

HVAC Technical Institute

Standard Operating Procedure – 702B
General Provisions – Return of Title IV Funds
Date Implemented: 2-01-2015
Revised Date: 02/2015
Page 1 of 3

PURPOSE

If a student cancels his/her contract, the cancellation date will be determined by the postmark on written notification or the date said information is delivered to the school's Financial Aid Counselor in person. Should any aid be disbursed prior to the start of class, all funds will be returned in full to the appropriate agency. The Financial Aid Department administers the Return to Title IV Funds Calculation, HEA Funds Calculator (R2T4).

For Non-Financial Aid Students, please refer to **306 Policies – Refund Policy**

A student withdrawing can include those students who officially or unofficially withdrew:

- 1) From an approved or unapproved Leave of Absence
- 2) For those who were terminated from enrollment
- 3) For those who withdrew from the program and notified the school
- 4) If this institute was notified by a second party due to circumstances beyond the student's control.

All R2T4 calculations are based on the students last date of attendance as provided by the student's attendance records. The R2T4 determines the amount of aid that was earned. The R2T4 is based on the payment period. After the student has completed 60% of the payment period, no refund is due. The R2T4 is completed for all withdrawals to determine if the student is approved for a post withdrawal disbursement.

The calculation for the percent of completion of the payment period is as follows:

- School will determine the actual date the student started the payment period and the last date of attendance and will figure the scheduled clock hours within that period of time.
- The number of clock hours the student was schedule to complete within that payment period is divided by the total number of clock hours in that payment period to determine percent completed. The days a student was on a Leave of Absence are not included in this calculation.
- Students who owe an overpayment of Pell grants as a result of withdrawal from the program, initially will retain their eligibility for Title IV funding for forty-five (45) days of the earlier of:
 - Date the school sends the student notification of the over award
 - The date the school was required to notify the student of overpayment.
- Within thirty (30) days of determining that the student's withdrawal created a repayment of all or part of the Pell Grant, the school must notify the student that she/he must repay the overpayment or make satisfactory arrangements to repay.
- The student will be notified of overpayment of Title IV funds and that the students eligibility for additional Title IV aid will cease if the student fails to take a positive action by the forty fifth (45th) day following notification from the school.
- The student will have the options of paying the overpayment in full or arranging a repayment agreement with the Department of Education.
- If the student fails to take action to repay during the forty-five (45) days allotted, the school will report this to NSLDS.

Any student who withdraws officially or unofficially will be made aware of the possible consequences of withdrawing. For financial aid students, repayment on Federal Loans begins 6 months from their last date of attendance. Students who took a full 180-day Leave of Absence (LOA) and who did not return from the LOA will go into immediate repayment.

The R2T4 does not dictate the schools refund policy and is not based on the student's education charges, only the scheduled time within the payment period in which the student drops. This policy is separate from HVAC Tech's Refund Policy. All students who utilize Title IV funding will have the R2T4 calculation completed prior to calculating our Refund Policy. A student may owe funds for unpaid charges to the school to cover education charges. If the school is required to return federal funds, the school will return Federal Aid disbursed that was credited to the

HVAC Technical Institute

Standard Operating Procedure – 702B
General Provisions – Return of Title IV Funds
Date Implemented: 2-01-2015
Revised Date: 02/2015
Page 2 of 3

student's account for the payment period in which the student withdrew. The school will refund any unearned Title IV aid due within forty-five (45) days of the date of determination, which is no later than fourteen (14) days from the last date of attendance.

Title IV Refunds are allocated in the following order:

- 1) Unsubsidized Direct Stafford Loans
- 2) Subsidized Direct Stafford Loans
- 3) Direct PLUS Loans
- 4) Federal Pell Grants for which a return of funds is required

If the school is allowed a post withdrawal disbursement, the school will advise the student or parent they have fourteen (14) calendar days from the date the school sent notification to accept a post withdrawal disbursement. A student who qualifies for a post withdrawal disbursement must meet the current award year requirements and time frames for late disbursements. A post withdrawal for Pell Grants of which the student is awarded will be disbursed within forty-five (45) days of the date the school determined the student withdrew. Post withdrawal loan funds a student accepts will be made within one-hundred and eighty (180) days from the date the school determined the student withdrew.

If the school's Institutional Refund Calculation indicates the student still owes the school, the debt to the school must be paid in full before the release of transcripts.

The law specifies how schools must determine the amount of Title IV program assistance that students earned if they withdraw from school. The Title IV programs that are covered by this law are: Federal Pell Grants, Iraq and Afghanistan Service Grants, TEACH Grants, Stafford Loans, PLUS Loans, Federal Supplemental Educational Opportunity Grants (FSEOGs) and Federal Perkins Loans.

When a student withdraws during the payment period or period of enrollment, the amount of Title IV program assistance that was earned up to that point is determined by a specific formula. If the student received (or the school or parent received on the student's behalf) less assistance than the amount that the student earned, 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 school and/or the student in the following order:

- Federal Unsubsidized Direct Stafford Loan
- Federal Subsidized Direct Stafford Loan
- Federal Perkins Loan
- Federal Direct PLUS Loan
- Federal Pell Grant
- Federal SEOG
- Federal TEACH Grant
- Iraq and Afghanistan Service Grant

The amount of assistance that a student has earned is determined on a prorata basis. For example, if the student completed 30% of the payment period or period of enrollment, the student earns 30% of the assistance originally scheduled to be received. Once the student has completed more than 60% of the payment period or period of enrollment, the student earns all the assistance scheduled to be received for that period.

If the student did not receive all of the funds earned, there may be due a Post-withdrawal disbursement. If the Post-withdrawal disbursement includes loan funds, the school must get the student's permission before it can disburse them. The student may choose to decline some or all of the loan funds so that additional debt is not incurred. The school may automatically use all or a portion of the Post-withdrawal disbursement of grant funds for tuition, fees and room and board charges. The school will need the student's permission to use the Post-withdrawal grant

HVAC Technical Institute

Standard Operating Procedure – 702B
General Provisions – Return of Title IV Funds
Date Implemented: 2-01-2015
Revised Date: 02/2015
Page 3 of 3

disbursement for all other school charges. If the student does not give permission, the student will be offered the funds. However, it may be in the student's best interest to allow the school to keep the funds to reduce personal debt at the school. It should be noted that there are some Title IV funds that were scheduled to be received and cannot be disbursed to the student once withdrawn because of other eligibility requirements. If the student receives (or the school or parent receives on the student's behalf) excess Title IV program funds that must be returned, the school must return a portion of the excess equal to the lesser of:

- The student's institutional charges multiplied by the unearned percentage of the student's funds, or;
- The entire amount of excess funds.

The institution must return this amount even if it didn't keep this amount of the student's Title IV program funds.

If the school is not required to return all of the excess funds, the student must return the remaining amount. Any loan funds that the student must return, the student (or the parent for a PLUS Loan) repay in accordance with the terms of the promissory note. That is, the student makes scheduled payments to the holder of the loan over a period of time.

Any amount of unearned grant funds that the student must return is called an overpayment. The maximum amount of a grant overpayment that the student must repay is half of the grant funds received or were scheduled to receive. The student does not have to repay a grant overpayment if the original amount of the overpayment is \$50 or less. The student must make arrangements with the school or the Department of Education to return the unearned grant funds.

The requirements for Title IV program funds when the student withdraws are separate from the institutions refund policy. Therefore, the student may still owe funds to the school to cover unpaid institutional charges. The school may also charge the student for any Title IV program funds that the school was required to return.

If the student has received funds from the state or an outside agency or received institutional funds, the student will be billed for any amount of funds that is considered an advanced payment. The Financial Aid Office must follow the guidelines specified by those organizations regarding withdrawals. For most aid types a prorated return is required.

ROLES AND RESPONSIBILITIES

- **HVAC Technical Institute**
 - It is the institution's responsibility to provide students with the information contained in the R2T4 Policy.
 - The school must identify the students who have withdrawn and will be affected by the R2T4 Policy.
 - The school must return all unearned Title IV Funds in compliance with the Department of Education requirements.
- **Student**
 - The student is responsible for returning unearned Title IV Funds that were disbursed to the student where in the student was deemed ineligible, based on the R2T4 calculation.
 - When possible, the students should notify the school in writing of official withdrawal.
 - If the student cancels their decision to withdraw, the student must notify the school in writing three business days of the date of the original withdrawal.
 - All requests to withdraw or cancel a request to withdraw must be delivered to the school's financial aid department.
 - Student borrowers of the Direct Stafford Loans are required to attend or complete an Exit Interview before leaving the school.