
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.

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 we believe that historically there might be some misunderstanding of a requirement, or wish to emphasize a topic, we indicate that with:



Major Changes

We've updated the Volume to include references to the Iraq and Afghanistan Service Grants where applicable.

Chapter 1 — Disbursing Federal Student Aid Funds

- We remind schools that Direct Loan (DL) funds returned within 120 days of disbursement and DL funds returned in compliance with a regulatory requirement are treated as a cancellation.
- We have added a discussion explaining the new requirement that schools, by the seventh day of a payment period, must provide a way for a student who is eligible for a Federal Pell Grant to obtain or purchase the books and supplies required for the payment period.
- We have provided a new Sample Authorization to Hold a FSA Credit Balance.

Chapter 2 — Requesting and Managing FSA Funds

- We remind schools that when all or a portion of a Direct Loan is cancelled, the school must make the appropriate adjustment to the student records in COD.
- We have added a discussion clarifying when funds are considered to have been returned.
- We remind schools that Direct Loan funds are not student-specific, but are program year-specific, and that when all or a portion of a loan for a student is cancelled, the cancelled loan funds can be disbursed to another eligible student who is receiving a loan for that same program year.