

Return of Financial Aid Funds Policy

If students completely withdraw from school during the semester, a portion of the total amount of federal Title IV aid disbursed to them must be returned to the financial aid programs. The portion that must be returned is based on the percentage of time the student remains enrolled in school. This procedure is based on the date of withdrawal.*

For example, students who remain enrolled for 10% of a semester will be eligible to keep 10% of the total Title IV aid disbursed to them. The balance (or 90%) must be returned to the Title IV Program(s). Students who remain enrolled for 60% or more of a semester will be eligible to keep 100% of the total Title IV aid disbursed to them.

When students withdraw,* the financial aid office will automatically use the students' 'institutional refund' as payment toward what must be returned to the Title IV programs. However, students may be required to repay a portion of the aid funds that were directly disbursed to them in the form of a residual check.

The student will be notified of and billed for any funds that must be repaid. Student loan funds are to be repaid according to the terms of the loan. Funds will be returned first to the Title IV loan program and then the Title IV grant programs in the following order:

- Unsubsidized Federal Stafford Loan
- Subsidized Federal Stafford Loan
- Federal PELL Grant
- Federal Supplemental Educational Opportunity Grant (FSEOG)
- The student

*KMBC is not required by an outside entity to take attendance but it is KMBC's policy to do so. Withdrawal date is defined as the actual date the student began the institution's withdrawal process, the student's last date of recorded attendance, or the midpoint of the semester for a student who leaves without notifying the institution. KMBC's Registrar will make final determination of withdrawal date.

Return of Title IV Funds Procedure

- Complete a R2T4 form for all Title IV recipients who withdraw during the semester.
 - Determine the percentage of the enrollment period completed by the student:
 - **Days attended/Days in payment period = percentage completed.**
 - Exclude breaks of 5 or more consecutive days.
 - Apply the percentage completed to the Title IV aid awarded to determine the student's eligibility for aid.
 - **Total aid disbursed x percentage completed = earned aid.**
 - Determine the amount of unearned aid to be returned to the Title IV programs.
 - **Total disbursed aid – earned aid = unearned aid.**
- Determine who is responsible to return the unearned aid – KMBC or Student
 - Notify student within 45 days of withdrawal if they must return aid. The student has 45

days from the date of notification to take action on the overpayment. If the student's portion of unearned Title IV funds included a federal grant, the student has to pay no more than 50% of the initial amount that the student is responsible for returning.

Immediate repayment of the unearned loan amount is not required because the student repays the loan to the lender according to the terms or conditions in the promissory note.

- Return KMBC's portion to the appropriate programs within 45 days after the date of
- KMBC's determination that the student withdrew in the following order:
 - Unsubsidized Federal Stafford Loan
 - Subsidized Federal Stafford Loan
 - Federal PELL Grant
 - Federal Supplemental Educational Opportunity Grant (FSEOG)

Post Withdrawal Disbursements

- If it is determined that a student had earned Title IV funds which had not yet been disbursed to them they are offered a post-withdrawal disbursement.
- Any post-withdrawal disbursement must be made within 180 days of the student's official withdrawal date.
- KMBC must disburse any amount of a post-withdrawal disbursement of grant funds that is not credited to the student's account as soon as possible but no later than 180 days after the date the student's official withdrawal date
- A post-withdrawal disbursement of Title IV grants does not require permission from the student. A student's permission is not required to credit a student's account with the post-withdrawal distribution for current charges for tuition, fees, and room and board up to the amount of the outstanding charges. However, the student's authorization must be obtained before crediting the account for charges other than current charges (KMBC Title IV Authorization Form)
- Written notification must be sent to the student or parent (for parent PLUS loans) within thirty days of the student's official withdrawal date and confirmation received before making any post-withdrawal disbursement of loan funds. The notification must include:
 - A request for confirmation
 - A confirmation deadline of 14 days or more
 - The type and amount of the loan funds it wishes to credit to the student's account or disburse directly
 - An option to accept or decline the post-withdrawal disbursement
 - A notice of obligation to repay the loan funds
 - A notice that the student or parent may not receive as a direct disbursement loan funds that KMBC wishes to credit to the student's account unless KMBC agrees to do so.
- A post-withdrawal disbursement must be made from available grant funds before available loans funds

Title IV Credit Balances

- Title IV credits are placed on hold once the institution determines that a student has withdrawn. Any Title IV credit remaining after the R2T4 calculation and resulting adjustments must be paid to the student within 14 days of the calculation

Return of Non-Federal Funds

- Endowment Scholarships/Grants will be lost if semester is not finished or student drops below full time.
- The Turner Scholarship has to be returned if received after student withdraws. If a student drops below full-time the Financial Aid Director calls the Turner Foundation (Leslie Warrix, Director at 606-666-9366) to ask if funds should be returned.