
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 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 2—Disbursing FSA Funds

- ◆ We remind schools that they should not return Direct Loan funds to ED’s federal loan servicers.

Chapter 3—Overawards and Overpayments

- ◆ We remind schools that because COD reporting and interface information is so closely tied to the award type as identified in the award ID, in order to replace a Direct Subsidized Loan with a Direct Unsubsidized Loan, a school must cancel the Direct Subsidized Loan and originate a Direct Unsubsidized Loan.
- ◆ We explain that a student who received subsidized loan funds in excess of the applicable subsidized annual or aggregate loan limit can no longer regain Title IV eligibility by having the excess subsidized loan amount changed to an unsubsidized loan.
- ◆ We have expanded the discussion of regaining eligibility after overborrowing.

Chapter 4— Returning FSA Funds

- ◆ We alert schools to the Department’s discontinuation of paper check processing for Direct Loan Refunds of Cash beginning January 1, 2015.

Chapters 5 and 6—Reconciliation

- ◆ We have added the more detailed discussion of reconciliation in the Direct Loan Program previously found in *The Blue Book*, and divided the discussion of reconciliation into two chapters. Chapter 5 now covers reconciliation in the Pell Grant Program and Campus-Based Programs. Reconciliation in the Direct Loan Program is now covered in Chapter 6.