# Direct Loan Right to Cancel Policy and Procedures

## Part I - Right to Cancel Policy

### 1. Purpose

CTK Healthcare & Career Institute ("CTK" or "the Institution") is committed to administering Federal Student Aid programs in accordance with applicable U.S. Department of Education requirements.

The purpose of this policy is to establish CTK requirements for notifying student and parent borrowers of Federal Direct Loan disbursements and their right to cancel all or a portion of a Direct Loan or Direct Loan disbursement.

### 2. Scope

This policy applies to Federal Direct Loan funds administered by CTK, including, as applicable, Federal Direct Subsidized Loans, Federal Direct Unsubsidized Loans, and Federal Direct PLUS Loans.

This policy applies when Direct Loan funds are credited to a student's institutional account, except where separate federal requirements apply.

### 3. Affirmative Confirmation of Direct Loans

CTK may obtain affirmative confirmation from a student or parent borrower before Direct Loan funds are credited to the student's account. Affirmative confirmation means written confirmation of the types and amounts of Direct Loan funds the borrower wishes to receive for the applicable period of enrollment.

Examples of documentation CTK may use to establish affirmative confirmation include a signed or electronically acknowledged Financial Aid Award Letter or another written/electronic loan acceptance record that identifies the applicable loan type and amount. CTK will maintain documentation of affirmative confirmation in the student's financial aid record.

### 4. Required Direct Loan Disbursement Notification

CTK will provide the student or parent borrower with a written or electronic notification when Direct Loan funds are being credited to the student's account. The notification will include, at a minimum:

- the type of Direct Loan being disbursed;
- the anticipated date of the disbursement;
- the amount of the disbursement;

- a statement informing the borrower of the right to cancel all or a portion of the Direct Loan or loan disbursement and have the applicable loan proceeds returned to the U.S. Department of Education;
- instructions explaining how the borrower may request cancellation or reduction of the loan; and
- the deadline by which the borrower must notify CTK of the request.

An in-person or telephone conversation may supplement, but will not replace, the required written or electronic notification.

## 5. Timing of the Notification

### When CTK Has Obtained Affirmative Confirmation

When CTK has obtained affirmative confirmation that the borrower wishes to receive the Direct Loan, CTK will provide the required Direct Loan notification no earlier than 30 days before and no later than 30 days after the loan funds are credited to the student's account.

### When CTK Has Not Obtained Affirmative Confirmation

When CTK has not obtained affirmative confirmation, CTK will provide the required Direct Loan notification no earlier than 30 days before and no later than 7 days after the loan funds are credited to the student's account.

## 6. Borrower Right to Cancel or Reduce a Direct Loan

A student or parent borrower may request that CTK cancel or reduce all or a portion of a Direct Loan or Direct Loan disbursement. CTK will explain the applicable cancellation procedure and deadline in the written or electronic disbursement notification.

## 7. Required Cancellation Period

When CTK has obtained affirmative confirmation, CTK will honor a timely cancellation request received by the later of the first day of the applicable payment period or 14 days after the date CTK provides the borrower with notice of the right to cancel all or a portion of the loan or disbursement.

When CTK has not obtained affirmative confirmation, CTK will honor a timely cancellation request received within 30 days after the date CTK provides the borrower with notice of the right to cancel all or a portion of the loan or disbursement.

## 8. Record Retention and Oversight

The Financial Aid Office will maintain sufficient documentation to demonstrate compliance with this policy, including affirmative confirmation, disbursement notices, evidence of issuance or delivery, cancellation requests, COD adjustments, return-of-funds records, and written confirmation of the outcome of cancellation requests. The Financial Aid Director is responsible for implementation, staff training, and periodic quality-control review.

# Part II - Right to Cancel Procedures

## Step 1: Verify Loan Acceptance

Before processing a Direct Loan disbursement, Financial Aid staff will verify whether CTK has affirmative confirmation of the borrower's loan acceptance.

- Confirm the Financial Aid Award Letter or other acceptance record identifies the loan type and amount.

- Retain the signed/electronic acceptance record in the student's financial aid file.
- If affirmative confirmation is not available, follow the notification and cancellation timing applicable to borrowers without affirmative confirmation.

### Step 2: Prepare the Direct Loan Disbursement / Right to Cancel Notice

For each applicable Direct Loan disbursement, Financial Aid staff will prepare a written or electronic notice that includes all required information.

- Student or parent borrower name, as applicable.
- Direct Loan type.
- Anticipated or actual disbursement date, as appropriate.
- Disbursement amount.
- Clear statement of the right to cancel all or part of the loan/disbursement.
- Instructions for submitting a cancellation or reduction request.
- Applicable deadline for the request.
- Financial Aid Office contact information.

### Step 3: Send the Notice Within the Required Timeframe

Financial Aid staff will issue the notice within the applicable federal timeframe based on whether affirmative confirmation was obtained. The notice may be sent by approved institutional email, secure student portal, paper delivery, or another documented written/electronic method.

### Step 4: Retain Proof the Notice Was Sent

CTK will retain evidence showing that the notice was issued or made available to the borrower.

- Copy of the notice provided.
- Email sent record, portal delivery record, system-generated communication record, or other evidence of issuance.
- Date the notice was sent or made available.
- Any related student acknowledgement, if available.

### Step 5: Receive and Document Cancellation Requests

A borrower may submit a cancellation or reduction request in writing or through an approved electronic method. Financial Aid staff will document the date the request is received and identify the loan/disbursement and amount to be cancelled or reduced.

- Student name and identifying information.
- Loan type, if known.
- Whether the request is for full or partial cancellation.
- Amount to be cancelled or reduced, when applicable.
- Date of request.

### Step 6: Determine Whether the Request Is Timely

Financial Aid staff will compare the request date with the applicable cancellation period. Timely requests will be processed as required. Requests received after the mandatory cancellation period will be reviewed under applicable federal requirements and CTK procedures.

## Step 7: Process Approved Cancellation or Reduction

For an approved cancellation or reduction request, Financial Aid staff will complete all necessary actions.

- Determine the amount to be cancelled or reduced.
- Coordinate any required student account adjustment.
- Make the appropriate adjustment in the Common Origination and Disbursement (COD) System.
- Return applicable funds to the U.S. Department of Education through the required process.
- Update the student's financial aid record.
- Retain documentation of the transaction.

## Step 8: Notify the Borrower of the Outcome

CTK will provide written or electronic confirmation of the outcome of the cancellation or reduction request. The confirmation should identify the amount cancelled or reduced, the affected loan/disbursement, the processing date, any resulting student account adjustment, and any additional action the borrower must take.

## Step 9: Handle Funds Already Released to the Borrower

If loan funds have already been paid directly to the student or parent as a Title IV credit balance before CTK receives the request, Financial Aid staff will process the request consistent with applicable federal requirements concerning funds already released directly to the borrower.

## Step 10: Complete Quality-Control Review

The Financial Aid Director or designee will periodically review Direct Loan files to verify that required notices were timely, contained the required cancellation language, had evidence of issuance/delivery, and that cancellation requests, COD adjustments, and returns were properly documented.

## Step 11: Correct Identified Deficiencies

If CTK identifies a missing or incomplete notification, incorrect disbursement information, missing evidence, or another compliance issue, the Financial Aid Director will document the issue, determine the appropriate corrective action, and ensure that the applicable procedure or staff practice is corrected.

## Student File Documentation Checklist

- Signed Financial Aid Award Letter or other affirmative confirmation, if applicable.
- Direct Loan disbursement / Right to Cancel notice.
- Evidence showing when and how the notice was sent or made available.
- Applicable disbursement date and amount.
- Borrower cancellation/reduction request, if any.
- COD adjustment documentation, if applicable.
- Return-of-funds documentation, if applicable.
- Written confirmation of the outcome of the cancellation request, if applicable.
- Any additional supporting documentation necessary to demonstrate compliance.

## Regulatory References

- 34 C.F.R. § 668.165 - Notices and authorizations.
- Applicable Direct Loan regulations under 34 C.F.R. Part 685.
- Federal Student Aid Handbook, Volume 4, Chapter 2 - Disbursing Title IV Funds.