

Federal Student Aid – Return of Title IV Funds Policy

NOTE: This policy applies only to eligible US and eligible non-US citizens receiving Title IV funds.

The Higher Education Re-Authorization Act (HERA) of 1998 regulates the manner in which the University will process the return of Federal Title IV funds should a student be dismissed, withdraw or take a leave of absence while a term is in progress. The term “Title IV” refers to aid programs as authorized under the Higher Education Act of 1965 (as amended) and includes the following programs available at LAU:

Federal Stafford Student Loan – Unsubsidized
Federal Stafford Student Loan – Subsidized
Federal PLUS Loans

If a student is dismissed or withdraws before the first day of classes, all Title IV will be returned to the appropriate program. A withdrawal refers to a student terminating his or her studies at LAU.

The withdrawal date is the date the student officially informs the University of their intention to withdraw. In the absence of notification from the student, the last date the student attended will be used as the withdrawal date. If the last date of attendance cannot be determined, the University will assume a 50% attendance and use that date as the last day of attendance.

Regulations require LAU to perform calculations within 30 days from the date the official withdrawal or dismissal is determined. The University must return any unearned funds to the lender within 45 days of the calculation.

LAU is required to return any unearned amounts of Federal Title IV funds to the appropriate Federal program(s) if the student stops attending before 60% of the term is completed, as measured in days. Students who remain enrolled through more than 60% of the payment period (semester) are considered to have earned 100% of the aid received and will not owe a repayment of Federal Title IV funds.

Unearned Title IV funds must be returned to the appropriate program(s) in order to maintain aid eligibility for future enrollment periods. Any earned loan funds borrowed must be repaid according to the terms of the loan. Title IV aid is earned in a prorated manner on a per diem basis up to and including the 60% point in the semester. Title IV aid earned is calculated as follows:

$$\frac{\text{\# of days completed by student}}{\text{Total \# of days in semester}} = \% \text{ of semester completed}$$

Note: Calculation does not include scheduled breaks of at least five consecutive days or days in which the student was on an approved leave of absence.

The percentage of the semester completed is the percentage of Title IV aid earned by the student. The percentage of Title IV unearned & to be returned is determined by subtracting the percentage earned from 100%.

LAU Portion of Return of Title IV Funds

The amount of unearned aid that must be returned by LAU is a percentage of the allowable institutional charges for the term. Once the dollar amount of LAU's portion of the return is determined, it is compared to the total amount of all unearned aid. If LAU's portion is less than the total unearned aid, then LAU must return the amount of the University portion. If LAU's portion exceeds the total unearned aid, then LAU must return the amount of the total unearned aid.

Financial aid will be returned to the aid program from which it came, thus reducing outstanding loan balances. Returned Federal funds will be applied in the order listed below:

- 1st – Federal Stafford Student Loan – Unsubsidized
- 2nd – Federal Stafford Student Loan – Subsidized
- 3rd – Federal PLUS Loans

Student Portion of Return of Title IV Funds

The student portion of the return is calculated by subtracting the amount of LAU return from the total unearned aid. Any amount of the total unearned aid that remains after the University's portion is returned becomes the student portion of the return. This amount, if any, is repayable after the student leaves LAU as per the repayment terms and conditions attached to the applicable loan(s). The student will not be liable for these funds immediately upon withdrawal.

Post-Withdrawal Funds

If the Title IV aid amount disbursed to the student is less than the amount of Title IV earned, the difference is considered to be a post-withdrawal disbursement. Post-withdrawal eligibility can be used to credit outstanding charges on the student's tuition account. The University will notify the student and/or parent borrower of eligibility for a post-withdrawal disbursement. The student may decline the aid so that additional debt is not incurred.

Leave of Absences

LAU does not recognize or offer Leave of Absences. If a student leaves school it is considered a withdrawal.

Note

Students who withdraw from courses or the program receive a grade of "W" on their transcript. The grade is not factored in the qualitative aspect of Satisfactory Academic Progress (SAP) but is used in calculating the quantitative aspect of the Satisfactory Academic Progress standards and may affect the student's future eligibility for financial aid.