RETURN TO TITLE IV FUNDS (R2T4)

POLICY

Responsibility of: International
Next Review Date: September 2020
Reviewed: September 2019, October 2018
Approved By Vice Chancellor's Executive

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1. Purpose of the Policy

1.1. This policy specifies how the University will determine the amount of Title IV programme assistance (Direct and PLUS Loans) that students earn if they withdraw from the University. It also sets out the withdrawal process and who is responsible at each stage of the process. The Policy also gives guidance on students’ eligibility for Title IV funds when taking a deferral.

1.2. This policy applies only to eligible US and non-US citizens receiving Title IV Financial Aid. If a student who is in receipt of Title IV Financial Aid withdraws, suspends studies for more than 180 days the University must determine whether any funds must be returned to the US Federal Aid programme.

1.3. This determination will be made in accordance with the Return of Title IV Aid requirements of section 484B of the Higher Education Act of 1965, as amended (HEA) and §668.22 of the Student Assistance General Provisions regulations. The Return of Title IV Aid requirements were added to the HEA by the Higher Education Amendments of 1998 (Public Law 105-244, enacted October 7, 1998).

1.4. The University is required to disburse Federal Title IV Aid in multiple instalments as follows: Please note that fees for any programme are due to be paid in equal amounts in line with the disbursal of US loan funds.

<table>
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<tr>
<th>Undergraduates (and June finishing postgraduates)</th>
<th>Two instalments each at the beginning of the semester (two payment periods).</th>
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<tr>
<td>Postgraduates</td>
<td>Three instalments each at the beginning of the semester and then the summer term (three payment periods).</td>
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<tr>
<td>Research postgraduates</td>
<td>Two disbursements. One at the beginning of the course’s year and the other its midpoint</td>
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2. Links to other policies

2.1. This policy should be read in conjunction with the following policies:

- Satisfactory Academic Progress Policy
- Attendance and Engagement Policy
- The Terms and Conditions
3. Calculation of eligibility for Title IV Funds on withdrawal

3.1. When a student withdraws during a payment period, the amount of Title IV programme assistance that has been earned up to that point is determined by a specific formula. The date of withdrawal is the earlier of the date the student notified their Personal Tutor/Course Leader or School Administrative Officer of their intent to withdraw or the date the student submitted the withdrawal form.

3.2. If the student received (or the University received on the student’s behalf) less assistance than the amount that was earned, then the student may be able to receive those additional funds. If the student received more assistance than was earned, the excess funds must be returned by the University and/or the student as outlined in section 8 below.

4. Date of withdrawal

4.1. Without an official Withdrawal Form, the University will use the last date of attendance to compute the R2T4 formula. Following this, the student will be reported to the UK Home Office as having withdrawn from their programme of study.

4.2. In the case where a student notifies the Personal Tutor/Course Leader/School Administrative Office that he or she intends to withdraw, the student is informed of the need to complete the Official Withdrawal Form, with Head of School and Schools and Colleges Administration Officer being required to document the date the student notified them that they wish to withdraw and forward the relevant documentation to the relevant Registry team or Compliance for those that are UKVI students. Should the student fail to file the Withdrawal Form or if there is a lag between the notification and the completion of the form, then the earlier date of notification will be used in calculating the R2T4 formula.

5. Returning Funds

5.1. The University Finance Office is responsible for calculating Return of Title IV Funds (R2T4) and the University Treasury Department is responsible for the actual transfer of the resulting funds. The Finance Office uses worksheets and software provided by the US Department of Education to calculate the R2T4 funds. All funds will be returned to the U.S. Department of Education within 45 days of the date of when the University determines that a student withdrew. If a student has queries regarding their Title IV programme funds, they can call the Federal Student Aid Information Center at 1-800-4-FEDAID (1-800-433-3243). TTY users may call 1-800-730-8913. Information is also available on Student Aid on the Web at www.studentaid.ed.gov.

6. Attendance Monitoring

6.1. Students who are not in attendance are reported to the University’s Compliance Team by the School Administration with the personal tutor and course leader being notified of the student’s lack of attendance according to agreed protocols. The Head of School or Dean of College will consult with the student to determine if the student never attended classes or will verify the last date of attendance.
7. **Determining eligibility in the event of academic failure**

7.1. Where a student fails all their modules for a semester, the Schools and Colleges Administration Manager will contact the Course Leader and, if necessary other course academic staff, to determine if the “failed” grades were earned or represent a lack of attendance. If it is determined that resulting grades are the result of lack of attendance, the Schools and Colleges Administration Manager will determine the last day of attendance and use that date in the R2T4 calculations.

8. **Determining entitlement following withdrawal**

8.1. The amount of assistance earned is determined by the date of withdrawal on a pro rata basis. The payment period is the semester for which the loan was certified, and the percentage attendance is calculated by dividing the number of days attended by the total number of days in the payment period. For example, if the student completes 30% of the payment period or period of enrolment, the student has earned 30% of the assistance he/she was originally scheduled to receive. Once the student has completed more than 60% of the payment period, all the assistance that the student was scheduled to receive for that period is considered to have been earned.

8.2. Students who did not attend any classes are ineligible for Title IV funds, and all of the loan proceeds will be returned to the U.S. Department of Education.

8.3. A student must have started their course and been in attendance for at least 30 days to be eligible for Title IV funds. Any student who withdraws within 30 days of the start of their course will have their funds withdrawn.

9. **Post-withdrawal disbursement**

9.1. If the student did not receive all of the funds that were earned, he or she may be due a post-withdrawal disbursement. If the post-withdrawal disbursement includes loan funds, the student may choose to decline the loan funds so that additional debt is not incurred. The student will be required to inform the University whether he/she wishes to accept some or all of the available post-withdrawal loan funds within 14 days after the student is contacted by the University. The University may honour a late response but will not honour a response that is more than 180 days late.

9.2. The University Finance Office will use the R2T4 worksheets as provided by the US Department of Education to determine how much of the loan may be retained and how much must be returned.

9.3. The University may automatically use all or a portion of the post-withdrawal disbursement (including loan funds, if the student accepts them) for tuition, fees, and accommodation charges (when contracted with the University). For all other charges, the University needs the student’s permission to use the post-withdrawal disbursement.
10. **Return of excess Title IV programme funds**

10.1. If the student receives (or the University receives on behalf of the student) excess Title IV programme funds that must be returned, the University will return a portion of the excess equal to the lesser of:

1. The institutional charges multiplied by the unearned percentage of the funds, or
2. The entire amount of excess funds.

10.2. If the University is not required to return all of the excess funds, then the student must return the remaining amount. For any loan funds that must be returned, the student must arrange repayment in accordance with the terms of the promissory note to the U.S. Department of Education. Students who have received a refund of their loan proceeds before withdrawing may be required to return part or all of those funds to the U.S. Department of Education.

10.3. Title IV funds will be returned in the following order:

1. Unsubsidized Federal Direct loans
2. Subsidized Federal Direct loans
3. PLUS Loans

10.4. The requirements for Title IV programme funds when students withdraw are separate from any refund policy that the University has. Therefore, in the event of withdrawal, the student may still owe funds to the University to cover unpaid institutional charges. The University may also attempt to collect from the student any Title IV programme funds that the University was required to return.

10.5. The University will inform withdrawn students by email and letter of the amount that the University is obliged to return to the US Department of Education, the amount (if any) that needs to be paid to the University by the student, and the amount (if any) that is due to be refunded to the student by the University.

11. **Approved Leave of absence (Deferral)**

11.1. Students may apply for approved leave of absence (LOA) and temporarily suspend studying (defined as deferral from their course as outlined in the Academic Regulations). The LOA must be be authorised by the Course Leader.

11.2. However, for Federal Loan purposes, for a LOA to be authorized and to count as a temporary interruption in a student’s education instead of being counted as a withdrawal requiring the University to perform a Return calculation it must meet the conditions outlined below.

11.3. If a LOA does not meet the conditions set out below the student will be considered to have withdrawn in relation to their Federal Aid and the University is required to perform a Return calculation.
In order for an LOA to qualify as an approved LOA the following must apply:

a) All requests for LOA's be submitted in writing by the Deferral Form and include the reason for the request.
b) The form must be signed and dated and specify the date the student wants the LOA to begin and end.
c) The student must apply in advance for an LOA unless unforeseen circumstances prevent the student from doing so.
d) The situation described for the reason for the LOA must be generally non-academic in nature and must be one that leads to a reasonable expectation that the student will return from the LOA within the allowed time frame.
e) The LOA together with any additional leave of absence must not exceed a total of 180 days in any 12-month period including days in which the University is not in session.
f) The student must be able to return at the point they left off academically.

All requests for LOA will be reviewed by the relevant School Office and Compliance and students will be notified in writing of the University’s decision.

The University Student Services Department will inform a student who is a Title IV loan recipient of the possible consequences that a withdrawal may have on the student's loan repayment terms, including the exhaustion of the student's grace period.

During the LOA, the University will not assess the student any additional institutional charges, the student's financial need will not increase, and therefore, the student will not be eligible for any additional disbursements of Federal Student Aid.

If the student is a Direct Loan recipient, the University will explain to the student, prior to granting the Deferral or LOA, the effects that the student’s failure to return from a Deferral or LOA may have on the student’s loan repayment terms, including the expiration of the student's grace period. The grace period is the time between the completion of the course and the start of loan repayments.

A student granted an LOA that meets the criteria stated above is not considered to have withdrawn, and no Return calculation is required. Upon the student’s return from the leave, he or she continues to earn the Federal Student Aid previously awarded for the payment period.

The University may grant a student a Deferral or LOA that does not meet the conditions to be an approved Deferral or LOA for Title IV purposes (for example, for academic reasons). However, any Deferral or LOA that does not meet all of the conditions for an approved deferral or LOA is considered a withdrawal for Title IV purposes.

If a student takes an unapproved LOA, the student’s withdrawal date for Title IV fund purposes is determined as the date that the student began the Deferral or LOA.
11.12. It should be noted that because of the semester system operated by the University, a student may not be able to return in the next semester but may need to take a full year’s deferral because of the pattern of study. In such cases, this will be longer than the permitted 180 days and this will count as a withdrawal for Federal Aid purposes.

12. Completion of coursework upon return

12.1. A student returning from a Deferral or LOA must do so at a time when he or she can complete the semester in order to complete the payment period and be eligible to receive a second or subsequent disbursement. As outlined above, this may not always be possible within the 180-day timeframe.

13. Students who return earlier than anticipated

13.1. The University may permit a student holding an approved LOA to recommence classes before the expiration of the student’s LOA. However, until the student has resumed their course at the point where he or she began the LOA, the student is considered to still be on approved Deferral or LOA for Title IV Loan purposes.

14. Students who fail to return from Leave of Absence

14.1. If a student does not return to the school at the expiration of an approved LOA (or a student takes an unapproved LOA), the student’s withdrawal date for Federal Aid purposes is determined as the date that the student began the LOA.

14.2. If a student on an approved LOA fails to return, then the University will report that student to the US Department of Education giving the student’s change in enrolment status as the withdrawal date. One possible consequence of not returning from a LOA is that a student’s grace period for a Title IV programme loan might be exhausted. As outlined above therefore, in order for a Deferral or LOA to be an approved Deferral or LOA, prior to granting a leave of absence, the University will inform a student who is a Title IV loan recipient of the possible consequences that a withdrawal may have on the student’s loan repayment terms, including the exhaustion of the student’s grace period.