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# Introduction to Volume 4

*The purpose of this publication is to provide participating schools with guidance on how to request, disburse, manage, and report on the use of Federal Student Aid funds.*

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Here, we provide a summary of the changes and clarifications presented in greater detail in the chapters that follow. **Alone, the text herein does not provide schools with the guidance needed to satisfactorily administer the Title IV HEA programs.** For more complete guidance, you should refer to the text in the chapters cited, the Code of Federal Regulations (CFR) and the Higher Education Assistance Act (HEA) as amended:

Throughout this volume, new information is indicated with the following symbol:



When the text represents a clarification rather than a change, it is indicated with:



When we believe that historically there might be some misunderstanding of a requirement, we indicate that with:



If we want to point out a bit of helpful information, we indicate it with:



Finally, if we want to draw your attention to something, we indicate it with:



## Major Changes

### Chapter 1—Processing Aid and Managing FSA Funds

- We remind schools that Title IV funds may not escheat to a third party and that in order to prevent the escheating of Title IV funds, we encourage schools that disburse Title IV credit balances by EFT to remind students before the end of the award year (or at the time of withdrawal for students who cease attendance before completing the period for which the funds were paid) to examine the balances remaining in their accounts.
- We have added material on EDCAPS and G5.

## Chapter 2—Disbursing FSA Funds

- We remind schools that we do not permit disbursement of Title IV loan funds when there is no possibility of repayment. Therefore, if a student borrower or parent PLUS loan borrower dies before the loan is disbursed, the school must return the full amount of the loan to the Department.
- We remind schools that they may not use Title IV funds to pay overtime charges for a student who fails to complete his or her academic program within the normal time frame.
- We have added an expanded section on institutional charges that includes discussion of third-party run bookstores.
- We have expanded the discussion under *When a school uses third-party servicers to disburse FSA funds*.
- We have added a discussion of the third-party servicer agreements.
- We have added a discussion of the number of ATM machines schools should have when they offer a debit card, stored value card, or ATM card, or a similar transaction device through its servicer or its servicer's financial institution.

## Chapter 3—Overawards and Overpayments

- We remind schools that although they do not have to return Direct Loan proceeds if a student who received a Direct Loan disbursement begins attendance for the loan period, but does so on a less than half-time basis, the school must not make any subsequent disbursements of the loan, unless the student resumes enrollment on at least a half-time basis.
- We explain in more detail what is and what is not considered inadvertent overborrowing.
- We explain in more detail the actions a student can take to regain eligibility after inadvertent overborrowing.
- We remind schools that they may not disburse funds to a student who begins school and whose SAR/ISIR contains a disqualifying comment code.

## Chapter 5—Reconciliation

- We have added this chapter which also appears in the *Blue Book*.
- We have provided the new email address for COD School Relations