

Return of Title IV Funds (R2T4) Policy

This policy applies only to eligible US and eligible non-US citizens receiving Title IV funds, specifically the Federal Direct Stafford and PLUS loans from the William D. Ford Federal Direct Loan (Direct Loan) Program.

Title IV funds are awarded to a student under the assumption that he/she will attend school for the entire period for which the assistance is awarded. When a student withdraws from all his/her courses, for any reason including medical withdrawals, he/she may no longer be eligible for the full amount of Title IV funds that he/she was originally scheduled to receive.

If the student withdraws from all his/her courses prior to completing over 60% of a semester, he/she may be required to repay a portion of the federal financial aid that he/she received for that term. A pro rata schedule is used to determine the amount of federal student aid funds he/she will have earned at the time of the withdrawal. Federal aid includes Federal Stafford Loan (subsidized and unsubsidized) and Parent Plus Loan.

The return of funds is based upon the concept that students earn their financial aid in proportion to the amount of time in which they are enrolled. Under this reasoning, a student who withdraws in the second week of classes has earned less of his/her financial aid than a student who withdraws in the seventh week. Once 60% of the semester is completed, a student is considered to have earned all of his financial aid and will not be required to return any funds.

A student's withdrawal date is:

The date he/she officially withdrew with the Office of the Registrar (as per the Academic Guide 1.6, www1.prairie.edu/pdf/registrar/PBC_Academic_Guide_1011.pdf)

- The date the student submitted his withdrawal form to the Office of the Registrar.
- The date the student was expelled/dismissed from the university.
- The date the student died, if the student passed away during the semester.

The Financial Aid Office determines the return of Title IV funds percentage. Institutions are required to determine the percentage of Title IV aid "earned" by the student and to return the unearned portion to the appropriate aid program.

Regulations require schools to perform calculations within 30 days from the date the school determines a student's complete withdrawal. The school must return the Funds within 45 days of the calculation.

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The return of Title IV funds policy follows these steps:

Step 1: Student's Title IV information

The Financial Aid Office will determine:

- (A) The total amount of Title IV aid disbursed (Not aid that could have been disbursed) for the semester in which the student withdrew. *A student's Title IV aid is counted as aid disbursed in the calculation if it has been applied to the student's account on or before the date the student withdrew.*
- (B) The total amount of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the semester in which the student withdrew.

Step 2: Percentage of Title IV Aid Earned:

The Financial Aid Office will calculate the percentage of Title IV aid earned as follows:

- The number of calendar days completed by the student divided by the total number of calendar days in the semester in which the student withdrew. *The total number of calendar day in a semester shall exclude any scheduled breaks of more than five days.*

$$\text{Days Attended} \div \text{Days in Enrollment Period} = \text{Percentage Completed}$$

If the calculated percentage exceeds 60%, then the student has "earned" all the Title IV aid for the enrollment period.

Step 3: Amount of Title IV Aid Earned by the Student

The Financial Aid Office will calculate the amount of Title IV earned as follows:

The percentage of title IV aid earned (Step 2) multiplied by the total amount of Title IV aid disbursed or that could have been disbursed for the term in which the student withdrew (Step 1-B).

$$\text{Total Aid Disbursed} \times \text{Percentage Completed} = \text{Earned Aid}$$

Step 4: Amount of Title IV Aid to be Disbursed or Returned:

- If the aid already disbursed equals the earned aid, no further action is required.
- If the aid already disbursed is greater than the earned aid, the difference must be returned to the appropriate Title IV aid program. *Total Disbursed Aid – Earned Aid = Unearned Aid to be Returned*
- If the aid already disbursed is less than the earned aid, the Financial Aid Office will calculate a Post-Withdrawal Disbursement.

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Return of the Title IV Aid, based on the type of aid disbursed, in the following order:

1. Federal Unsubsidized Stafford Loan
2. Federal Subsidized Stafford Loan
3. Parent Plus Loan

Loans must be repaid by the loan borrower (student/parent) as outlined in the terms of the borrower's promissory note.

The student's grace period for loan repayments for Federal Unsubsidized and Subsidized Stafford Loans will begin on the day of the withdrawal from the University. The student should contact the lender if he/she has question regarding their grace period or repayment status.

Institutional and student responsibility in regard to the Federal Return of Title IV Funds policy

The Financial Aid Office's responsibilities in regard to the Return of Title IV funds policy include:

1. Providing each student with the information given in this policy.
2. Identifying students affected by this policy and completing the Return of Title IV Funds calculation.
4. Informing the student of the result of the Return of title IV Funds calculation and any balance owed to the University as a result of a required return of funds.
3. Returning any unearned Title IV aid that is due to the Title IV programs and, if applicable, notifying the borrower's holder of federal loan funds of the student's withdrawal date.
5. Notifying student and /or Plus borrower of eligibility for a Post-Withdraw Disbursement, if applicable.

The student's responsibilities in regard to the Return of Title IV Funds policy include:

1. Becoming familiar with the Return of Title IV Funds policy and how withdrawing from all his courses effects eligibility for Title IV aid.
2. Resolving any outstanding balance owed to Prairie Bible Institute resulting from a required return of unearned Title IV aid.

The policies and procedures listed above are subject to change without notice.