



### **Return of Title IV Funds due to withdrawal from the Academy**

Federal Regulations, 34 CFR 668.22 require schools to calculate the amount of Federal financial aid earned by students who withdraw from an institution. This calculation, Return to Title IV (R2T4), must be performed for students who follow the school's official withdrawal procedures and those who leave without official notification, i.e. "unofficial" withdrawals.

The purpose of R2T4 is to return to the Federal financial aid programs any aid that is "unearned" by the student. These funds are returned FIRST by the institution and SECOND by the student/parent. The philosophy behind the order of return of funds is since aid is disbursed to meet institutional charges – the campus had control over these funds. Funds disbursed to the student to meet other educationally related expenses are not under the control of the institution.

Upon a financial aid recipient's withdrawal from the Academy, Cal Maritime is required by the federal government to calculate, collect, and return a portion of federal financial aid grant or loan funds received by the student if the student has not completed 60% of the number of days in the complete courses taken.

The Student Records Office assigns the official date of withdrawal. The portion of the financial aid to be returned is determined by the percentage of financial aid not earned by the student. The percentage of unearned aid is calculated using this formula: divide the total number of calendar days in the semester not completed by the student by the total number of calendar days in the semester.

Please note: if the student withdraws without notifying the Cal Maritime, the withdrawal date is the midpoint of the semester. As a result, some funds received may have to be repaid.

Unearned funds are credited to outstanding federal loan balances and grant programs in the following priority order:

1. Unsubsidized Stafford Loans
2. Subsidized Stafford Loans
3. Perkins Loans
4. PLUS Loans
5. Pell Grant
6. FSEOG
7. Other Title IV aid for which return is required

### **Treatment of Unearned Title IV Aid**

If the amount of Title IV aid earned is less than the amount disbursed as of the date the student withdrew, the difference is the amount of unearned aid that must be returned to the Title IV programs by Cal Maritime, the student, or both.

### **School Share**

Cal Maritime must return the Title IV funds for which it is responsible no later than 45 days after the date of the determination of the date of the student's withdrawal.

## Student Share

The student's share is the difference between the total unearned aid and Cal Maritime's share. Cal Maritime must notify the student of any unearned funds for which they are responsible for repaying within 30 days of the date the school determined the student withdrew.

If unearned grant funds are to be returned it is referred to as an overpayment. Unearned portions of Title IV grant aid due from the student will be repaid to the federal accounts by Cal Maritime and **will be charged to the student's account.**

If direct loan funds must be returned, the student must repay the funds according to the terms of the promissory note.

## Post-Withdrawal Disbursements

A student may be due a post-withdrawal disbursement if the amount of Title IV funds earned is more than the amount disbursed at the time they withdrew.

If a student has an outstanding balance on their account for current award year charges for tuition, Cal Maritime may automatically credit a post-withdrawal disbursement of grant funds to the student's account.

If a student does not have an outstanding balance on their account or the amount of the post-withdrawal disbursement is greater than the balance, Cal Maritime must directly deliver any grant portion of the post-withdrawal disbursement to the student within 45 days of the date of the school's determination the student withdrew.

If the post-withdrawal disbursement includes loan funds, Cal Maritime may not credit the student's account and the borrower may not receive the proceeds as a direct disbursement without first notifying the borrower and confirming they still wish to receive the loan disbursement. Cal Maritime must send the notification within 30 days of the school's determination that the student withdrew and allow the borrower at least 14 days to respond. A student may choose to decline some or all the loan proceeds to reduce indebtedness. If no response is received within 14 days of notification, the loan will be cancelled.

## Credit Balances When a Student Withdraws

If after the Return to Title IV funds and the institutional refund calculations are applied to the student's account and a credit balance results, the credit balance will be disbursed as soon as possible but no later than 14 days after the date of the Return to Title IV calculation is performed.

Cal Maritime does not have the authority to waive or write off the required repayment, regardless of the reason for the withdrawal, including extenuating circumstances such as illness, accident, or grievous personal loss. When a student leaves Cal Maritime during a term, the State University Grant and some scholarships may be prorated.