

Student requests to reduce loans post-disbursement

Effective for disbursements on or after 12/1/2019

Federal law dictates that a student has 14 calendar days following a loan disbursement to request a reduction/ cancellation of that disbursed amount. During this “right to cancel” period, we will process any reduction requests within 24-48 hours and return the funds to the lender on the borrower’s behalf.

Note: A reduction or cancellation of a loan that has already disbursed usually creates a balance due to the university (via the student account). This balance must be paid in accordance with UT Southwestern billing policies.

A student’s request for reduction or cancellation of a loan, within the 14 day period, should be sent to financialaid@utsouthwestern.edu, and must include:

- Student name and ID
- Specific loan for which the reduction or cancellation is requested (Unsubsidized Direct Loan, Grad PLUS Loan, College Access loan, etc.)
- Amount to be deducted from the student account and returned to the lender

Note: This amount represents the net amount to return – due to some loans having up-front fees deducted by the Federal or state agencies, the gross amount of your loan may be reduced by a larger amount.

Example: Student requests a net loan reduction of \$1,000 on a loan that has a 5% fee.

- The student’s UT Southwestern student account will be debited \$1,000.
- \$1,000 will be returned to the lender on the student’s behalf.
- The reduction of the gross loan amount, to produce a net return of funds for \$1,000, will be \$1,050.

Student requests for post-disbursement reductions received after the 14-day period will be denied.

When denying a request in accordance with this procedure, FA staff will provide information to the student including:

- how to determine the servicer of the loan, and how to make a payment to reduce the loan principal
- if possible, how to request a reduction to a future loan disbursement before it occurs.

Notification of procedure implementation sent to all FA recipients 8/1/19