
Volume 5

Withdrawals and the Return of Title IV Funds

Table of Contents

Introduction to Volume 5	5-1
Chapter 1—Withdrawals and the Return of Title IV Funds.....	5-3
Withdrawals.....	5-3
General requirements.....	5-4
When a student is considered to have withdrawn.....	5-4
If a student remains enrolled only in non-Title IV-eligible courses	5-4
When a student who fails to begin attendance in all the courses he or she was scheduled to attend withdraws.....	5-5
Worksheets and the R2T4 Web product.....	5-6
Consumer information	5-6
General Title IV Principles with Special Applicability in the Return of Title IV Aid	5-7
Definition of a Title IV recipient.....	5-7
Verification.....	5-8
When verification is completed before the R2T4 deadlines, When verification is not completed before the R2T4 deadlines, When verification is completed after the R2T4 deadlines	5-10
Approved leave of absence.....	5-10
Written formal policy required, Reasonable expectation of return, Completion of coursework upon return in term-based credit-hour programs, Completion of coursework required upon return in clock-hour and non-term-credit-hour programs, A student may return early from a leave of absence, Leaves of absence versus the grade of incomplete, No additional charges for students on an LOA, No additional Title IV assistance while a student is on LOA, An LOA may not exceed 180 days in any 12-month period	5-14
When a student fails to return from a leave of absence.....	5-14
Explanation of the consequences of withdrawal to loan recipients granted an LOA	5-15
Unapproved leaves of absence	5-15
Institutional charges	5-15
Use of institutional charges in determining a school's responsibility for returning funds	5-15
When to prorate charges.....	5-16
Effects of waivers on institutional charges.....	5-17
Institutional versus noninstitutional charges	5-17
Returning equipment.....	5-18
Demonstrating a real and reasonable opportunity.....	5-18
Graphic, Example of institutional charges versus non-institutional charges	5-18
Treatment of Title IV credit balances when a student withdraws.....	5-19

Time frame for returning an unclaimed Title IV credit balance	5–20
Graphic, Example of a school performing a Return calculation for a student whose account has a Title IV credit balance.....	5–21
Principles with unique applications in the Return of Title IV Aid.....	5–22
Date of the institution's determination that the student withdrew.....	5–22
Date of determination at institutions that are required to take attendance	5–22
Graphic, When a student enrolled in a series of modules fails to return as scheduled.....	5–23
Use of payment period or period of enrollment.....	5–25
Payment period	5–25
Period of enrollment.....	5–25
Applicability.....	5–26
Rounding.....	5–26
Funds to include in a R2T4 calculation	5–27
Graphic, Limits on Title IV funds that may be included as Aid that could have been disbursed.....	5–27
FSEOG Program funds.....	5–27
If a resolved overaward becomes an overpayment	5–28
Treatment of students who withdraw from clock-hour programs, non-term credit hour programs, and nonstandard term credit-hour programs with terms that are not substantially equal (and in which no term is less than 9 weeks in length), and then transfer to a new school or reenter the same school in a similar program	5–29
Reentry within 180 days	5–29
What to do when a student whose overpayment has been referred to Default Resolution Services reenters within 180 days	5–30
Graphic, Example of Reentry within 180 days	5–31
When a student reenters in a new award year.....	5–32
Reentry after 180 days, return to the same school in a new program, or transfer to a new school	5–33
Eligibility of transfer students for additional Title IV funds.....	5–34
Graphic, Loan principles applicable to reentry in and transfer to clock-hour programs, non-term credit hour programs, and nonstandard term credit-hour programs with terms that are not substantially equal (in which no term is less than 9 weeks in length)	5–35
Directions for Adjusting Direct Loans.....	5–36
Directions for Adjusting Pell Grants.....	5–37
Graphic, Adjusting a Pell Grant When a Student Reenters in a New Award Year.....	5–37
Breaks in Attendance for Students Enrolled in Programs Measured in Credit Hours without Academic Terms.....	5–38
Changing or Correcting a Return Calculation.....	5–38
Applicable Deadlines.....	5–39
Chapter 2—The Steps in a Return of Title IV Aid Calculation	5–41
Step 1: Student's Title IV Aid Information	5–41
Title IV Aid disbursed.....	5–41
Title IV Aid that could have been disbursed	5–42
Exception to including funds as Aid that could have been disbursed when a student has a disqualifying comment code.....	5–44

<i>Treatment of inadvertent overpayments</i>	5-44
<i>Late arriving aid</i>	5-45
<i>Graphic, Examples of second or subsequent Direct Loan disbursements and an example of a second payment period Pell Grant disbursement</i>	5-46
Step 2: Percentage of Title IV aid earned	5-48
<i>Part 1—Withdrawal date</i>	5-48
<i>Withdrawal date for a student who withdraws from a school that is required to take attendance</i>	5-48
<i>Schools required to take attendance</i>	5-49
<i>When a school has a requirement for taking attendance</i>	5-49
<i>Requirements that can only be met by taking attendance</i>	5-50
<i>Attendance taking requirements for some students</i>	5-51
<i>When a school takes attendance for one day or a limited period</i>	5-51
<i>When attendance taking is required only for some classes</i>	5-52
<i>Determining a student's withdrawal date at a school that is not required to take attendance</i>	5-52
<i>Official notification, School's withdrawal process, Otherwise provides official notification, When a student triggers both dates, Official notification not provided by the student, Withdrawal without student notification due to circumstances beyond the student's control, Withdrawal date when a student dies, All other withdrawals without student notification, Time frame for the determination of a withdrawal date for an unofficial withdrawal, When students fail to earn a passing grade in any class</i>	
<i>Graphic, Example of a grading policy that could be used to determine whether a student unofficially withdrew</i>	5-58
<i>Last date of attendance at an academically related activity, Withdrawals after rescission of official notification, Academic attendance and attendance at an academically related activity, Documenting attendance when students are enrolled in distance education courses, Documentation of withdrawal date.</i>	
<i>Withdrawals from programs offered in modules</i>	5-62
<i>Determining if a program is offered in modules</i>	
<i>Graphic, How to determine whether a student enrolled in a program offered in modules has withdrawn</i>	5-64
<i>Graphic, Examples of using the three questions to determine whether a student who is scheduled to complete two courses in each of the first two of three modules within a payment period has withdrawn</i>	5-65
<i>When a student who has withdrawn returns within a payment period or period of enrollment, Written confirmation of future attendance, When a student drops all future classes between modules, When a student drops classes on the same day the student withdraws, When a student enrolled in modules within a term drops all future courses on the last day of a completed module, Withdrawal date from a program offered in modules, Determining the percentage of the payment period or period of enrollment completed for a student who withdraws from a program offered in modules</i>	
<i>Graphic, When a student who failed hours in the payment period withdraws from a non-term credit hour program offered in modules the payment period must be extended</i>	5-72
<i>Graphic, When a Student Who Was Enrolled in a Module Within a Term Withdraws from the Module, and the School Later Determines that the Student Failed to Begin the Term-Long Courses</i>	5-73
<i>Aid to include in the R2T4 calculation</i>	5-74

Part 2—Percentage of Aid Earned	5–76
Percentage of payment period or period of enrollment completed	5–76
Scheduled breaks	
Graphic, Example of withdrawal date when a student withdraws during a scheduled break of five or more days	5–77
Graphic, Institutionally scheduled breaks of at least five consecutive days	5–77
Graphic, Temporary closures beyond control of the institution.....	5–78
Credit-hour programs, Percentage of Title IV aid earned for withdrawal from a non-term credit-hour program	
Graphic, Examples of calculating a completion date for a student who withdraws from a non-term credit-hour program	5–80
Clock-hour programs	
When a school disburses Title IV aid to a student using different payment periods.....	5–84
Graphic, Example, Performing a return calculation for a student receiving aid under two payment period definitions.....	5–84
When a student who received an Loan with an abbreviated loan period withdraws	5–86
Graphic, Example of a R2T4 Calculation with Overlapping Payment Periods	5–87
When a student receiving Title IV aid dies during a payment period or period of enrollment.....	5–88
Step 3: Amount of Title IV Aid Earned by the Student	5–89
Step 4: Total Title IV Aid to be Disbursed or Returned	5–89
Part 1—Post-withdrawal disbursements	5–89
Disburse grant before loan	5–90
Summary of actions a school must take before making a post-withdrawal disbursement.....	5–90
Post-withdrawal disbursement of Title IV grant funds,.....	5–91
Post-withdrawal disbursement of Title IV loan funds	5–92
Separate authorization required for educationally related expenses.....	5–93
Crediting a student’s account	5–93
Notice to a student offering a post-withdrawal disbursement—flexibility in notifying students	5–94
Graphic, Example of the post-withdrawal disbursement requirements.....	5–96
Part 2—Title IV aid to be returned.....	5–97
Step 5: Amount of unearned Title IV aid due from the school.....	5–97
Aid disbursed to the student before institutional charges are paid.....	5–97
Institutional charges.....	5–98
Use of institutional charges in determining a school’s responsibility for return.....	5–98
Effects of a post-withdrawal reduction in charges	5–99
When to prorate charges.....	5–99
Effects of waivers on institutional charges	5–99
Step 6: Return of Title IV Funds by the School	5–100
Order of return of Title IV funds.....	5–100
Time frame for the return of Title IV funds.....	5–100
Downward adjustment of FSA grant disbursement records and Direct Loan disbursement records required	5–101
Returning Direct Loan funds.....	5–101
Returning funds after 240 days.....	5–102

Step 7: Initial amount of unearned Title IV aid due from the student.....	5-103
Step 8: Repayment of student loans	5-103
Step 9: Title IV grant funds to be returned by a student	5-103
Step 10: Return of Title IV grant funds by the student.....	5-104
A school's responsibilities in the return of Title IV funds by the student	5-104
<i>Grant Overpayments</i>	5-104
<i>When a student receives additional funds during the 45-day period of extended eligibility</i>	5-106
<i>Graphic, Examples of the relationship between the date of notification and the expiration of the 45-day period</i>	5-107
<i>Student overpayments of \$50 or less</i>	5-108
<i>Payments on a student's behalf</i>	5-109
<i>Recording student payments and reductions in the Title IV grant programs</i>	5-109
<i>Recording student payments and reductions in the Direct Loan Program</i>	5-111
<i>Notifying the Department</i>	5-112
<i>Reporting and referring overpayments</i>	5-113
<i>Required referrals</i>	5-115
<i>Accepting payments on referred overpayments</i>	5-117
<i>Corrections or recalls of referred overpayments</i>	5-118
<i>When a student loses eligibility at a former school while receiving aid at a second school</i>	5-119
Chart— <i>Withdrawal Dates for a School that is Not Required to Take Attendance</i>	5-120
Sample Summary of the Requirements of 34 CFR 668.22 (To Provide to Students as Part of Consumer Information)	5-121
Chart, <i>Return of Title IV Funds Requirements and Deadlines</i>	5-123
Chart, <i>Return of Title IV Funds Requirements for Notification</i>	5-124
Chapter 3—Case Studies in Withdrawal and Return of Title IV Aid	5-125
Appendix—Forms Associated with a Return of Title IV Aid Calculation	5-203
Worksheet— <i>Treatment of Title IV Funds When a Student Withdraws From a Credit-Hour Program</i>	5-204
Worksheet— <i>Treatment of Title IV Funds When a Student Withdraws From a Clock-Hour Program</i>	5-207
Form— <i>Information Required when Referring Student Overpayments to Default Resolution Group</i>	5-210

