

Federal Student Aid (US Direct Loans Programme)

RETURN OF TITLE IV FUNDS (R2T4) POLICY

Introduction

The Code of Federal Regulations [34 CFR 668.22](#) specifies how the University must determine the amount of Title IV programme assistance (Direct Loans) that students “earn” if they withdraw from or interrupt their studies, i.e. through a leave of absence. The Foreign Loans Administrator is responsible for calculating a Return to Title IV (R2T4) and the Income Office is responsible for administering the return of funds.

This policy covers the University’s R2T4 assessment and procedures including Leave of Absence (LOA) treatment.

The Foreign Loans Administrator uses worksheets provided by the US Department of Education to calculate R2T4 funds. All funds requiring return must be returned to the lender within 45 days of the date when the University determined that a student withdrew.

R2T4 Assessment

When a student withdraws during a payment period, the amount of Title IV programme assistance that has been earned up to that point is determined by a specific formula. The start date for the calculation is the first date of the payment period in which the student withdrew. The date of withdrawal is the last recorded date of attendance or academic engagement on the course. If the student received (or the University received on the student’s behalf) less assistance than the amount that is 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 University and/or the student.

Students are expected to maintain attendance in accordance with the University of Kent’s academic regulations. Where a student is considered withdrawn or enters an unauthorised leave of absence (i.e. stops attending without notifying their academic school), the University must make a determination within 14 days as to whether the student intends to return to their programme or withdraw. Except in unusual circumstances, the date of withdrawal used for R2T4 will normally be the date that is shown in the University of Kent’s student data system or no later than after 14 days, when it is determined whether the student intends to return to classes or to withdraw.

In the case where a student notifies the School/Supervisor or a member of staff that he or she intends to withdraw, the student must be informed of the need to inform the School in writing, citing the reason for withdrawal in writing and the effective date. Confirmation will then be passed to Finance. Should the student fail to write or there is a time lag between the notification and the student's written confirmation, the earlier date of notification will be used in calculating the R2T4 formula.

In the event a student receives all failing grades for a term, the School will contact academic staff to determine if the failing grades were earned or represent a lack of attendance. In the event it is determined that those grades were the result of lack of attendance, the School will attempt to determine the last date of attendance and use that date in the R2T4 calculations.

R2T4 Calculation

The amount of assistance earned is determined on a pro rata basis. The payment period is the period for which the loan was certified, and the percentage of attendance is calculated by dividing the number of days attended by the total number of days in the payment period.

For example:

Where a student completes 40 days in a 100 day payment period, the percentage of attendance would be 40% ($40/100 = 40\%$).

For every \$1,000 borrowed, the students would have earned \$400. The remaining \$600 would be classified as unearned and would therefore require returning to the US Department of Education.

Where a student has completed more than 60% of the payment period or period of enrolment, all the assistance that the student was scheduled to receive for that period is considered to have been earned. If the student did not receive all the funds that were earned, he or she may be due a post-withdrawal disbursement (see below). The Foreign Loans Administrator will use the R2T4 worksheets as provided by the US Department of Education to determine how much of the loan may be retained and how much must be returned.

There are some Title IV funds that students are scheduled to receive that cannot be earned once a student withdraws because of other eligibility requirements. If the student receives (or the University receives on behalf of the student) excess Title IV programme funds that must be returned, the University must return a portion of the excess equal to the lesser of:

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

The University must return this amount even if it didn't keep this amount of the Title IV programme funds. If the University is not required to return all of the excess funds, the student must return the remaining amount. Any loan funds that must be returned, the student must repay in accordance with the terms of the 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 those funds to the lender.

Return of Funds

Once a determination has been made on the amount of unearned funds to be returned, the Income Office will instruct a return of funds to the US Department of Education.

Title IV funds will be returned in the following order:

1. Unsubsidized Direct loans
2. Subsidized Direct loans
3. PLUS Loan Funds

The requirements for Title IV programme funds when students withdraw are separate from any refund policy that the University may have. Therefore, the student may still owe funds to the University to cover unpaid institutional charges. The University may also attempt to collect from the student any Title IV programme funds that the University was required to return.

Post-withdrawal Disbursement

Where a student did not receive all the funds that were earned, he or she may be due a post-withdrawal disbursement. Where a post-withdrawal disbursement is available, we will offer any post-withdrawal disbursement of loan funds within 30 days of the date the school determined the student withdrew. Where we are unable to offer these funds within the 30-day deadline due to incomplete verification, we will be complete a new R2T4 calculation.

Students have 14 days to respond to the post-withdrawal disbursement notice. Once we have received confirmation from the student that a post-withdrawal disbursement is required, any credit balance will be processed no later than 14 days after the R2T4 calculation has been completed. Where students do not reply within 14 days, it is at the discretion of the University as to whether funds will be processed. Where more than 180 days have lapsed since the determined date of post-withdrawal disbursement eligibility, disbursements will not be made.

The University may automatically use all or a portion of your post-withdrawal disbursement for tuition fees and accommodation. For all other University charges, the University needs the student's permission to use the post-withdrawal disbursement. Where no remaining charges exist on a student account, the student may choose to decline the loan funds so that additional debt is not incurred.

Leaves of Absence

A leave of absence (LOA) for R2T4 purposes is a temporary interruption in a student's program of study. LOA refers to the specific period during a program when a student is not in attendance.

An LOA must meet certain conditions to be counted as a temporary interruption in a student's education instead of being counted as a withdrawal requiring a school to perform an R2T4 calculation.

If an LOA does not meet the conditions for an approved LOA (see below), the student is considered to have ceased attendance and to have withdrawn from the school, and the school is required to perform an R2T4.

Approved Leave of Absence – 180 days or less

- The LOA, together with any additional periods of leave, will not exceed a total of 180 days in any 12-month period.
- There will be a reasonable expectation that the student will return from the LOA.
- We will not assess the student for any additional institutional charges, their financial need will not increase, and therefore, they will not be eligible for any disbursements of Federal Student Aid.
- A student returning from a LOA must resume their studies at the same point in the academic programme as they began the LOA.*

* This requirement effectively limits approved LOAs to Postgraduate Research (PGR) students. For all other students, a return to the same point of study would require a LOA of over 180 days which would be considered as a withdrawal for Federal Student Aid purposes (see below).

Where an approved leave of absence (intermission) is requested, students should utilise the guidelines available at: [Taking a break from or leaving your studies - Help - University of Kent](#).

- The LOA request should be in writing to the school.
- The school should liaise with the Foreign Loans Unit prior to any approval of an LOA to ensure it meets the requirements of an approved LOA.
- Once approved, the school should provide written confirmation of the approved LOA to the student and the Foreign Loans Unit.

Leave of Absence – greater than 180 days

- The student will be deemed to have withdrawn for Title IV purposes and a R2T4 calculation will be made (as detailed in the policy above).
- No further disbursements will be made.
- The withdrawal date is the student's last day of attendance.
- Title IV loans will enter repayment (see below for Grace Periods).

Grace Periods

- A grace period of 6-months is allowed for most Title IV loans starting from the date enrolment ceases or is "Less than half-time". You will be treated as if you are still enrolled and will therefore not be required to make loan repayments during this period.
- Students are typically allowed only one 6-month grace period per Title IV loan.
- At the end of the grace period, you will be required to begin repayments of your Title IV loans (unless you re-enter an eligible programme for in-school deferment).
- When a student's grace period is exhausted and the student is unable to begin repayment of a loan, the student may be able to apply for a deferment or forbearance of payment. To find out which loan servicer is servicing your loan, sign in to your "[Account Dashboard](#)" or call 1-800-433-3243.

- A student who is granted an approved LOA remains in an in-school status for Title IV loan repayment purposes.
- Where a student does not return from an approved LOA, the student's grace period for Title IV loans may be exhausted as we are required to report the student as withdrawn from the date of the absence commencing.
- If a student who received a Direct Loan that has a grace period withdraws and then reenrols in school on at least a half-time basis before the grace period expires, the student regains in-school status and will receive a full grace period when they graduate or cease half-time enrolment.

Additional Information

If you have questions about your Title IV programme funds, you can call the Federal Student Aid Information Centre at 1-800-4-FEDAID (1-800-433-3243). TTY users may call 1-800-730-8913. Information is also available on Student Aid on the Web.