

# FEDERAL RETURN OF TITLE IV FUNDS POLICY

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This Institution participates in the Title IV federal financial aid Programs (Title IV). The Return of Title IV (R2T4) policy and formula are used by This Institution to determine the amount of Title IV funds that must be returned if the Student withdraws from This Institution. The R2T4 formula is applicable when the Student withdraws at any point during a payment period.

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## WITHDRAWAL DATE *34 C.F.R. §668.22(B) AND (C)*

Because This Institution is required to take attendance, the student's withdrawal date is their last date of attendance at an academically related activity as determined from This Institutions attendance records for both official and unofficial withdrawals.

The requirements for returning Title IV funds under the R2T4 formula is different from this Institution's Institutional Refund policy. The R2T4 formula determines the amount of unearned Title IV funds that must be returned when a Student withdraws. In contrast, the institutional refund policy determines how much tuition a Student owes after a Student withdraws.

So, it is possible that the R2T4 policy might result in a return of Title IV funds that previously paid for tuition and other charges at This Institution. In turn, the institutional refund policy might result in a Student owing funds to This Institution to cover unpaid institutional charges even though the Student withdrew from This Institution without completing the Program. The R2T4 policy is discussed below. The institutional refund policy is discussed in the previous section of the Enrollment Agreement.

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## R2T4 CALCULATION

The R2T4 formula applies if the Student received or could have received federal Title IV financial assistance during the payment period in which the Student withdrew based on applicable eligibility criteria (e.g., Pell Grants, FSEOG, Direct Subsidized Loans, Direct Unsubsidized Loans, or Direct PLUS Loans).

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## PERCENTAGE OF TITLE IV FUNDS EARNED BASED UPON WITHDRAWAL DATE *34 C.F.R. §668.22(E) AND (F)*

The percentage of Title IV aid earned is equal to the percentage of the payment period that was completed as of the Student's withdrawal date. For clock-hour Programs, a Student earns the percentage of scheduled clock hours up to the date of withdrawal divided by the number of scheduled clock hours in the payment period.

For example, if a Student completes 30% of the scheduled clock hours, the Student will earn 30% of the assistance the Student originally received or was eligible to receive. Once the Student completes over 60% of the scheduled clock hours in the payment period of enrollment, a Student has earned 100% of the FSA funds the Student received and was scheduled to receive during the period.

The amount to be returned as unearned is calculated by subtracting the amount of Title IV assistance earned from the amount of Title IV aid that was or could have been disbursed as of the withdrawal date.

If a Student does not start or begin attendance at This Institution or start or begin attendance in a payment period at This Institution, the R2T4 formula does not apply but This Institution must return any Title IV funds disbursed on the Student's account ledger for the applicable payment period.

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#### TITLE IV FUNDS RETURNED BY THIS INSTITUTION

If a Student receives (or This Institution or parent receive on the Student's behalf) excess Title IV funds that must be returned, This Institution must return all or a portion of the excess funds equal to the lesser of:

1. The institutional charges multiplied by the unearned percentage of the Student's Title IV funds;  
or
2. The entire amount of excess Title IV funds.

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#### ORDER OF RETURN BY PROGRAM *34 C.F.R. §668.22(I)*

This Institution must return its share in the following order (only to programs in which this Institution participates):

1. Unsubsidized Direct Loan
2. Subsidized Direct Loan
3. Direct PLUS Loan (Parent)
4. Federal Pell Grant
5. Iraq & Afghanistan Service Grants
6. Federal SEOG
7. TEACH Grants

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#### TIMEFRAME FOR THE RETURN OF FUNDS *34 C.F.R. §668.22(G) AND (J)*

Returns must be made no later than 45 days after the date of determination of the Student's withdrawal.

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#### TITLE IV FUNDS RETURNED BY THE STUDENT *34 C.F.R. §668.22(H)*

If This Institution is not required to return all of the excess Title IV funds, the Student may be required to return the remaining amount. This is determined by subtracting the amount returned by This Institution from the total amount of unearned Title IV funds to be returned.

For any Direct loan funds, a Student must return, the Student (or the parent in the case of PLUS Loans) will repay the Direct Loan funds in accordance with the terms and conditions of the Master Promissory Note (MPN). That is, a Student will not be required to repay any Direct Loan funds immediately, but instead, the Student will make scheduled payments to the Department of Education over a period of time.

Any amount of unearned Pell Grant funds that a Student must return is called an overpayment. The maximum amount of Pell Grant overpayment that a Student must repay is any amount of the overpayment that is greater than one-half of the Pell Grant funds the Student received or was scheduled to receive. A Student does not have to repay a Pell Grant overpayment if the original amount of the overpayment is \$50 or less. The Student must make arrangements with This Institution or the Department of Education to return the unearned Pell Grant funds or lose eligibility for the Title IV funds.

Within 30 days of the date of This Institution's determination that the Student withdrew, This Institution will send a notice to the Student advising the Student that they owe a Title IV overpayment as a result of the Student's withdrawal. If the Student is not able to pay the overpayment within 45 days of the date of the notice, the Student may enter into a repayment arrangement with the Department of Education. If the Student does not pay the overpayment or make a repayment arrangement, the Student will be ineligible for any further Title IV funds.

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#### CREDIT BALANCES *34 C.F.R. §668.164(H)*

If a credit balance still exists on the Student's account after the Return of Title IV calculation is completed, the credit balance will be used to pay any grant overpayment that exists based on the current withdrawal or any remaining institutional charges. Any remaining credit balance will be paid to the Student within 14 days from the date that the Return of Title IV calculation was performed.

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#### POST WITHDRAWAL DISBURSEMENTS *34 C.F.R. §668.22 (A)(5) AND (6); 34 C.F.R. §668.164(J)*

If a Student did not receive all of the Title IV funds earned, a Student may be due a post-withdrawal disbursement. If the post withdrawal disbursement includes grants,

- This Institution must disburse the grant funds as soon as possible but no later than 45 days after the date of This Institution's determination that the student withdrew (no confirmation from the student is required).
- If the post withdrawal disbursement includes Direct Loan funds, This Institution must offer the loan funds to the student or parent (in the case of PLUS Loans) within 30 days of the date This Institution determined the student withdrew, allowing the student or parent at least 14 days to respond and accept or decline the funds. This Institution must obtain the Student's or parent's (in the case of PLUS Loans) permission before it can disburse the Direct Loan funds. A Student or parent may choose to decline some or all of the Direct Loan funds, so the Student or parent do not incur additional debt.
- Post-withdrawal disbursement must be applied to the student account first, and any resulting credit balance is handled according to requirements

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#### IMPACT OF WITHDRAWAL OR LEAVE OF ABSENCE

Students taking a leave of absence or withdrawing from classes who are recipients of Federal Financial Aid should contact the Financial Aid office to determine the implications of that leave/withdrawal for their financial aid program. Once you withdraw, drop below half-time enrollment, or leave school, your federal student loan goes into repayment. In most cases, however, you have a six-month grace period before you are required to start making regular payments.

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#### EXIT COUNSELING

Students who graduate, withdraw or drop below half-time enrollment must complete exit counseling. The purpose of exit counseling is to ensure that student understand their loan obligations and are prepared for repayment.