

Return of Title IV Funds (R2T4) Policy

Title IV funds are awarded to a student with the assumption that the student will attend school for the entire period for which the assistance is awarded. When a student begins attendance or withdraws prior to the planned ending date, the student may not be eligible for the full amount of Title IV funds. U.S. federal aid regulations mandate a Return to Title IV Funds (R2T4) calculation when a student receiving Title IV financial aid withdraws from the institution and the excess must be returned to the U.S Department of Education.

Tecnológico de Monterrey is an Institution that takes attendance. A student must be enrolled at least half time to receive Federal funds. After the student completes more than 60% of the payment period, the student has earned 100% of the scheduled Title IV funds. If a student never commences attendance for the payment period, the student is not and eligible student for Title IV funds and the direct loans funds must be returned.

The Institution has 45 days from the date it determined the student withdrew to return to the U.S. Department of Education all unearned funds for which the Institution is responsible. Following order will be follow:

1. Unearned Unsubsidized Direct Loans
2. Unearned Subsidized Direct Loans
3. Unearned Direct PLUS Loans

To determine how much of the loan may be retained and how much must be returned, Tecnológico de Monterrey will use an official form provided by the US Department of Education.

Example Given:

- Student **leaves after 30 days** in the first term of a two-term academic year.
- Total calendar days in the period: **100 days**
- Total Title IV Aid disbursed: **\$5,000**
 - Unsubsidized Direct Loan: \$2,000
 - Subsidized Direct Loan: \$3,000
- Percentage of payment period or period of enrollment completed: **30.0%**
(If this percentage is greater than 60%, 100% will be used)

$$\frac{30}{\text{completed days}} \div \frac{100}{\text{total days}} = 30.0\%$$

- Amount of Title IV Aid Earned by the Student:
*(Percentage of payment period * Total Title IV Aid earned)*

$$30.0\% * \$5,000 = \underline{\$1,500}$$

If the amount earned is less than the amount disbursed, a return to the Department is required. If the amount earned is greater than the amount disbursed, a Post-withdrawal disbursement is required.

- Aid to be disbursed or returned:
(Total Title IV Aid disbursed for the period – Title IV aid earned by the student)

$$\$5,000 - \$1,500 = \underline{\$3,500}$$

- Return of unearned aid, responsibility of the school:
 - Institutional charges for the period (Tuition, fees, etc.): \$12,000USD
 - Percentage of unearned Title IV aid: (100% - 30.0%) = 70.0%
 - Amount of unearned charges: (\$12,000 * 70.0%) = \$8,400USD.
 - Amount for school to return: ***Lesser amount between Amount of Title IV aid to be returned and Amount of unearned charges:***

- Amount of Title IV aid to be returned:	<u>\$3,500 USD</u>
- Amount of unearned charges:	\$8,400 USD

- Return of funds by the school: **\$3,500USD**
 - Unsubsidized Direct Loan: **\$2,000 USD**
 - Subsidized Direct Loan: **\$1,500USD**
- Initial amount of Unearned Title IV Aid Due from the student: ***(Amount of Title IV aid to be returned minus the amount for the school to return. If ≤ zero, R2T4 process is finished. If greater than zero, calculate “Repayment of the Student’s loans”***

○ Amount of Title IV aid to be returned:	\$3,500USD
○ Amount for the school to be returned:	<u>- \$3,500USD</u>
	\$0USD

- Repayment of the Student's loans: *(Net loans disbursed to the student minus the total loans the school must return)*
 - Net loans disbursed to the student: \$5,000USD
 - Total loans the school must return: -\$3,500USD
 - Student responsible for repaying** **\$1,500USD**

These loans consist of loans the student has earned or unearned loan funds the school is not responsible for repaying. They are repaid to the loan holders according to the terms of the borrower's promissory note.

Post-withdrawal disbursement (PWD)

If the student did not receive all of the funds that were earned, he or she may be due a post-withdrawal disbursement. Tecnológico de Monterrey will notify the student in writing if he/she is eligible for a post-withdrawal disbursement and must get his/her permission before it can disburse them. The student (or parent borrower) must confirm in writing whether he/she accepts or declines all or some of the loan funds offered as a post-withdrawal disbursement.

Post-withdrawal disbursement:

- Must be disbursed within 180 days of the ***Date of Determination*** *(the date the Institution determined the student withdrew)*.
- Cannot be a second or subsequent disbursement of a Direct Loan.
- Institution cannot make a late disbursement of a Direct Loan if the student was a first year, first-time borrower unless the student completed the first 30 days of the program or the school was not under that restriction.
- Must offer the student (or parent in the case of a PLUS) the PWD within 30 days of the Date of Determination and request confirmation that the PWD is accepted
- Must obtain authorization to pay for other than current charges.

Within 30 days of the Date of Determination, the school must notify the student (and parent in the case of a PLUS loan):

- And explain that the borrower may decline all or a portion of the loan disbursement.
- Request confirmation of any amount to be credited to the student's account or directly disbursed to the borrower.
- Explain the obligation to repay the loan.
- Specify a deadline of at least 14 days for required response/confirmation.

If the response is late, the school may decide to not disburse and must notify the borrower in writing. If no response from the borrower, no disbursement of the PWD – loan amount.



Institution's withdrawal policy

Official process

1. Students need to go to the Academic Improvement Department for an “exit interview” in order to know the reasons for their withdrawal and to see if the University can intercede in some way to support the permanence in the Institution.
2. If the withdrawal is still in process, the Academic Improvement Department informs the student that an authorization letter is required from the parent/guardian to complete the process. This letter must be delivered to CASA/Punto Azul. The Academic Improvement Department will send the authorization to the School Services Office to continue the process.
3. The School Services Office registers the student's request with the date on which the process was initiated in the Academic Improvement Department in the TAE (Electronic Academic Procedures) system.
4. Once the Institution has the written consent of the parent/guardian, the School Services Office activates the request of other authorizations for the withdrawal: Program Director, Treasury, Scholarships, Library and Sports.
5. By having all authorizations, the School Services Office concludes and authorizes the withdrawal process, records it in the system, and delivers all the original and official documents to the student.

Unofficial process

These cases can be identified through absenteeism in their classes. Teachers register a student's attendance in a computer system.

Students who have more than eighteen percent of absences from the class session attendance established for a course will be awarded the failing final grade EF (Excessive absences) and will be equivalent to a numerical grade of 1 (one) on a scale of 1 to 100, for grade average calculation purposes. An EF grade will be assigned by the School Services Office.

Tecnológico de Monterrey will use its official attendance records to determine the withdrawal date. This date will be used to determine the Earned and Unearned amounts of Title IV Funds from the Return of Title IV Funds calculation.

Last Date of Attendance

- If the student requests their official withdrawal, the last date of attendance is the day of their request and is registered as the official date in the system.
- For the students who withdraw during the semester without notice, the Institution identifies when the student stopped attending classes with the teacher's attendance record.

LOA (Leave of Absence)

The Student must follow the official withdrawal process and is asked to fill out a readmission application, indicating in which year or semester they plan to return. Original official documents are kept at the Institution. If the student does not return, the last date of attendance will be the day of their LOA request and it will be registered as the official date in the system.

Criteria for and approved Leave of Absence:

- Student request a LOA to the Office of the Registrar.
- Student completes the LOA application with the Office of the Registrar.
- Office of the Registrar and the Treasury Department review and approve the application (student is notified of the final decision).
- Academic Department updates the information in our Institution systems.
- Office of the registrar is notified that the process has been completed.

Tecnológico de Monterrey will follow the US Department of Education's requirements for returning funds alongside applying the Institution's Withdrawal and Financial Refund Policy

(To access our Institution's Refund Policy, click on: <http://tesoreria.mty.itesm.mx/cuotas.aspx> and go to "Devolución de Cuotas", on the left side Menu of the screen")