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# Introduction to Volume 5

*An overpayment occurs when the student receives more aid than he or she was eligible to receive. One kind of overpayment, traditionally called an overaward, results from changes in the student's aid package; a second occurs when a student withdraws. This volume covers how a school should respond when a student withdraws.*

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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 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:





## Notes on Active Links

At the top of each page you will find links to Dear Colleague Letters, the Code of Federal Regulation, and the Federal Student Aid Glossary and Appendices.





[Glossary](#) [CFR](#) [DCL](#)

## Major Changes

### Chapter 1—Withdrawals and the Return of Title IV Funds

- ◆ We remind schools that once a student has begun attendance in a payment period, the school must perform an R2T4 calculation if the student withdraws or is granted a retroactive withdrawal. 
- ◆ We remind schools that, if a student who has begun attendance, the institution changes the amount of institutional charges it is assessing a student or decides to eliminate all institutional charges, those changes affect neither the charges nor aid earned in the calculation. 
- ◆ We remind schools that when a student is charged for a period longer than a payment period, the institutional charges incurred by the student for the payment period are the greater of (a) the prorated amount of institutional charges for the longer period; or (b) the amount of title IV assistance retained for institutional charges as of the student's withdrawal date (e.g., when a student has provided an authorization to retain funds).

### Chapter 2—The Steps in a Return of Title IV Aid Calculation

- ◆ We clarify that the rule on multiple payment periods is only applicable to nonstandard term credit hour programs with terms that are not substantially equal in length.
- ◆ We have added an additional example on performing an R2T4 calculation for a student receiving aid under two payment period definitions.
- ◆ We added a sidebar directing schools to an expanded discussion of proration in *Volume 4, Chapter 2*, and reminding schools that they may always exclude from institutional charges in an R2T4 calculation the documented cost to the school (what the school paid for the items) of unreturnable equipment and returnable equipment not returned in good condition. 
- ◆ We explain what a school should do when it cannot locate a student for whom it holds a Title IV credit balance if the student has outstanding Direct Loans. 
- ◆ We remind schools that two years is the maximum time a school may allow in a satisfactory agreement to repay a grant overpayment that is a result of an R2T4 calculation. 
- ◆ We remind schools that a school must have a procedure in place that ensures the school immediately refers for collection (to the Default Resolution Group) any student who violates the terms of the repayment agreement (including failing to repay the full amount within two years). 
- ◆ We remind schools that the Department may take enforcement action against schools that fail to refer for collection any student who violates the terms of his or her repayment agreement.

### Chapter 3—Case Studies in Withdrawal and Return of Title IV Funds

- ◆ We modified Case Study 5 to show that first the school prorated the student's charges, and then excluded the cost of unreturned equipment from the institutional charges for the period.