



FAFSA US LOANS:

Withdrawing and return to Title IV policy

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Introduction

Title IV funds are awarded to students on the assumption that they will attend EHL Hospitality business School (EHL) for the entire period for which the aid is awarded. When students cease attendance (for personal or academic reasons) prior to the planned end date, they may not be eligible for the full amount of Title IV funds they were scheduled to receive.

If a student who receives Title IV loans withdraws, takes unapproved intermission (unapproved leave of absence), or intermits (takes a leave of absence) for a period more than 180 days, or drops below 60 % attendance, EHL is required by US regulations to complete a Return to Title IV (R2T4) calculation and arrange for any unearned loan funds to be returned to the US Dept. of Education.

A student who receives US federal aid and withdraws from EHL may have to repay the financial aid received in full or in part. The repayment will be calculated according to the withdrawal date and the type and amount of financial aid awarded.

The Return of Title IV Funds Policy is based on the concept that the financial aid earned is calculated on a pro-rata basis of school attendance. The percentage of aid earned is equal to the percentage of the payment period (PP) or the completed period of enrolment (POE).

If EHL has disbursed more aid than the students have earned, Title IV aid must be returned to the school.

If EHL has disbursed less Title IV aid than the students have earned, a post-withdrawal disbursement (PWD) will be calculated and will have to be given.

Earned and unearned Title IV Aid

EHL is required to determine the earned and unearned portions of Title IV aid as of the date the student ceased attendance based on the amount of time he was scheduled to be in attendance according to the rules of a clock-hour program. **Up through the 60%** point in each payment period or period of enrollment, a pro rata schedule is used to determine the amount of Title IV funds the student has earned at the time of withdrawal. **After the 60% point** in the payment period or period of enrollment, a student has earned 100% of the Title IV funds the student was scheduled to receive during the period.

For a student who withdraws after the 60% point-in-time, there are no unearned funds. However, EHL must still determine whether the student is eligible for a post-withdrawal disbursement (PWD).

Withdrawal Date and Date of determination

withdrawal date

The withdrawal date will be the earliest date that the school has been notified by the students of their intention to withdraw. The date of EHL's determination that the student withdrew varies depending on the type of withdrawal (official or unofficial).

Students must inform EHL's Finance Office of any withdrawal from their studies as soon as possible. Students withdrawing, for any reason, from all or part of their courses may be required to repay a portion or all the US Federal Aid received for the award year.

Official withdrawal

An official withdrawal is one where students follow the student directives by informing the student affairs department of their decision.

Unofficial withdrawal

An unofficial withdrawal is one where a student withdraws without providing notification. EHL, that is not required to take attendance must determine the withdrawal date **no later than 30 days after the end of the earlier of** (1) the payment period or the period of enrollment (as applicable), (2) the academic year, or (3) the students educational.

Re-entry within 180 days

Students who withdraw from their program can resume their studies in an HES-SO Program by going through the admissions process again.

If the student re-enters within 180 days, he will be treated as if he did not cease attendance for purposes of determining his aid award for the period. This arrangement is like a Leave of Absence (LOA), and the time frame is consistent with the maximum 180 days allowed for an approved LOA in the return regulations.

Official Leave of Absence (LOA)

An official Leave of Absence (LOA) is one where students follow the student directives by informing the student affairs department of their decision. All requests for an LOA must be submitted in writing, signed, and dated to the Finance department.

The number of days on an approved LOA may not exceed 180 days within a 12-month period. Above this maximum, the R2T4 calculation will be made to return the funds. This may affect the student loan repayment grace period.

The Title IV loans remain in “in-school” status for the period of the Leave of Absence. When a student does not return from a Leave of Absence, part or all the grace periods could be used, impacting when a student will go into repayment.

Unapproved intermission (unapproved leave of absence)

If students cannot resume their education at the point they left off before they went on intermission (leave of absence) the period cannot be counted as intermission (leave of absence) for Title IV purposes. Instead, US regulations relating to Title IV require that EHL treats this as a withdrawal and uses the date the change in enrolment began to update a student’s enrolment on NSLDS (National Student Loan Data System) to withdraw.

- If students **never commence attendance** for the payment period (PP) or period of enrolment (POE), or students enroll in courses but never actually started classes, they are not eligible for Title IV funds. Therefore, the US loans will be cancelled and returned in full to Title IV.

- When students **fail all their courses or are in definitive failure**, all the loans not yet disbursed will be returned to Title IV.

The detailed student withdrawal and leave of absence procedures are included in the student directives and in the BOSC & AP Rules and Regulations.

When considering US Federal loans, EHL is classed as a non-attendance taking institution. Therefore, it is possible that the withdrawal date and the **date of determination** will not necessarily be the same.

Date of determination for official withdrawal process.

· If a student begins the official withdrawal process or provides official notification to EHL of his or her intent to withdraw, the date of EHL’s determination that the student withdrew would be the date the student began the official withdrawal process or the date of the student’s notification, whichever is later.

· If a student did not begin the official withdrawal process or provide notification of his or her intent to withdraw, the date of EHL’s determination that the student withdrew would be the date that EHL becomes aware that the student ceased attendance.

Date of determination for non-official withdrawal process.

- For a student who withdraws, without providing notification, from EHL that is not required to take attendance, EHL must determine the withdrawal date **no later than 30 days after the end of the earlier of** (1) the payment period or the period of enrollment (as applicable), (2) the academic year, or (3) the student's educational program.

Importance of date of determination

As noted, the date of EHL's determination that the student withdrew is not necessarily the same as a student's withdrawal date. A student's withdrawal date is used to determine the percentage of the payment period or period of enrollment completed and, therefore, the amount of aid a student has earned. The date of the institution's determination that the student withdrew is used in the following circumstances:

- EHL must offer any amount of a post-withdrawal disbursement that is not credited to the student's account within 30 days of the date of determination.
- If the student or parent submits a timely response that instructs EHL to make all or a portion of a Direct Loan post-withdrawal disbursement, EHL must disburse the funds within 180 days of the date of determination.
- EHL must document a student's withdrawal date and maintain the documentation as of the date of determination.
- If EHL is collecting an overpayment, EHL must require repayment of the full amount of the overpayment within two years of the date of determination.
- EHL must return the amount of Title IV funds for which it is responsible no later than 45 days after the date of determination.

Post-withdrawal disbursement

If students have not received all the funds to which they were entitled (e.g. the balance is negative), they may qualify for a post-withdrawal disbursement. In this case, EHL would contact the students and arrange for a post-withdrawal disbursement to be made by bank transfer to the students. When this disbursement includes loan funds, the corresponding amount reclaimed may be declined by EHL's Finance Office to avoid additional debts arising.

EHL may use all or part of the student post-withdrawal disbursement, including loans, to cover debts owed by students to EHL.

If Title IV loan funds are part of the post-withdrawal disbursement, then it must be made within 180 days of the date of determination. It cannot be a second or subsequent disbursement of a

direct Loan. EHL will not 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.

EHL will provide written notification about the post-withdrawal disbursement within 30 days of the date of determination to the student (or parent in the case of a PLUS) and request confirmation that the post-withdrawal disbursement is accepted. Student (or parent) confirmation is required within 14 days of written notification. Disbursement of funds directly to the student will be made as soon as possible, but no later than 45 calendar days after the date of determination. Disbursement as credit to the account will be made within 180 days of the date of determination.

Post-Withdrawal Disbursements are determined through the R2T4 process and will be only relevant to students where there have been multiple disbursements within a payment period.

Credit Balance Refund

Any credit balance refund for withdrawn students must be put on hold until the R2T4 (Return to Title IV) is calculated. The regulatory timeframe for any credit balance resets to 14 days from the day we perform the R2T4 calculation. A student 'earns' aid daily and if a student withdraws any 'unearned' aid for that payment period will need to be returned to the US Dept. of Education. EHL is required to perform a R2T4 calculation within 30 days from the date of determination and will notify affected students of any earned Direct Loan funds that have not been disbursed. Once the calculation has been completed the student will be informed of the amount to be returned. Arrangements will be put in place to return any designated to the students' loan(s) with the US Dept. of Education.

EHL will also inform NSLDS (National Student Loan Data System) of the withdrawal, which will trigger all loans going into repayment.

Loans must be repaid by the loan borrower as described in the corresponding contract.

Institutional Charges

Institutional charges are used to determine the portion of unearned Title IV aid that EHL is responsible for returning. EHL must ensure that all appropriate fees, as well as applicable charges for books, supplies, materials, and equipment, are included in Step 5 of the R2T4 calculation. Institutional charges do not affect the amount of Title IV aid earned by a student who withdraws.

The institutional charges used in the calculation usually are the charges that were initially assessed by the student for the entire payment period or period of enrollment as applicable. Initial charges may only be adjusted by those changes EHL made prior to the students' withdrawal (for example, for a change in enrollment status unrelated to the withdrawal).

If EHL treats a waiver as a payment of tuition and fees that have been charged to a student, then the waiver is considered estimated financial assistance, and the full amount of the tuition and fees must be included in Step 5 of the R2T4 calculation. On the other hand, if the student is never assessed the full charges, the waiver is not considered to be financial aid, and only the actual charges would be included in the R2T4 calculation.

R2T4-Calculation

The percentage of the funds that will have to be returned is calculated by EHL's Finance Office according to the R2T4 worksheet provided by the US Dept. of Education. The following elements are used to make the calculation:

Step 1: Student's Title IV Aid Information

EHL fills in the amount of each type of Title IV aid that was disbursed and that could have been disbursed on the worksheet.

Step 2: Percentage of Title IV Aid Earned

The percentage of Title IV aid earned is determined at EHL with the clock-hour program withdrawals

- Determine date of student's withdrawal (date of determination)
- Calculate percent of period completed. If the day the student withdrew occurs before the student completed more than 60% of the payment period or period of enrolment, the percentage earned is equal to the percentage of the payment period or period of enrolment completed. If the day the student withdrew occurs after the student has completed more than 60% of the payment period or period of enrolment, the percentage earned is 100%.

Step 3: Amount of Title IV Aid Earned by the Student

· Determine amount earned by applying percent completed to total of amounts disbursed and amounts that could have been disbursed. The amount of Title IV aid earned by the student is determined by multiplying the percentage of Title IV aid earned (Box H on the worksheet) by the total of Title IV program Aid disbursed plus the Title IV aid that could have been disbursed to the student or on the student's behalf (Box G on the worksheet).

Step 4: Total Title IV Aid to be Disbursed or Returned

· Return unearned funds to Title IV programs or pay students post-withdrawal disbursement (PWD). If a PWD is due, EHL will stop at Step 4 (Box J on the worksheet). Since EHL must keep written records of the post-withdrawal disbursement process, we will use the Department's post- withdrawal disbursement tracking sheet to track the handling of PWDs.

Step 5: Amount of Unearned Title IV Aid due from the school

· Determine Title IV overpayment, if any, by subtracting the financial aid earned from the amount of financial aid disbursed. The difference will be returned to the Title IV funds. EHL must return the lesser of the amount of Title IV funds that the student does not earn (Box K on the worksheet), or the amount of institutional charges that the student incurred for the payment period or period of enrollment multiplied by the percentage of funds that was not earned (Box N on the worksheet).

Step 6: Return of Title IV Funds by the School Order of the return of Title IV Funds

Title IV Funds will be returned according to the type of aid disbursed in the following order:

- 1. Federal Direct Unsubsidized loan
- 2. Federal Direct Subsidized loan
- 3. Federal PLUS (Graduate or Parent) loan

Step 7: Initial Amount of Unearned Title IV Aid Due from the Student

The initial amount of unearned Title IV aid due from the student (or parent, for Direct PLUS Loan funds) (Box Q on the worksheet) is determined by subtracting the amount returned by the school (Box O on the worksheet) from the total amount of unearned Title IV funds to be returned (Box K on the worksheet).

Step 8: Repayment of Student Loans

The student loans that remain outstanding (Box R on the worksheet) consist of the loans disbursed to the student (Box B on the worksheet) minus any loans the school repaid in Step 6 (Box P on the worksheet). These outstanding loans are repaid by the student according to the terms of the student's promissory note(s).

For the purposes of the R2T4 calculation, the date of determination is defined according to the rules of a non-attendance taking school as defined above. The date of determination is counted as a completed day.

calculation formula

$$\text{Financial aid disbursed} - \left(\frac{\text{\# of days in attendance}^*}{\text{\# of days in the PP or the POE}^*} \times \text{financial aid disbursed} \right) = \text{R2T4}$$

* Institutionally scheduled breaks of 5 or more consecutive days are excluded from both the numerator and the denominator of the R2T4 calculation. Breaks of less than 5 consecutive days are not excluded, rather included in the R2T4 calculation.

EHL's Finance Office must notify the students concerned within 30 days and return the Title IV funds within 45 days of the calculation date. In case students receive too much US federal aid, the students' repayment obligation is calculated by EHL's Finance Department after having determined the share owed by the school.

The Return of Title IV Funds Policy is separate from EHL's refund policy as defined in the Student Directives. Therefore, students may still owe funds to EHL to cover unpaid institutional charges. If EHL is required to return funds to a Title IV program, it will do so as specified by the law that governs US Federal Aid. The funds repaid by EHL will then be billed to the students. If deemed necessary, EHL reserves the right to turn over the outstanding invoice to a collection agency.

EHL's Finance Office will notify students in writing of any amounts owed to a Title IV Program.

Verification and R2T4

The FAFSA form is the only form students must fill out to apply for Title IV aid. EHL cannot require extra information from students except for verification or resolution of conflicting information. However, a school may require additional information for other purposes, such as packaging private or institutional aid

Because students sometimes make errors on their application, there is a process for verifying applications and making corrections. The Central Processing System (CPS) selects which applications are to be verified, but EHL also has the authority to verify additional students.

The US Department of Education establishes deadlines for the submission of required verification documents that apply to all Title IV programs.

The application processing cycle lasts 21 months. For the 2021-2022 award year, applications are accepted beginning October 1, 2020, and will be accepted through June 30, 2022. For these deadlines, the date the CPS processed the ISIR transaction is the date EHL received the ISIR.

When EHL must complete an R2T4 calculation for a student subject to verification the following rules apply:

- EHL must offer any post-withdrawal disbursement of loan funds within 30 days of the date the school determined the student withdrew.
- EHL 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.
- When EHL cannot meet the 30-day deadline because verification is not complete, it will need to do a new R2T4 calculation once verification is complete and offer any funds as soon as possible.
- EHL must provide the student or parent a 14-day response period for post-withdrawal disbursements of Direct Loan funds.

When a student is selected after receiving a disbursement the following rules apply:

- A student who received a disbursement based on a valid ISIR/ SAR not selected for verification might be selected for verification on a subsequent transaction.
- If the student is no longer in attendance when selected, will not reenrol for the award year, and no further disbursements will occur, EHL is not required to perform verification.

when a student is selected for verification after withdrawing, the following rules apply:

- If the student does not intend to reenrol for the award year and no further disbursements will be made, EHL is not required to complete verification.
- If EHL chooses not to complete verification, it does not have to return funds disbursed before the student withdrew, but it cannot make any post-withdrawal disbursements to the student (unless verification is completed).

- If EHL does not complete verification prior to the R2T4 deadline, EHL must perform the calculation based on the Title IV aid not subject to verification that was disbursed and could have been disbursed when the student withdrew and must return whatever the results indicate.
- If EHL completes verification, it must recalculate the student's aid eligibility based on the verified EFC and take the following actions as applicable.
- If the recalculation results in a reduction of aid eligibility, the student is responsible for resolving any overpayment of Title IV grant funds. EHL follows the rules that apply to overpayments that are a student's responsibility.

When verification is completed before the R2T4 deadlines, the following rules apply:

- EHL must offer any post-withdrawal disbursement of loan funds within 30 days of the date of EHL's determination that the student withdrew and return any unearned funds and make a post-withdrawal disbursement of grant funds within 45 days of that date.
- If a student provides all documents required for verification after withdrawing but before the verification submission deadline, and in time for EHL to meet the 30-day R2T4 deadline, EHL performs the R2T4 calculation including all Title IV aid for which the student has established eligibility as a result of verification and for which the conditions of a late disbursement had been met prior to the student's loss of eligibility due to withdrawal.

When verification is completed after the R2T4 deadlines, the following rules apply:

- If, before the verification deadline but after EHL has completed the R2T4 calculation, a student provides all the documentation required for verification, EHL must perform a new R2T4 calculation including, as aid that could have been disbursed all Title IV aid for which the student has established eligibility based upon verification and for which the conditions of a late disbursement have been met prior to the student's loss of eligibility due to withdrawal.

When verification is not completed, the following rules apply:

- If a student who has withdrawn does not provide the required documents in time for EHL to complete the verification process and meet the R2T4 deadlines noted previously, EHL includes in the R2T4 calculation only the Title IV aid that was not subject to the verification process.
- For a student who failed to provide all required verification documents, the only Title IV aid that may be included in an R2T4 calculation are Direct PLUS Loan funds and Direct Unsubsidized Loan funds (verification is not required for receipt of these funds) for which the conditions of a late disbursement were met prior to the student's loss of eligibility due to withdrawal.

EHL Policy: Refunds of Fees

The amount of Title IV funds due for return because of a withdrawal is calculated independently of the tuition fee liability charged by EHL.

For reference, the EHL's Payment Conditions and Refund Policy are defined in the Student Directives and are not to be confused with R2T4 calculations and refunds.

EHL is formally entitled to claim all open invoices according to our Student Directives.

Special Provisions

Eligible US and non-US citizens who benefit from US Federal Aid (Title IV funds) are not allowed to carry out their internship, study or work in the USA during their studies. This is why the postgraduate programs (Master of Science HES-SO in Global Hospitality Business; MGH and Executive MBA in Hospitality Management; EMBA) programs are not eligible for US Federal Aid Title IV funds. Please refer to the Consumer Information for more information.

Under the CARES Act, the U.S. Department of Education ("the Department") permits any part of an otherwise eligible program at a foreign institution to be offered via distance education if the applicable government authorities in the country in which the foreign institution is located have declared a public health emergency, major disaster or emergency, or national emergency related to COVID-19.

For further information regarding these rules and regulations, please contact EHL's Finance Office: finance@ehl.ch Or call the US Federal Student Aid Information Center on +1 800 433 3243.

Information is also available at www.studentaid.ed.gov.

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N.B. Amendments to Policy: This policy will be amended whenever US law or regulations are changed. Upon approval of EHL's Executive Dean, EHL's Finance Office is authorized to incorporate and implement changes required in this policy by laws or regulations that govern US Federal Aid.