs, and be enrolled for the minimum number of credits, applicable to the eligible Financial Aid program.
- (c) For Title IV Financial Aid Direct Loans, students must have a valid promissory note for each fund they wish to receive (Direct Unsubsidized and/or Direct Grad PLUS promissory note), have received approval from Direct Loans to receive the loans, completed necessary loan counseling which can include, but not limited to Student Loan Entrance Counseling and Graduate PLUS Credit Counseling.
- (d) For HRSA Funded Title VII Loans, completed a promissory note and loan entrance counseling.
- (e) For NEOMED-Based Financial Aid, completed any fund requirements, such as a promissory note or thank you note, when directed to do so.

In addition, a student must also:

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- (a) Have been offered and accepted a Financial Aid Offer and terms and conditions of the Financial Aid Offer.
- (b) Be maintaining Satisfactory Academic Progress as outlined in the [“Satisfactory Academic Progress for Financial Aid Eligibility”](#) Policy. Failure to meet these standards may result in Financial Aid funds being either delayed or cancelled.

(2) Authorization to Disburse and Credit to Billable Charges

At the time of disbursement, Title IV Financial Aid, NEOMED-Based Financial Aid, and HRSA Funding will be credited to a student’s tuition and fee account to pay billable charges. If more Financial Aid is disbursed than billable charges are assessed, a student will be provided a Credit Balance Refund. There are no restrictions on billable charges covered under NEOMED-Based Financial Aid or HRSA Funding financial aid programs.

Title IV Financial Aid can only be used to pay allowable educationally related charges and authorization is required to use Title IV Financial Aid to cover certain non-allowable billable charges, as outlined in the [Financial Aid Eligibility, Application and File Verification Policy](#).

(3) General Notification of Eligibility and Disbursements

The Office of Financial Aid will issue a general notification at the time a Financial Aid Offer is issued to the student, which is prior to the disbursement of Title IV Financial Aid. In cases where a student consents to electronic communications, the general notification will be sent to the student’s NEOMED email account. Students who do not elect to participate in electronic communications will receive a paper general notification through the U.S. Postal System to a local/permanent address. The general notification serves the following purposes:

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- (a) The amount of Title IV Financial Aid the student should expect to receive from each Title IV Financial Aid program.
  - (b) How and when their Title IV Financial Aid will be disbursed.
  - (c) Which Title IV Financial Aid Direct Loan funds are subsidized loans, and which funds are unsubsidized loans.
- (4) Timing of Disbursements
- (a) The disbursements of funds are made in Payment Periods. Payment Periods are defined by:
    - (i) Standard term – the Payment Period is the term.
    - (ii) Maymester is an intersession. If a student is taking courses in the Maymester, the Payment Period will be the combination of both the spring and Maymester.
    - (iii) Clinical year long term – for Federal Student Aid purposes the clinical year long term is divided between two (2) to three (3) Payment Periods based upon the parts of term dates. Financial Aid will create Payment Periods that align most like the standard terms (summer, fall and spring).
  - (b) Financial Aid will disburse to a student’s tuition account based on the following timeline:
    - (i) Early Disbursement – NEOMED Office of Financial Aid, whenever possible, will default the first Payment Period disbursement date up to ten (10) days prior to the start of classes. There are cases

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where an Early Disbursement is not possible, such as cases where it cannot be determined a student has met standards to promote to the next academic year (e.g. the Summer disbursement date for the P4 academic year will occur on the first day of the Summer Payment Period, not 10 days in advance, due to the need to verify students met promotion requirements from the P3 Spring Payment Period to advance to their first APPE experience).

- (ii) Normal Disbursement – In cases where Financial Aid is not able to disburse based on an Early Disbursement schedule, an eligible Payment Period disbursement will be made weekly throughout the Payment Period. Normal Disbursements are made when a student accepts a Financial Aid Offer after the Early Disbursement date has passed, funding from an external source is submitted after the Early Disbursement date, or paperwork required for a disbursement to occur is submitted after an Early Disbursement date has passed.
- (iii) Retroactive Disbursement – In cases where Financial Aid becomes eligible to a student after the end of a Payment Period but still within the academic year, a student’s disbursement of Financial Aid for the prior Payment Period will occur after the Financial Aid source is awarded and all paperwork for the disbursement to occur is submitted.
- (iv) Late Disbursement – In cases when a Financial Aid source is offered to a student, it is accepted and in cases of Title IV Financial Aid through Direct Loans is approved by the lender but does not disburse before a student ceases enrollment for a Payment Period.

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(c) In cases where a student’s enrollment does not match the standard Term of Enrollment/Payment Period as defined by their cohort:

(i) The student is ineligible for a disbursement during periods of non-enrollment in a non-credit bearing course (e.g. Career Preparatory/Off Months, periods of Remediation, engagement in coursework or elective experience that is not required for degree conferral). The student will be eligible for a Normal Disbursement the day they begin coursework in a credit-bearing course required for degree conferral.

(d) In cases where NEOMED’s Cohort Default Rate is or exceeds 15 percent:

(i) First-time, first year borrowers will receive a Title IV Financial Aid Direct Loan disbursement 30 days after the start of the Payment Period.

(ii) Payment Period disbursements will be made in two (2) equal disbursements, one at the start of the Payment Period, and one halfway through the Payment Period.

(5) Method of Disbursement to Students’ Tuition Accounts

(a) NEOMED-Based Financial Aid is disbursed to students at the start of the Payment Period (Early Disbursement) or upon completion of required application documents (Normal, Retroactive, or Late Disbursement). Funds are directly credited to students’ tuition accounts to pay Billable Education Expenses first.

(b) Title IV Financial Aid is electronically transferred to the University and is disbursed to students at the start of the Payment Period (Early Disbursement) or upon completion of required application documents



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and approval by the lender, Direct Loans (Normal, Retroactive, or Late Disbursement). Funds are directly credited to students' tuition accounts to pay Billable Education Expenses first.

- (c) HRSA Funding and Title IV Financial Aid is electronically transferred to the University and is disbursed to students at the start of the Payment Period (Early Disbursement) or upon completion of required application documents and approval by the lender, Direct Loans (Normal, Retroactive, or Late Disbursement). Funds are directly credited to students' tuition accounts to pay Billable Education Expenses first.
- (d) Scholarships administered by private entity/private student loans are submitted to the University either electronically or by paper check. Payment Period disbursements will occur once the funds are received by the University and can take the form of an Early, Normal, Retroactive, or Late Disbursement, depending on when the funding arrives. Funds are directly credited to students' tuition accounts to pay Billable Education Expenses first.

(6) Post-Disbursement Title IV Financial Aid Direct Loan Notification

The Office of Financial Aid will issue a post-disbursement notification at the time Title IV Financial Aid Direct Loans are credited to a student's tuition account. In cases where a student consents to electronic communications, the post-disbursement notification will be sent to the student's NEOMED email account. Students who do not elect to participate in electronic communications will receive a paper post-disbursement notification through the U.S. Postal System to a local/permanent address. The disbursement notification serves the following purposes:

- (a) To notify the student that a Title IV Financial Aid Direct Loan was disbursed to their student tuition account, and to confirm the net

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amount disbursed by directing them to view their disbursement on Student Self-Service.

- (b) Which Title IV Financial Aid Direct Loan funds are subsidized loans, and which funds are unsubsidized loans.
- (c) Student’s right to cancel all or a portion of their disbursed Title IV Financial Aid Direct Loan within 14 days of the disbursement to their student tuition account.
- (d) Students have 120 calendar days from the date of refund disbursements to return loan funds to the lender for application toward an outstanding principal balance and forgiveness of interest charges on the applied amount.
- (e) NEOMED’s use of a multi-year promissory note and the student’s right to contact NEOMED’s Office of Financial Aid to request a new promissory note for each loan disbursed.

(7) Conditions for Reversal of a Disbursement

A disbursement of any Financial Aid source can be reversed from a student’s tuition account. Situations include, but are not limited to, the following:

- (a) A student who received an aid disbursement, but fails to complete 60% or greater of the Payment Period, as defined in the [Financial Aid Return of Title IV and Institutional Aid Policy](#).
- (b) When a student receives Title IV Financial Aid Direct Loan eligibility from more than one university at the same time and does not disclose the aid received from the secondary institution.

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- (c) The student received additional funding after the Payment Period disbursement of Title IV Financial Aid Direct Loans and with the addition of the new Financial Aid source, the student would be over awarded.
- (d) Student changes enrolled program from a Title IV Financial Aid eligible program to a non-Title IV Financial Aid eligible program.
- (e) Student fails to maintain [Satisfactory Academic Progress for Financial Aid Eligibility](#).
- (f) It is found that the student fraudulently represented application materials for the purpose of obtaining Financial Aid.
- (g) A student who received a disbursement of aid and fails to begin attendance in the Payment Period for which the disbursement was made.

(8) Tuition Balances After Disbursement

Financial aid will be applied to eligible, billed charges at the time of disbursement. There could be instances where billable charges either remain or take place after the disbursement. It is the student's responsibility to review their student tuition account and make timely payment, either by accepting additional remaining Title IV Financial Aid Direct Loan funds, or by self-paying with the Accounting Office.

(9) Credit Balance Refund

The Accounting Department will issue a refund to students who have a credit balance in their student tuition accounts.

- (a) Timing of Credit Balance Refunds

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Credit balances that are established on the student’s tuition account with Title IV Financial Aid, HRSA Funding, NEOMED-Based Financial Aid, or private sources will be issued within fourteen (14) business days of established credit balances.

(b) Methods for Refunding Credit Balances

- (i) Direct Deposit - Students may sign up for Direct Deposit Authorization. This authorization allows for the electronic transfer of funds to a personal checking or savings account. It is the students’ responsibility to ensure that the account and the bank routing numbers are up to date and accurate. Inaccurate banking information will cause a delay in refund issuance and may subject students to additional invalid account/re-issuance charges. The student is responsible for paying the re-issuance fee out of pocket.
- (ii) Paper Check Issuance - Paper checks will be issued to students who have not signed up for Direct Deposit. Checks will be mailed to students at the local address on file in Student Self-Service. If no local address is listed, checks will be mailed to the permanent address on file in [Student Self-Service](#). Inaccurate postal address will cause a delay in refund issuance and may subject students to additional invalid account/re-issuance charges. The student is responsible for paying the re-issuance fee out of pocket.
- (iii) Return to Issuer/Lender - If a credit balance refund was affected by the disbursement of funds from an external source (e.g., non-university scholarship or third-party payer) with instructions that state the funding is not permitted to be returned to the student if Billable Education Expenses are paid in full, the Credit Balance Refund may be returned to the issuer/lender, if so specified.

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(c) Returning Credit Balance Refunds

Students can apply any or all portions of a Credit Balance Refund to reduce their principal loan balance of a Title IV Financial Aid Direct Loan, NEOMED-Administered student loan or a HRSA student loan. This can be done by:

- (i) Returning the original University-issued refund check to apply the entire (100%) Credit Balance Refund amount to their student tuition account; or,
- (ii) Presenting a non-University-issued check made payable to NEOMED for an amount equal to or less than the full Credit Balance Refund received from the University; and,
- (iii) Completing an Authorization form directing the Office of Financial Aid to apply the amount of the check to an outstanding principal balance. In the event the check is mailed to the Office of Financial Aid, a statement signed by the student directing the Office of Financial Aid to apply the amount of the check to an outstanding principal balance.

(d) Uncashed Title IV Financial Aid Credit Balance Refund Checks

Students will be given two 200 calendar days from the date of issuance to cash refund checks that resulted from Title IV Financial Aid disbursements. If these refund checks are left uncashed, the University is required by Federal regulations to return the Credit Balance Refund to the Department of Education

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within 240 calendar days of the date the credit balance was disbursed to their student tuition account.