

## US Loans: Return to Title IV Policy

### 1) Overview

- a) Title IV Financial Aid is awarded to students on the basis that the student will attend for the entire duration of their studies. Any early withdrawal or suspension of studies may therefore affect the amount of financial aid the student is eligible for. Dependent on the date of withdrawal, the University and student may be required to return a portion of the loan to the US Federal Loans authority.
- b) The University, using the US Department of Education regulations, determines the amount of the Title IV funding which needs to be returned to the US Federal Loans authority. The University's US Loans Team is responsible for calculating the amount of funding to be returned and the Finance Team are responsible for transferring the funds.
- c) This policy is applied as well as the institution's [Tuition Fee policy](#), which includes the institutional refund policy.
- d) If you have questions about your Title IV program funds, students can contact the Federal Student Aid Information Center: <https://studentaid.gov/help-center/contact>.

### 2) Student Withdrawal

- a) Advice and guidance for students who wish to withdraw or suspend studies from their programme can be found on myNapier [here](#) for suspending your studies, and [here](#) for withdrawing from your studies completely.
- b) Undergraduate and Postgraduate Taught students who decide to withdraw or suspend studies should inform their Programme Leader in writing, including the reason for withdrawal/suspension of studies. The Programme Leader will then need to complete the suspension of study form on SITS to notify the University of the suspension.
- c) Postgraduate Research students who decide to withdraw or suspend studies should inform their Director of Studies in writing in the first instance. The procedure outlined in point 5.3 of the [Research Degrees Framework](#) will then be followed for suspension of studies, and point 5.6 for withdrawals.
- d) All students suspending their studies or withdrawing from their programme are subject to Section A: General Regulations of the [University's Academic Regulations](#).
- e) All students who are in receipt of US federal loans are encouraged to email [usloans@napier.ac.uk](mailto:usloans@napier.ac.uk) to advise of their change in circumstance and discuss the potential impact on their federal aid. Please note, however, this is not a compulsory step of the process.
- f) The School is responsible for determining the date of withdrawal and for submitting a withdrawal notification to the University's Student Administration Team. The withdrawal date is used in all Return to Title IV calculations. There are two dates which are considered:
  - i) Date of withdrawal:
    - (1) Considered as the earlier of the date the student began the official withdrawal process or the date the student otherwise provided official notification of intent to withdraw.

(2) Date the student began a leave of absence/suspension of studies (if the student does not return, or if the leave does not meet federal requirements).

(a) In order to meet federal requirements of a leave of absence, the leave of absence cannot last longer than 180 days and the student must resume training at the same point the student began the leave of absence. It is therefore likely based on the structure of the University's programmes, this would only apply to Postgraduate Research students. Therefore, any Undergraduate or Postgraduate Taught students who go on study suspend as per the University's academic regulations will be considered as a full withdrawal as per US federal aid regulations.

(3) If the student fails to formally notify the University of withdrawal, but they stop engaging with their studies, the University will take the withdrawal date as the date the student last actively engaged with their studies in line with the [Attendance Monitoring and Engagement Policy](#).

ii) Date of determination of withdrawal:

(1) If the student officially notified the University of the withdrawal, the date of determination will be the same date as the date of withdrawal in point (1) of "Date of withdrawal" above.

(2) If the student is on an approved leave of absence that meets federal requirements outlined above, but decides not to return to their studies and fully withdraws, the date of determination is defined as the last day of the leave of absence.

(3) If neither of the above apply, the date of determination will be within 14 days after the student last actively engaged with their studies in line with the [Attendance Monitoring and Engagement Policy](#).

g) Using the US Department of Education regulations, the University will then calculate the amount of federal loan funding which the student is entitled to receive up to the point of withdrawal:

i) If a student has received less funding than the amount they are entitled to, the student may be able to receive the additional funds in a post-withdrawal disbursement.

ii) If the student has received more funding than the amount they are entitled to, the excess funds must be returned to the US federal authority by the University and/or student.

### 3) The calculation

a) Return to Title IV Calculations are carried out in accordance with US Government regulations, using the US Federal Loan [Return to Title IV Worksheet](#).

b) The US Loans Team completes a worksheet for all students in receipt of US Federal Aid who withdraw or suspend studies, unless they are a Postgraduate Research student on an approved leave of absence as per US federal regulations.

c) The amount of funding to which a student is entitled, is determined on a pro-rata basis. The payment period is the semester for which the loan was certified and the percent of attendance is calculated by dividing the number of days attended by the total number of days in the payment period. Any scheduled break of five or more consecutive days during the payment period will be excluded from the R2T4 calculation (e.g. Easter break). For example, if the student completes 30% of the payment period or period of enrolment, the student has earned 30% of the assistance they were originally entitled to receive.

- i) Undergraduate students will generally study 2 semesters and therefore have 2 payment periods:
    - (1) September – December
    - (2) January – May
  - ii) Postgraduate students will generally study 3 trimesters and therefore have 3 payment periods, the first two of which are the same as undergraduate:
    - (1) September – December
    - (2) January – May
    - (3) June - August
- d) If a student withdraws having completed more than 60% of their payment period or period of enrolment, they will be deemed to have earned 100% of their loan entitlement for that payment period. If the student did not receive all of these funds, they may be due a post-withdrawal disbursement (section 5).
- e) If a student withdraws having completed less than 60% of their payment period or period of enrolment, the student will not be entitled to receive 100% of their loan entitlement and the University will use the Return to Title IV worksheet to calculate the proportion they are entitled to receive.
- i) For example, if the University determines the student has completed 30% of the payment period and has therefore earned 30% of the assistance they were originally entitled to receive, we will calculate the amount of loans earned to be 30% of the total net disbursement of loans in that payment period (including subsidized, unsubsidized and PLUS loans).
- f) The University must complete the Return to Title IV calculation and inform the student of any eligibility of a post-withdrawal disbursement within 30 days of the date of determination of withdrawal; return any funds within 45 days of the date of determination of withdrawal; and make any post-withdrawal disbursement of direct loan funds within 180 days of the date of determination of withdrawal.

#### **4) Allocation of funds to be repaid**

- a) If the student receives (or the University receives on behalf of the student) excess Title IV program funds that must be returned, the University must return a portion of the excess equal to the lesser of:
- i) The institutional charges multiplied by the unearned percentage of the funds, or
  - ii) The entire amount of excess funds.
- b) Once the Return to Title IV calculation is complete, the US Loans Team will inform the Finance Team how much tuition fees must be returned and will inform the student of the outcome of the calculation in writing.
- i) The University has a responsibility to return the unearned aid for which the University is responsible (institutional charges, i.e. tuition fees) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source.
    - (1) Unsubsidized Direct Loan
    - (2) Subsidized Direct Loan
    - (3) Direct PLUS loan
- c) The University will return this amount even if it did not keep this amount of the Title IV program funds. If the University is not required to return all of the excess funds, the student must return the remaining amount of unearned aid.

- i) The University will return the portion of unearned aid from institutional charges via a wire transfer to the Department of Education's G5 system.
  - ii) At the point of the University returning funds, the University will simultaneously provide notice to the student in writing of the funds that have been returned.
- d) If the student is required to return any funds as a result of the calculation, they will be informed of this in writing within 30 days of the date of determination of withdrawal.
- i) The student repays any loan funds that must be returned in accordance with the terms of their promissory note. That is, scheduled payments are made to the holder of the loan over a period of time. 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 lender. The University may also attempt to collect from the student any Title IV program funds that the school was required to return.

## **5) Post-Withdrawal Disbursement**

- a. If the student did not receive all of their earned funds, they may be due a post-withdrawal disbursement.
- b. The University will notify the student (and/or parent in the case of a Parent PLUS loan) in writing that the borrower may decline all or a portion of the loan disbursement. This calculation and communication will be completed within 30 days of the date of determination of withdrawal, with any disbursements being made within 180 days.
  - i. Borrower(s) will be given 14 days to respond to this notification to confirm if they want the post-withdrawal disbursement to be processed.
  - ii. The University will not process any post-withdrawal disbursement without the confirmation of the borrower(s).
- c. Once the post-withdrawal disbursement has been confirmed by the borrower(s), the University may automatically use all or a portion of a post-withdrawal disbursement for tuition, fees, and room and board charges (as contracted with the University). For all other University charges, the University needs the student's permission to use the post-withdrawal disbursement. Any funds remaining from the post-withdrawal disbursement can then be disbursed direct to the borrower.
- d. There are some Title IV funds that students may be scheduled to receive which cannot be earned once a student withdraws because of other eligibility requirements.
  - i. For example, in certain circumstances, if a first-time, first-year undergraduate student has not completed the first 30 days of the program before withdrawal, the student will not earn any loan funds that they would have received had they remained enrolled past the 30<sup>th</sup> day.