

## RETURN OF TITLE IV, HEA POLICY

When you apply for financial aid, you sign a statement that you will use the funds for educational purposes only. Therefore, if you withdraw before completing your program, a portion of the funds you received may have to be returned. American Beauty Schools will calculate the amount of tuition to be returned to the Title IV, HEA Federal fund programs according to the policies listed below.

## RETURN TO TITLE IV FUNDS POLICY

This policy applies to students' who **withdraw official, unofficially or fail to return from a leave of absence or dismissed from enrollment** at American Beauty Schools. It is separate and distinct from the American Beauty Schools refund policy. (Refer to institutional refund policy)

The calculated amount of the Return of Title IV, HEA (R2T4) funds that are required for the students affected by this policy, are determined according to the following definitions and procedures as prescribed by regulations.

The amount of Title IV, HEA aid earned is based on the amount of time a student spent in academic attendance, and the total aid received; it has no relationship to student's incurred institutional charges. Because these requirements deal only with Title IV, HEA funds, the order of return of **unearned** funds do not include funds from sources other than the Title IV, HEA programs.

Title IV, HEA funds are awarded to the student under the assumption that he/she will attend school for the entire period for which the aid is awarded. When student withdraws, he/she may no longer be eligible for the full amount of Title IV, HEA funds that were originally scheduled to be received. Therefore, the amount of Federal funds earned must be determined. If the amount disbursed is greater than the amount earned, unearned funds must be returned.

The institution has 45 days from the date that the institution determines that the student withdrew to return all unearned funds for which it is responsible. The school is required to notify the student if they owe a repayment via written notice.

The school must advise the student or parent that they have 14 calendar days from the date that the school sent the notification to accept a post withdraw disbursement. If a response is not received from the student or parent within the allowed time frame or the student declines the funds, the school will return any earned funds that the school is holding to the Title IV, HEA programs.

### **"Official" Withdrawal from the School**

A student is considered to be “Officially” withdrawn on the date the student notifies the Financial Aid Director or School Director in writing of their intent to withdraw. The date of the termination for return and refund purposes will be the earliest of the following for official withdrawal:

1. Date student provided official notification of intent to withdraw, in writing or orally.
2. The date the student began the withdrawal from American Beauty Schools records. A student is allowed to rescind his notification in writing and continue the program. If the student subsequently drops, the student’s withdrawal date is the original date of notification of intent to withdraw.

Upon receipt of the official withdrawal information, American Beauty Schools will complete the following:

1. Determine the student’s last date of attendance as of the last recorded date of academic attendance on the school’s attendance record;
2. Two calculations are performed:
3. The student’s ledger card and attendance record are reviewed to determine the

calculation of Return of Title IV, HEA funds the student has earned, and if any, the amount of Title IV funds for which the school is responsible. Returns made to the Federal Funds Account are calculated using the Department’s Return of Title IV, HEA Funds Worksheets, scheduled attendance and are based upon the payment period.

1. Calculate the school’s refund requirement (see school refund calculation):
2. The student’s grade record will be updated to reflect his/her final grade.
3. American Beauty Schools, will return the amount for any unearned portion of the Title IV funds for which the school is responsible within 45 days of the date the official notice was provided.
4. The school will provide the student with a letter explaining the Title IV, HEA requirements:
5. The amount of Title IV assistance the student has earned. This amount is

based upon the length of time the student was enrolled in the program based on scheduled attendance and the amount of funds the student received.

1. Any returns that will be made to the Title IV, HEA Federal program on the student’s behalf as a result of exiting the program. If a student’s scheduled attendance is more than 60% of the payment period, he/she is considered to have earned 100% of the Federal funds received for the payment period. In this case, no funds need to be returned to the Federal funds.

1. Advise the student of the amount of unearned Federal funds and tuition and fees that the student must return, if applicable.

6. Supply the student with ledger card record noting outstanding balance due to the school and the available methods of payment. A copy of the completed worksheet,

check, letter and final ledger card will be kept in the student's file.

In the event a student decides to rescind his or her official notification to withdraw, the student must provide a signed and dated written statement that he/she is continuing his or her program of study, and intends to complete the payment period. Title IV, HEA assistance will continue as originally planned. If the student subsequently fails to attend or ceases attendance without completing the payment period, the student's withdrawal date is the original date of notification of intent to withdraw.

### **Unofficial Withdrawal from School**

In the event that the school unofficially withdraws a student from school, the School Director and/or Admissions Director must complete the Withdrawal Form using the last date of attendance as the drop date.

Any student that does not provide official notification of his or her intent to withdraw and is absent for more than 10 consecutive school days (14 calendar days), will be subject to termination and considered to have unofficially withdrawn.

Within one week of the student's last date of academic attendance, the following procedures will take place:

1. The education office will make three attempts to notify the student regarding his/her enrollment status;
2. Determine and record the student's last date of attendance as the last recorded date of academic attendance on the attendance record;
3. The student's withdrawal date is determined as the date the day after 10 consecutive school days (14 calendar days) of absence;
4. Notify the student in writing of their failure to contact the school and attendance status resulting in the current termination of enrollment;
5. American Beauty Schools, calculates the amount of Federal funds the student has earned, and, if any, the amount of Federal funds for which the school is responsible.
6. Calculate the school's refund requirement (see school refund calculation);
7. American Beauty Schools, Executive Financial Director will return to the Federal fund programs any unearned portion of Title IV funds for which the school is responsible within 45 days of the date the withdrawal determination was made and note return on the student's ledger card.
8. If applicable, American Beauty Schools, will provide the student with a

refund letter explaining Title IV requirements:

1. a) The amount of Title IV aid the student has earned based upon the length of time the student was enrolled and scheduled to attend in the program and the amount of aid the student received.
  1. b) Advise the student in writing of the amount of unearned Title IV aid and tuition and fees that he/she must return, if applicable.
  1. c) Supply the student with a final student ledger card showing outstanding balance due the school and the available methods of payment.
9. A copy of the completed worksheet, check, letter, and final ledger card will be kept in the student's file.

### **Disbursement Restrictions – 30 Day, First time, First Year Undergraduate Students**

There are some Title IV, HEA funds that you were scheduled to receive that cannot be disbursed to you once you withdraw because of other eligibility requirements.

For example, if you are a first-time, first-year undergraduate student and you have not completed the first 30 days of your program before you withdraw, you will not receive any Direct Loan funds that you would have received had you remained enrolled past the 30th day.

### **Earned AID:**

Title IV, HEA aid is earned in a prorated manner on a per diem basis (clock hours) up to the 60% point in the payment period. Title IV, HEA aid is viewed as 100% earned after that point in time. A copy of the worksheet used for this calculation can be requested from the financial aid director.

### **Withdraw Before 60%**

The institution must perform a R2T4 to determine the amount of earned aid through the 60% point in each payment period or period of enrollment. The institution will use the Department of Education's prorate schedule to determine the amount of the R2T4 funds the student has earned at the time of withdraw.

### **Withdraw After 60%**

After the 60% point in the payment period or period of enrollment, a student has earned 100% of the Title IV, HEA funds he or she was scheduled to receive during this period. The institution must still perform a R2T4 to determine the amount of aid that the student has earned.

American Beauty Schools measures progress in Clock Hours, and uses the payment period for the period of calculation.

### **The Calculation Formula:**

Determine the amount of Title IV, HEA aid that was disbursed plus Title IV, HEA aid that could have been disbursed.

Calculate the percentage of Title IV, HEA aid earned:

1. Divide the number of clock hours scheduled to be completed in the payment period as of the last date of attendance in the payment period by the total clock hours in the payment period.

HOURS SCHEDULED TO COMPLETE

TOTAL HOURS IN PERIOD = % EARNED

1. If this percentage is greater than 60%, the student earns 100%.

1. If this percent is less than or equal to 60%, proceeds with calculation.

Percentage earned from (multiplied by) Total aid disbursed, or could have been disbursed = AMOUNT STUDENT EARNED.

Subtract the Title IV aid earned from the total disbursed = AMOUNT TO BE RETURNED.

100% minus percent earned = UNEARNED PERCENT

Unearned percent (multiplied by) total institutional charges for the period = AMOUNT DUE FROM THE SCHOOL.

If the percent of Title IV aid disbursed is greater than the percent unearned (multiplied by) institutional charges for the period, the amount disbursed will be used in place of the percent unearned.

If the percent unearned (multiplied by) institutional charges for the period are less than the amount due from the school, the student must return or repay one-half of the remaining unearned Federal Pell Grant.

Student is not required to return the overpayment if this amount is equal to or less than 50% of the total grant assistance that was disbursed /or could have been disbursed. The student is also not required to return an overpayment if the amount is \$50 or less.

American Beauty Schools will issue a grant overpayment notice to student within 30 days from the date the school's determination that student withdrew, giving student 45 days to either:

1. Repay the overpayment in full to American Beauty Schools or Sign a repayment agreement with the U.S. Department of Education.

### **Order of Return**

American Beauty Schools is authorized to return any excess funds after applying them to current outstanding Cost of Attendance (COA) charges. A copy of the Institutional R2T4 work sheet performed on your behalf is available through the office upon student request.

In accordance with Federal regulations, when Title IV, HEA financial aid is involved, the calculated amount of the R2T4 Funds" is allocated in the following order:

- Unsubsidized Direct Stafford loans (other than PLUS loans)
- Subsidized Direct Stafford loans
- Parent Plus loans – received on behalf of the student
- Direct PLUS loans – received on behalf of the student
- Federal Pell Grants for which a Return is required
- Iraq and Afghanistan Service Grant for which a Return is required –
- Federal Supplemental Educational Opportunity Grant
- Other Title IV, HEA assistance

### **Timeframe for Returning of Title IV, HEA funds:**

A school must return the amount of Title IV funds for which it is responsible as soon as possible but no later than 45 days after it determines or should have determined that the student withdrew.

### **Post-Withdrawal Disbursement**

If you did not receive all of the funds that you earned, you may be due a post-withdrawal disbursement. If your post-withdrawal disbursement includes loan funds, your school must get your permission before it can disburse them. You may choose to decline some or all of the loan funds so that you don't incur additional debt. Your school may automatically use all or a portion of your post-withdrawal disbursement of grant funds for tuition, fees, and room and board charges (as contracted with the school).

The school needs your permission to use the post-withdrawal grant disbursement for all other school charges. If you do not give your permission (some schools ask for this when you enroll), you will be offered the funds. However, it may be in your best interest to allow the school to keep the funds to reduce your debt at the school.

### **Timeframe for post- withdrawal disbursement of Title IV, HEA funds**

A school must offer any post-withdrawal disbursement of loan funds within 30 days of the date the school determined the student withdrew. A school must always return any unearned Title IV funds it is responsible for returning within 45 days of the date the school determined the student withdrew.

A school must disburse any Title IV grant funds a student is due as part of a post-withdrawal disbursement within 45 days of the date the school determined the student withdrew and disburse any loan funds a student accepts within 180 days of the date the school determined the student withdrew.

### **Time frame for returning an unclaimed Title IV, HEA credit balance**

If a school attempts to disburse the credit balance by check and the check is not cashed, the school must return the funds no later than 240 days after the date the school issued the check.

If a check is returned to a school or an EFT is rejected, the school may make additional attempts to disburse the funds, provided that those attempts are made not later than 45 days after the funds were returned or rejected. When a check is returned or EFT is rejected and the school does not make another attempt to disburse the funds, the funds must be returned before the end of the initial 45-day period.

The school must cease all attempts to disburse the funds and return them no later than 240 days after the date it issued the first check.

### **Institution Responsibilities in regards to return of Title IV, HEA funds**

American Beauty Schools' responsibilities in regards to Title IV, HEA funds follow:

- Providing students information with information in this policy;
- Identifying students who are affected by this policy and completing the return of Title IV, HEA funds calculation for those students;

Returning any Title IV, HEA funds due to the correct Title IV, HEA programs.

The institution is not always required to return all of the excess funds; there are situations once the R2T4 calculations have been completed in which the student must return the unearned aid.

### **Overpayment of Title IV, HEA Funds**

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Any amount of unearned grant funds that you must return is called overpayment. The amount of grant overpayment that you must repay is half of the grant funds you received or were scheduled to receive. You must make arrangement with American Beauty Schools or Department of Education to return the amount of unearned grant funds.

### **Student Responsibilities in regards to return of Title IV, HEA funds**

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Returning to the Title IV, HEA programs any funds that were dispersed to the student in which the student was determined to be ineligible for via the R2T4 calculation.

Any notification of withdraw should be in writing and addressed to the appropriate institutional official.

A student may rescind his or her notification of intent to withdraw. Submissions of intent to rescind a withdraw notice must be filed in writing.

Either these notifications, to withdraw or rescind to withdraw must be made to the official records/registration personal at your school.

### **Refund vs. Return to Title IV, HEA Funds**

The requirements for the Title IV, HEA program funds when you withdraw are separate from any refund policy that American Beauty Schools may have to return to you due to a cash credit balance. Therefore, you may still owe funds to the school to cover unpaid institutional charges. American Beauty Schools may also charge you for any Title IV, HEA program funds that they were required to return on your behalf.

If you do not already know what American Beauty Schools refund policy is, you may ask your Schools Director for a copy.

### **Return to Title IV, HEA questions?**

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If you have questions regarding Title IV, HEA program funds after visiting with your financial aid director, you may call the Federal Student Aid Information Center at 1-800-4-fedaid (800-433-3243). TTY users may call 800-730-8913. Information is also available on student aid on the web [www.studentaid.ed.gov](http://www.studentaid.ed.gov).



**\*This policy is subject to change at any time, and without prior notice.**