

Methods of Distributing Aid, Student Notifications and Authorizations

Federal Aid is distributed to eligible students who complete the Free Application for Federal Student Aid (FAFSA) and meet all required eligibility criteria as further described within the application instructions. Students should go to www.FAFSA.ed.gov to complete the application or visit the financial aid office for any questions regarding the FAFSA.

Students are also encouraged to visit their library or research on the Internet as a source for additional scholarship programs not administered or awarded by the institution.

Disbursing Federal Student Aid

Funds received as financial assistance for a student are electronically credited to the student's account. The student (and parent in the case of PLUS loans) is sent a notification when loan funds have been disbursed or credited to his/her account. Paper copies of these notifications are available upon request from the financial aid office. Students should visit the financial aid office to determine which of the two (2) methods described below is used at their school, for the program enrolled in.

Financial aid funds are normally scheduled for disbursement at the beginning of each payment period. Dorsey Schools may also utilize the 'Early Disbursement' processing; with this processing, student funds are requested up to ten (10) days prior to the scheduled start of classes. Using this funding allows students to receive their funding early in the payment period, the requirements for processing federal student aid credits also provides students to receive their funds to be used for other educationally related expenses, earlier in the payment period. However, all funds are refunded for students that do not start classes for that payment period.

Books and Supplies Opt-Out

Dorsey Schools include the cost of books and supplies in the tuition charges. Effective July 1 2016, students may choose to opt-out of this. Students that opt-out will be billed a lower tuition rate for each payment period, however these students will be required to obtain all necessary books and supplies required for each class and have these by the third day of class. Students must select to opt-in or opt-out during the enrollment process at the start of a new program. For more information on the books and supplies opt-out process, go to http://www.dorsey.edu/wp-content/uploads/2016/08/DS403_Dorsey-Schools-Textbooks-Supplies-Opt-Out-Policy-Procedure_FA-webpage-2016-1.pdf.

Programs Using Credit Hours in Standard or Non-Standard Academic Terms (or Quarter)

Financial aid is awarded based on an academic year as defined on a program-by-program basis at the institution. Disbursement of aid varies by the type of assistance. For programs using standard or non-standard academic terms, a portion of the Federal Pell Grant and Federal Supplemental Educational Opportunity Grant (SEOG), for those who qualify, will be paid to the student's account during each payment period or term. Federal Work Study is paid to employed students through the Dorsey payroll system, in the form of direct deposit or paper checks.

In order to receive Federal Student Loan proceeds, the student (parent in the case of PLUS loans) must complete and sign a valid promissory note. The loan proceeds are used to satisfy the student's tuition and fees for the academic year and are disbursed once per term, for the standard term programs. For non-standard programs, loan funds are disbursed when the student has successfully completed half the weeks of instructional time AND half the credits in each academic year. Once tuition and fees charged by the institution have been met, the student may receive the excess amount of federal student aid that creates a credit on the account. A borrower's account will not be credited with Federal Direct loans until 30 days after their first day of class and once they have completed a loan entrance counseling.

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Programs Using Non-Terms Academic Calendar (Clock-Hour)

Financial aid is awarded based on an academic year as defined on a program-by-program basis at the institution. Disbursement of aid varies by the type of assistance. A student can receive the first disbursement of Pell and Federal Supplemental Educational Opportunity Grant (SEOG), when the student begins the program or academic year. A student is eligible to receive the second disbursement upon successful completion of half the weeks of instructional time AND half the clock hours in the academic year or program, or the remaining portion of a program that is more than one-half of an academic year but less than a full academic year.

In order to receive Federal Student Loan proceeds the student (parent in the case of PLUS loans) must complete and sign a valid promissory note. The loan proceeds are used to satisfy the student's tuition and fees for the payment period. Once tuition and fees charged by the institution have been met, the student may receive the excess amount of federal student aid that creates a credit on the account. A borrower's account will not be credited with Federal Direct loans until 30 days after their first day of class and once they have completed a loan entrance counseling.

PROCEDURES FOR PAYING FEDERAL STUDENT AID (FSA) CREDIT BALANCES

When Federal Student Aid (FSA) funds are posted to a student account, each student's ledger is evaluated to determine if a Title IV credit balance exists. FSA funds are received for the student; parents may also utilize a PLUS loan which is a parent loan to assist the student. FSA credit balances from a PLUS loan are payable to the parent.

When determining whether an FSA credit balance exists, the payment period is evaluated to determine the amount of allowable institutional charges for the payment period and amount of FSA funds received for the same period. For students enrolled in a standard or non-standard term programs, the student's payment period is the quarter (12 weeks). For students enrolled in a clock hour program, the payment period is half the number of clock hours and weeks in each academic year of the program; because students' enrolled in these programs progress at their own pace, for most students the payment periods (and academic years) are extended until the student earns the hours and/or weeks in each payment period.

Students (and parents as applicable) have the option whether or not to authorize Dorsey Schools to hold their FSA credit balance, to cover charges in subsequent payment periods; this option is documented using the Student Authorization to Hold Federal Student Aid Credit Balance form. See the section below on Student Authorizations, for more information. This document allows the student (or parent as applicable) to inform Dorsey Schools how they want any Title IV credit balance to be managed.

An FSA credit is created when the total of FSA funds exceed the total of allowable institutional charges billed for the payment period. FSA credits are evaluated by the payment period in which funds are posted to. The Student Authorization to Hold Federal Student Aid Credit Balance form is reviewed to determine the student's (or parent's as applicable) authorization regarding FSA credits.

During the FSA credit balance analysis, we determine if there are any current year unpaid allowable institutional charges, or if there are any prior charges that have not been covered. For current year charges, we determine if the student has any allowable unpaid prior payment period charges from payment periods in the current award year or loan period, for which the

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student was eligible for title IV aid; the award year is defined as July 1 to June 30. These unpaid charges can be brought forward and associated with the current payment period.

If there are no unpaid current year charges, we then determine if there are any unpaid charges in the student's prior year. The student's prior year is any loan period or award year prior to the current loan period or award year (as defined above). For students packaged with both Direct Loan and other aid, we choose whether to use either the loan period or the award year as the current year. For students with only Direct Loan, the current year is the loan period. For students with only non-Direct Loan aid, the current is the award year (as defined above). If the student has an unpaid balance prior current award year or loan period (as applicable), we cover up to \$200 of the prior balance before issuing an FSA credit to the student (or parent as applicable).

FSA credit balances are issued within 14 calendar days of the credit occurring, or within 14 calendar days after the first day of class if the credit was created before start of class. These credits are issued via paper check and mailed to the student (or parent as applicable) within 24 hours of being issued.

If an FSA credit that was issued is returned to the institution as undeliverable, we verify the accuracy of the student (or parent as applicable) address that was used and correct if necessary. If we are able to obtain an updated mailing address and/or contact the student (or parent as applicable) for updated information, the check is then re-sent using the updated mailing address. If the address cannot be verified and we are not able to contact the student (or parent as applicable) within 45 days of the date the check was returned in the mail, the check is voided on the student's account and the funds refunded to the original FSA funding source.

If the credit balance check sent to a student (or parent as applicable) is not returned to the institution and is not cashed, the check is voided and a refund returned to FSA with 240 days of the date the check was originally issued.

STUDENT NOTIFICATIONS

Subsidized and Unsubsidized Master Promissory Note (MPN)

Students have the ability to obtain loan funds not exceeding the established loan limits through the Subsidized and Unsubsidized Federal Stafford Loan program without having to sign a new Master Promissory Note for each academic year.

The institution utilizes a passive notification (except for parents using a PLUS loan). The borrower requests the requested loan amounts during their packaging appointment in the financial aid office, this is documented on the Tuition Proposal worksheet. An Award Letter will also be provided to the borrower indicating each award amount, disbursement amounts and estimated dates the disbursements are expected at the School. If the borrower decides to decline or make adjustment to the type or the amount of the loan, they must contact the financial aid office.

Parent PLUS Master Promissory Note (PLUS MPN)

For Parent PLUS loans made under the multi-year feature of the MPN, the regulations that govern the loan programs require the financial aid office at the School to document an active confirmation of Parent PLUS loan funds via an estimated award letter. The confirmation process is to provide a means for the parent borrower to accept or decline a PLUS loan made for a student's subsequent academic year. This assists in providing the parent borrower with greater

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control and understanding of PLUS loan debt. The active confirmation is documented when the parent signs an award letter.

Notice of Right to Cancel

When loan disbursements for the Federal Stafford loan funds are received at the School, a receipt is generated and mailed to the student and/or parent. The Notice of Right to Cancel the loan is also included on this receipt; it gives the borrower information on how and when the loan can be cancelled.

STUDENT AUTHORIZATIONS

Authorizations to Hold Credit Balances

The *Student (or Parent) Authorization to Hold Federal Student Aid Credit Balance* forms are available for students or their parents (as applicable). Through this document, they will tell Dorsey Schools how they would like the School to manage the Federal Student Aid (FSA) credit balance on their student account.

An FSA credit balance is created when the total of all FSA funds credited to a student's account exceeds the total of tuition, fees, room, board, and other eligible educational charges for the payment period.

Unless a student or parent (in the case of a Parent PLUS loan) authorizes a School to hold a credit balance, the credit balance must be paid to the student or parent as soon as possible but no later than 14 calendar days after the balance is created (or 14 calendar days after the first day of class if the credit balance was created before the first day of class).

This form, if signed, authorizes Dorsey Schools to retain an FSA credit balance and pay it to the student or parent (as applicable), in accordance with Dorsey Schools procedure for paying FSA credit balances. Dorsey Schools will pay credit balances by mailing a paper check to the student or parent.

A student or parent has the right to withhold agreement from all or part of this authorization. If they elect not to authorize the School to hold the FSA credit balance, the funds will be paid to the student or parent (as applicable) within the 14-day period noted above. Note that if the student elects not to sign this form or if they later cancel or withdraw the authorization, they will be required to pay any outstanding charges to the School.

This authorization will remain in effect for each subsequent payment period unless it is withdrawn. However, in no case will Dorsey Schools hold an FSA credit balance of loan funds beyond the end of the loan period, nor an FSA credit balance of other funds beyond the end of the last payment period in the award year for which the funds were awarded.

This authorization may be withdrawn at any time by completing the ***Withdrawing Prior Authorization*** section of the form (see authorization withdrawal statement below) and submit to the financial aid office on their campus. If the student or parent (as applicable) withdraws their authorization, the School will deliver any remaining credit balance to them within 14 days. (Note that the cancellation is not retroactive).

Withdrawing Prior Authorization Statement:

"I understand by signing below I am withdrawing my prior authorization allowing Dorsey Schools to hold my FSA credit balance on my student account. I also understand that I will be required to pay any outstanding charges to the school."

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Authorization to Pay Non-Institutional Bus Pass Charges

The Student (or Parent) Authorization to Pay Non-Institutional Bus Pass Charges forms are available to student and parents (as applicable). Dorsey Schools purchases and maintain supplies of bus passes at the campus, in the event students need or encounter transportation issues. Students may choose to purchase these bus passes using their Federal Student Aid (FSA) funds.

Through this form the student or parent (as applicable) authorize Dorsey Schools to use their Federal Student Aid (FSA) funds to pay for non-institutional bus pass charges on the student's school account. These charges will be paid only after institutional charges have been covered.

An FSA credit balance is created when the total of all FSA funds credited to a student's account exceeds the total of tuition, fees, room, board, and other eligible educational charges for the payment period. Unless a student or parent (in the case of a Parent PLUS loan) authorizes a school to hold a credit balance, the credit balance must be paid to the student or parent as soon as possible but no later than 14 calendar days after the balance is created (or 14 calendar days after the first day of class if the credit balance was created before the first day of class).

Students may authorize Dorsey Schools to hold their credit balance for future charges, by completing an ***Authorization to Hold Federal Student Aid Credit Balance*** which is a separate form.

This form, if signed by the student or parent (as applicable), authorizes Dorsey Schools to pay their non-institutional bus pass charges and then pay any remaining FSA credit balance to the student or parent (as applicable), in accordance with Dorsey Schools procedure for paying FSA credit balances. Dorsey Schools will pay credit balances by mailing a paper check to the student or parent.

A student or parent has the right to withhold agreement from all or part of this authorization. If the student elects not to authorize Dorsey Schools to pay their non-institutional bus pass charges from your FSA credit balance, the funds will remain on your account to be paid to the student or parent (as applicable) within the 14-day period noted above. Note that if the student elects not to sign this form or if they later cancel their authorization, they will be required to pay any outstanding charges to the school. The authorization will remain in effect for each subsequent payment period unless it is withdrawn.

This authorization may be withdrawn at any time by completing the ***Withdrawing Prior Authorization*** section of the form (see authorization withdrawal statement below) and submit to the financial aid office on their campus. If the student withdraws their authorization, the School will deliver any remaining credit balance to you within 14 days. (Note that the cancellation is not retroactive).

Withdrawing Prior Authorization Statement:

"I understand by signing below I am withdrawing my prior authorization allowing Dorsey Schools to hold my FSA credit balance on my student account. I also understand that I will be required to pay any outstanding charges to the school"