

## Return to Title IV (R2T4) Policy

Title IV Funds are awarded to a student under the assumption that the student will attend the University for the entire period for which the aid is awarded. The US Federal Law specifies that should the student withdraw from their programme of study, the American University in Bulgaria must complete a Return to Title IV calculation and arrange for any „unearned“ loan funds to be returned to the U.S. Department of Education.

If a student never commences attendance for the PP (Payment Period) or POE (Period of Enrolment), the student is not an eligible student for Title IV funds.

Therefore:

- R2T4 (34 CFR 668.22) does not apply
- Instead, the provisions of 34 CFR 668.21 apply:
  - o DL funds credited to the student's account must be returned
  - o The DL loan servicer must be notified when funds were disbursed directly to the student

When a student withdraws, the American University in Bulgaria will calculate the amount of Title IV program assistance that has been earned up to the point, using a proration formula, provided by the US Department of Education.

Loan funds must be returned in the following order:

1. Federal Direct Unsubsidized Loans
2. Federal Direct Subsidized Loans
3. Federal PLUS and Grad PLUS Loans

### Calculation of Loan Funds Earned

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

American University in Bulgaria has a responsibility to return unearned aid, whichever is the lesser amount between the Title IV aid to be returned and the amount of unearned charges.

### Number of study days completed

#### **Total number of study days in payment period\***

For example, if a student leaves after attending only 24 days in the Fall semester (payment period):

Total number of days: 98

No. of days completed: 24

% earned: 0.24

Total Title IV Disbursed/ could have been disbursed: \$3,000

Amount earned: \$720

Amount unearned: \$2,280

**\* Institutionally scheduled breaks of 5 or more consecutive days are excluded from both the numerator and the denominator of the R2T4 calculation. Breaks of less than 5 consecutive days are not excluded, rather included in the R2T4 calculation**

Once the student has completed more than 60% of the payment period, all the assistance the student was scheduled to receive for that period is considered to have been earned. As an example, if the student completes 30% of the payment period, he or she has earned 30% of the assistance they were originally scheduled to receive within that loan period. If the student has completed 60% of the payment period, he or she has earned 100% of the assistance they were scheduled to receive.

If the student received more assistance than was earned, the excess funds must be returned to the US Department of Education by the University and/or the student. If the student received (or the University received on the student's behalf) less assistance than the amount earned, the student may be able to receive those additional funds as a post-withdrawal disbursement.

Student Loan Office 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.

A notification letter outlining the amount that should be returned to the federal program (s) will be mailed to the student's permanent address. AUBG will return funds on the student's behalf to the appropriate federal aid program (s) and subsequently will bill the student's account.

In case that the R2T4 calculation results in a Title IV credit balance, the credit balance must be disbursed ASAP, but no later than 14 days after the Return Calculation.

### **Repayment of Student Loan Funds**

At all times, students are responsible for repaying loan funds that they have earned. If an R2T4 calculation results in overpayment/unearned aid, the Student Loan Office will return the total percentage of federal loan funds for which it is responsible. Additionally, the remaining percentage of federal loan funds that have been earned and are not the responsibility of the institution to return, must be repaid by the student.

US regulations require institutions to perform calculations within 30 days from the date the institution determines a student's complete withdrawal. The University must return the funds within 45 days of the calculation.

**Important:** AUBG's institutional tuition refund policy is separate from federal regulations to return unearned loan funds. Whether or not a student receives a tuition/fee refund has no bearing on the amount the student must repay to the federal aid programs.

### **AUBG refund policy**

If a student withdraws or takes a leave of absence from the University during the semester, the student remains responsible for charges to his or her account. Books are charged at the amounts actually spent. Refunds of residence hall fees are according to the policies found in the Student Handbook (also available online at [www.aubg.edu](http://www.aubg.edu)). The Meal Plan Deposit is nonrefundable. The charge for tuition and Student Activity Fee depend on when the student leaves. Charges for various points of departure are:

- add/drop period, a full refund of net tuition
- second week of the term, billed for 20% of the net tuition
- third week, billed for 40% of the net tuition
- fourth week, billed for 60% of the net tuition
- fifth week, billed for 80% of the net tuition
- sixth week are billed for 100% of net tuition

## **Withdrawal from the University**

Withdrawal from the University is a very serious step and terminates a student's relationship with the University. Readmission is only possible through reapplication. An application to withdraw from the University is available from the Registrar's Office. Applications declaring the intent to withdraw from the University must be submitted by April 15th for the Fall semester and November 15th for the Spring semester. Applications received after that date will be subject to a late fee and may be rejected by the University if deemed detrimental to the institution.

Students must also clear all financial and other obligations to the University. Additionally, students withdrawing after the beginning of classes in any semester will be liable for part or all of the tuition and other costs associated with enrollment.

Students withdrawing from the University after classes begin but before the end of the fifth week of the semester will be dropped from enrolled classes. Those withdrawing after that date will receive grades of "W" in each of their enrolled classes.

## **Determination of Withdrawal Date**

A student's withdrawal date is:

- a) The date the student began the institution's withdrawal process or officially notified the institution of intent to withdraw; or
- b) The student's last date of attendance as documented by academically related activity;

When a student withdraws during a payment period, the amount of Title IV program assistance that has been earned up to that point is determined by a specific formula. The date of withdrawal is determined by the University and will be the last day the student attended. If the student received (or the University received on 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.

The University is not required to take attendance although many professors may require a student to attend in order to receive a passing grade. Students who are not in attendance first week of classes are reported to Registrar's Office by the professor, who will then contact the student to verify if the student attended classes. The University will use the last date of attendance to compute the R2T4 formula.

In the case where a student notifies the Registrar's Office that he or she intends to withdraw, the student must be informed of the need to inform the University in writing, citing the reason for withdrawal in writing and the effective date. The AUBG will share that information with Student Loan Office. Should the student fail to write or there is a 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 semester, the Registrar's office will contact Academic Standing Committee to determine if the failing grades will be reason for suspension or dismissal.

In the event it is determined that those grades were the result of lack of attendance, the Registrar's will attempt to determine the last day of attendance and Student Loan Office will use that date in the R2T4 calculations. If the exact date cannot be determined, the University will assume a 50% attendance, and use that date as the last date of attendance.

## **Administrative Withdrawal from the University**

A student is administratively withdrawn from the University when he or she does not fulfill the academic or financial requirements to maintain student status. Failure to register for courses or to file a leave of absence request by the end of the Add/Drop period will result in the student being administratively withdrawn from the University. Students unable to register for classes because of overdue student accounts are administratively withdrawn.

*Unofficial Withdrawal* is a form of administrative withdrawal, where the University has not received notice from the student that the student has ceased or will cease attending the University.

If in reviewing its records, the University determines that the student stopped attending all classes and the student fails to notify AUBG, this will be deemed an unofficial withdrawal. The University will use the 50% point as the withdrawal date in determining the student's eligibility for a post-withdrawal disbursement.

There are two categories of these unofficial withdrawals for purposes of the R2T4 calculation. First, if the University determines that a student did not begin the withdrawal process or otherwise notify AUBG of the intent to withdraw due to illness, accident, grievous personal loss, or other circumstances beyond the student's control, the withdrawal date is the date the University determines that the student ceased attendance because of the aforementioned applicable event.

The second category of unofficial withdrawals encompasses all other withdrawals where official notification is not provided to the University. For these withdrawals, the withdrawal date is the midpoint of the payment period or period of enrollment, as applicable, or the last date of an academically related activity in which the student participated.

AUBG may not know that a student has dropped out (unofficially withdrawn) until it checks its records at the end of an academic period. However, to ensure that Title IV funds are returned within a reasonable period of time, a University will determine the withdrawal date (for a student who withdrew without providing notification) within 30 calendar days from the earlier of (1) the end of the payment period or period of enrollment, as applicable, (2) the end of the academic year.

As noted previously, when a student unofficially withdraws from an institution that is not required to take attendance, the institution may use either the student's last date of attendance at an academically related activity or the midpoint of the period as the student's withdrawal date.

## **Post-withdrawal disbursement**

If the total amount of title IV loan assistance that the student earned is greater than the total amount of title IV loan assistance that was disbursed to the student or on behalf of the student in the case of a PLUS loan, as of the date of the institution's determination that the student withdrew, the difference between these amounts will be treated as a post-withdrawal disbursement.

Within 30 days of the date of the institution's determination that the student withdrew, a written notification will be sent to the student, or parent in the case of parent PLUS loan, that requests confirmation of any post-withdrawal disbursement of loan funds. The post-withdrawal disbursement will only be made after obtaining confirmation from the student or parent in the case of a parent PLUS loan, that they still wish to have the loan funds disbursed. No post-withdrawal disbursement of loan funds will be made if the student does not inform the Student Loan Office that the student would like to have a post-withdrawal disbursement within 30 days after the written notification of the Student Loan Coordinator. The AUBG will disburse the funds in the manner specified by the student, or parent in the case of a parent PLUS loan, as soon as possible, but no later than 180 days after the date of the institution's determination that the student withdrew. It is the obligation of the student, or parent in the case of a parent PLUS loan, to repay any loan funds he or she chooses to have disbursed.

The University may automatically use all or a portion of the student's post-withdrawal disbursement (including loan funds, if the student accepts them) for tuition, fees, and housing. For all other University charges, the University needs the student's permission to use the post-withdrawal disbursement. If the student does not give permission the student will not be offered the funds. However, it may be in one's best interest to allow the University to keep the funds to reduce the debt at the University.

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 program 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 program 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 of those funds to the lender.

The requirements for Title IV program 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 program funds that the University was required to return.