
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 either of these types of overpayments occurs.

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 this symbol:



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



or



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



Major Changes

On November 1, 2007 the Department published regulations that modified the treatment of Title IV funds when a student withdraws and the procedures for handling federal cash.

The majority of the changes we have made this year to this volume are a reflection of the new regulations.

Chapter 1 – Overpayments and Overawards

- ☛ We have moved the treatment of *When a student fails to begin attendance* from Volume 4 to Volume 5, and updated our discussion.
- ☛ We have added a section on *When funds are considered to have been returned for a student who fails to begin attendance*.
- ☛ We have updated the information required when referring student overpayments to Borrower Services

Chapter 2 – Withdrawals and the Return of Title IV Funds

- ☛ We have updated the dates that apply when a school is completing a Return calculation for a student subject to verification.
- ☛ We have revised the discussion under *When to prorate charges*.
- ☛ We have updated the discussion under *Timeframe for returning an unclaimed credit balance*.
- ☛ We have updated the treatment of limitations on redispersing and making second disbursements of FFEL and Direct Loan funds when a student reenters a nonterm program within 180 days.
- ☛ We describe the effects of the regulations that modified the treatment of students who change programs at credit-hour nonterm and clock-hour programs.
- ☛ We have expanded the discussion of *Withdrawal dates for administrative withdrawals*.
- ☛ We describe and give an example of how to calculate Returns when a school disburses Title IV aid to a student using different payment periods.
- ☛ We provide new worksheets schools can use in performing return calculations, tracking post-withdrawal disbursements, and referring students to ED for collection.
- ☛ We have updated our treatment of the actions a school must take before making a post-witdrawal disbursement of grant funds, and the deadline for making those disbursements.

- We have revised the deadline by which schools must make post-withdrawal disbursements of loan funds.
- We remind schools that if as a result of a Return calculation a school returns Stafford funds to a lender, the school must notify the student that the funds have been returned on his or her behalf.

Chapter 2 – Case Studies

- As required, we have updated the case studies to reflect the changes made by the new regulations.

