Background

Recipients of a William D. Ford Direct Loan (Direct Loan) who discontinue or are granted leave of absence from their course will be required to return any unearned loan funds.

University refund and enrolment policies

This policy should be read in conjunction with the following University policies:

- Enrolment and Timetabling Policy (MPF1294)
  See: policy.unimelb.edu.au/MPF1294
- Student Loans, Fees and Charges Policy (MPF1325)
  See: policy.unimelb.edu.au/MPF1325

See: ask.unimelb.edu.au/app/answers/detail/a_id/2958

Students must request leave of absence from their course in accordance with the University’s leave of absence procedure:

See: ask.unimelb.edu.au/app/answers/detail/a_id/1009

It is recommended that students contact the Financial Aid Officer at the University via email:

Email: international-finaid@unimelb.edu.au

Upon withdrawal students are required to complete Exit Counselling within 7 days of the withdrawal date and prepare to commence loan repayment.

See: www.studentloans.gov/

Date of withdrawal

The date of withdrawal is the date that the student withdraws from their course via the University’s Student System or the first day of the approved leave of absence as recorded on the University’s Student System.

If students do not officially withdraw or take an unapproved leave of absence from their course, the University will make a decision on the withdrawal date or the leave of absence start date. If notice was not provided due to circumstances beyond the student’s control, the withdrawal date will be the date on which that circumstance occurred. For other reasons, the withdrawal date will be the midpoint of the payment period.

The University’s Refund Policy is independent of the regulations covering the return of Title IV funds. On withdrawal, eligibility for refunds or liability for tuition and other payments to The University of Melbourne is determined by the University’s refund policy relevant to the student’s fee liability category.

See: futurestudents.unimelb.edu.au/admissions/fees

Post-withdrawal disbursement process

Where a student has withdrawn from their course of study and is still entitled to earned Direct Loan funds, they may be eligible to receive a post-withdrawal disbursement.

The University will contact the student within 30 calendar days of the date of withdrawal (determination date) to notify them of the post-withdrawal disbursement option, including the amount of the loan funds, the
obligation to repay any borrowed amounts, and instructions on how to agree to a post-withdrawal disbursement.

The student must confirm within 14 calendar days of receipt of the notice to agree to a post-withdrawal disbursement. If the student agrees to the post-withdrawal disbursement, the University will disburse the funds within 180 days of the student’s date of withdrawal.

**Calculation of earned Direct Loan amounts**

The University will calculate earned Direct Loan amounts as follows:

1. **Number of days in the relevant payment period**
   Based on the number of days from the first day of the loan period until the final day of the loan period less any breaks of 5 working days or more.

2. **Number of attended days in the relevant payment period**
   Based on the number of days from the first day of the loan period until the date of withdrawal less any breaks of 5 working days or more.

3. **Percentage of attendance**
   Based on number of days attended (2) divided by number of days in the relevant pay period (1)

If the student attended more than 60% of the relevant payment period, the full Direct Loan amount for the relevant pay period is earned.

If the student attended 60% or less, part of the Direct Loan amount is earned equal to the percentage of attendance.

**Return of unearned Direct Loan funds**

Where the University has disbursed unearned Direct Loan funds, either to the student’s fee account or the student’s personal account, the unearned Direct Loan funds must be returned as follows:

- The University will return a portion of the disbursement transferred to the student’s fee account equal to the unearned amount up to the amount transferred to the student’s fee account
- The student must return the balance of the unearned funds.

Unearned Direct Loan funds must be returned in the following order:

1. Direct Subsidised Loans
2. Direct Unsubsidised loans
3. Parent or Graduate Direct Plus loans

Where the student’s portion of unearned funds is not transferred to the student’s personal account, the University will pay the student’s return on their behalf with the student’s written permission.

Unearned Direct Loan amounts must be returned as soon as possible but no later than 45 days of the date of the student’s withdrawal.

**Notification of return of funds requirements**

Where a student withdraws or is granted a leave of absence from their course, the University’s Financial Aid officer will notify the student of any return of any unearned Direct Loan funds via the student’s University email account and personal email account listed on the Master Promissory Note. This notice will include information about the amount of unearned Direct Loan funds and whether the University will return funds on behalf of the student.

**Examples**

**Example 1**

Bob received a $10,000 Direct Loan disbursement for Direct Unsubsidised Loan ($4,000) and a Graduate Direct Plus Loan ($6,000). The University transferred $4,000 into his student fee account and $6,000 to his nominated bank account.

His payment period commenced on 1 February (which is his first day of study) and ends on 30 June. He withdraws from his course on 11 April via the Student System.
The University calculates the amount of earned Direct Loan funds as follows:

- The number of days in the payment period is 140 (1 February to 30 June equals 150 days minus 10 consecutive days break).
- Bob attended 70 days (1 February to 11 April), which is 50% attendance rate (70 days divided by 140 days) which is less than 60%
- The unearned loan amount is 50% of $10,000 which equals $5,000

The University is required to return $4,000 (the amount transferred in Bob’s student fee account) and Bob is required to return $1,000 to the US Department of Education. The unearned funds will be returned first to the Direct Unsubsidised Loan then to the Graduate Direct Plus loan.

Bob will owe the University the outstanding tuition fees.

Both the University and Bob must return their portion within 45 days after the 11 April (withdrawal day).

Example 2

Using the same enrolment period details as for Example 1, if Bob withdraws his course on 11 May, the University calculates the amount of earned Direct Loan funds as follows:

- The number of days in the payment period is 140 (1 February to 30 June equals 150 days minus 10 consecutive days break).
- Bob attended 100 days (1 February to 11 May), which is 71.43% attendance rate (100 days divided by 140 days) which is more than 60%

Bob has earned the full Direct Loan disbursement and does not need to return any funds.