

US DIRECT LOAN RETURN OF TITLE IV POLICY

RESPONSIBILITY OF: Student Finance Office

APPROVED BY: Leighton Reimer on March 4, 2022

REVISION HISTORY: 2.2022, 7.2014

NEXT REVIEW:

1. POLICY OVERVIEW

US federal aid regulations mandate a Return of Title IV Funds (R2T4) calculation when a student receiving Title IV financial aid (US Direct Loans (subsidized and unsubsidized), Parent PLUS loans or Grad PLUS loans) withdraws from Briercrest College and Seminary. If a student ceases enrollment or withdraws from all courses in the semester and the student received US federal financial aid, the school must determine if these funds are required to be returned to the US government. If a student never attends, the loan is cancelled and all funds are returned to the Department (no R2T4 calculation).

2. PRINCIPLES

This policy is guided by the principles of integrity and transparency.

3. SCOPE

This policy applies to all undergraduate and graduate students participating in US Federal Student Loans.

4. POLICY STATEMENT

Official Withdrawal date: the date on which a student officially informs the College/Seminary of the intention to withdraw or the date on which the school becomes aware the student ceased attendance.

Return of funds: US Department of Education regulations state that a school must return loan funds if a student has not completed more than 60% of the payment period. If a student received more loan funding than was "earned," the excess funds must be returned by the school and/or the student. The amount of money to be returned is determined by a calculation ("Return of Title IV" or R2T4 Calculation) that includes the number of school days completed.

The R2T4 calculation may result in a reduction of the student's US federal loan(s) if the student attended 60 percent or less of the semester. The R2T4 calculation is based on the following:

- The number of days the student attended
- The number of days in the semester
- The total amount of US Direct Loan aid awarded, accepted and/or disbursed.

Calculation of R2T4 amount, including College/Seminary and student portions

1. If a student withdraws during the loan payment period, the R2T4 amount to be returned will be the amount of unearned aid. This will be determined, as at the date of student withdrawal, on the basis of the calculation formulas provided by the U.S. Department of Education
2. The percentage of aid earned in any loan payment period will be determined on the basis of the percentage of the student's attendance.
 - a. The number of calendar days completed by the student in the payment period is divided by the total number of calendar days of the payment period excluding scheduled breaks of five days or more or periods for which the student has been granted leave of absence.
 - b. This calculation is represented by the following formula:
 - i. $\text{number of days completed} / \text{total number of days in loan payment period} = \% \text{ of payment period completed.}$
3. If the percentage calculated through application of this formula is greater than 60%, the amount of aid earned by the student is considered to be 100% of the applicable aid.
4. Where this percentage calculated through application of this formula is less than or equal to 60%, the amount of aid earned by the student is determined by multiplying this percentage by the total amount of the aid disbursed.
5. The unearned amount of aid will be the amount equivalent to the remaining percentage of the relevant payment period.
6. For example, if the student withdraws after completing 40% of the payment period, the R2T4 or unearned amount will be 60% of the applicable aid.
7. The College/Seminary will notify the holders of the loans of the student's withdrawal date via NSLDS (National Student Loan Data System).

The College/Seminary will calculate the R2T4 amount, including the College/Seminary's and the student's portion of that amount, within 30 days from the date the institution determined the student withdrew and return the College/Seminary's unearned portion of the R2T4 amount to the US government within 45 days from the date the institution determined the student withdrew.

If a student completed more than 60% of the payment period, a student has earned 100% of the Title IV funds the student was scheduled to receive during the period and there are no unearned funds to return.

Funds returned to the U.S. Department of Education on behalf of a student are used to repay the current year's loans in the following order:

1. Unsubsidized US Direct Loan
2. Subsidized US Direct Loan
3. Parent PLUS for Undergraduate students
4. Grad PLUS for Graduate students

If the amount of the loan funds returned exceed any existing credit on the student's account, the student will owe the funds to the College/Seminary. The student should make arrangements with the Student Finance Office to repay the outstanding amount to the College/Seminary as soon as possible.

Withdrawing from studies and Direct Loan repayments

If you withdraw from your studies at the College/Seminary, you may be required to:

- Repay the College/Seminary any "unearned" US Direct Loan funds that the College/Seminary returned on your behalf (as stipulated by US Department of Education regulations), and/or
- Repay part or all of your loan(s) to the designated servicer
- If the amount of Title IV aid to be returned, based on the Title IV aid earned by the student, is greater than the amount for the College/Seminary to return, the repayment of the student's loans are as follows:
 - The student is responsible for repaying the difference between the Net loans disbursed to the student and the total loans the College/Seminary must return. These loans are repaid to the loan holders according to the terms of the borrower's master promissory note (MPN).

If the student did not receive all of the funds that were earned, the student may be eligible for a post-withdrawal disbursement. The College/Seminary will notify the student or the parent borrower of eligibility for a post-withdrawal disbursement within 30 days of the College/Seminary's determination that the student withdrew. The notice will identify the type and amount of the loan funds that can be credited to the student's account or disbursed directly to the student or parent. The student or parent borrower may accept or decline all or a portion of the funds. Please see below for additional information on notifications and deadlines with respect to post-withdrawal disbursements:

- The College/Seminary has no later than 180 days (but as soon as possible) after the date the school determined the student withdrew to process the post-withdrawal disbursement to student's account
- The student has 14 days from the date the College/Seminary notifies the student of his/her eligibility for a post-withdrawal disbursement to respond with his/her decision. If there is no response from the borrower, no post-withdrawal disbursement can be made.

A letter from the Student Finance Office will be sent via email indicating the type and amount of aid returned to the U.S. Department of Education on their behalf. The letter will also include a link to complete exit counselling which will include information about loan repayment obligations and options.

5. PROCEDURES

R2T4 calculation should be completed in COD – Tools – R2T4

Print final calculation page and save to student paper loan file

Send results by email to student. Include information about any outstanding balances and student loan exit counseling.

APPENDIX A

Related Forms/Policies	
Where is this policy published	
Contact Information	