Section 12.02  FINANCIAL AID LIABILITY (Last Revised 12/86)

A   REFUNDS TO FINANCIAL AID PROVIDERS

[1]   General

An institution has a refund obligation to financial aid providers under certain circumstances. These circumstances are described in the refund policies below. Additional provider stipulations may also affect the refund procedure in individual cases.

[2]   Student Withdrawal

When an institution issues financial aid in good faith and the student registers, but then withdraws from school, the provider of the aid is entitled to receive a refund. The amount of the refund is determined by the institution’s refund policy.

[3]   Institutional Error

When an institution makes an error in granting financial aid, the provider of the aid is entitled to receive the full amount of the aid funds issued to the student. The institution should then collect the aid debt from the student as described in Section 06.25, Collections and Write-Offs.

[4]   Student Failure To Register

When an institution issues financial aid in good faith but the student fails to complete registration, the institution is not obligated to return any of the aid to the provider unless the funds are returned by the student. The institution should, however, exercise caution when issuing the aid to the student before he registers because such an instance may indicate institutional error as stated in paragraph 12.02A[3], Institutional Error. One way to exercise such caution is to issue the aid simultaneously as the student pays his fees.

B   STUDENT REPAYMENTS TO THE OREGON SCHOLARSHIP COMMISSION

[1]   General

The following accounting procedure should be followed when financial aid payments are recovered from students.

[2]   Accounting Procedure

Recoveries of financial aid should be placed in a current restricted fund liability account for disbursement to the financial aid provider. Such recoveries should not be credited to the fund balance account and disbursed therefrom.