
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.

Throughout the Federal Student Aid Handbook we use “college,” “school,” and “institution” interchangeably unless a more specific use is given. Similarly, “student,” “applicant,” and “aid recipient” are synonyms. “Parents” in this volume refers to the parents of dependent students, and “you” refers to the primary audience of the Handbook: financial aid administrators at colleges. “We” indicates the U.S. Department of Education (the Department, ED), and “federal student aid” and “Title IV aid” are synonymous terms for the financial aid offered by the Department.

We appreciate any comments that you have on the Application and Verification Guide (AVG), as well as all the volumes of the FSA Handbook. We revise the text based on questions and feedback from the financial aid community, so please reach out to us about how to improve the Handbook through the “[Contact Customer Support](#)” feature in our Partner Connect’s Help Center clicking on “FSA Handbook” under the Topic section.

COVID-19 Guidance and Waivers

The Department of Education recognizes that the ongoing COVID-19 pandemic has created many unique challenges for postsecondary institutions. The Department has provided a variety of special guidance and regulatory flexibilities due to the President’s declaration of the COVID-19 national emergency on March 13, 2020. In addition, Congress has passed legislation offering relief from certain statutory requirements related to the Title IV, HEA programs.

For COVID-19 related guidance, including waivers and exemptions to Title IV rules, please see the following webpages:

- The Department of Education’s COVID-19 Information and Resources for Schools and School Personnel:
<https://www.ed.gov/coronavirus/program-information>
- Office of Postsecondary Education COVID-19 Title IV FAQ:
<https://www2.ed.gov/about/offices/list/ope/covid19faq.html>

Section 3508 of the CARES Act directs the Secretary to waive the statutory requirement for institutions to return Title IV funds as the result of student withdrawals related to a qualifying emergency. For any student who begins attendance in a payment period or period of enrollment that includes March 13, 2020, or begins between March 13 and the last date that the national emergency is in effect, and subsequently withdraws from the period as a result of COVID-19-related circumstances, an institution is not required to return Title IV funds.

For more information about the Return of Title IV (R2T4) exceptions, examples, reporting requirements and qualifying students, please see the [electronic announcement \(EA\) dated May 15, 2020](#) and the [EA dated March 19, 2021](#).

Please also see the following operational announcements related to the implementation of the CARES Act and use of the Coronavirus Indicator:

- [July 30, 2020, Electronic Announcement](#)
- [September 23, 2020, Electronic Announcement](#)
- [November 6, 2020, Electronic Announcement](#)
- [January 22, 2021 Electronic Announcement](#)
- [March 10, 2021 Electronic Announcement](#)

Major changes for 2021–2022

Throughout Volume 5, we have updated all appropriate sections with the new R2T4 regulations outlined in the Department’s final Federal Register notice published September 2, 2020.

In Chapter 1, under the “Withdrawals” section, we outlined where the new R2T4 regulations can be found, when the regulations become effective and which students are impacted by the new requirements.

We added new guidance under the “When a student is considered to have withdrawn” section in Chapter 1 indicating the new timeframes associated with resuming attendance in different academic calendars.

In Chapter 1, we added a new section entitled “R2T4 withdrawal exemptions” providing an overview and examples of the new graduate withdrawal exemption and the program with modules withdrawal exemptions (49% completion and half-time coursework completion). In addition, we added a subsection entitled “Title IV disbursements and R2T4 withdrawal exemptions” describing key disbursement requirements when a student meets an R2T4 withdrawal exemption prior to receiving all of their Title IV funding for a particular period.

We updated the leave of absence definition under the “Approved leave of absence” section in Chapter 1 to include information with re-

gards to subscription-based programs as outlined in the September 2, 2020 final Federal Register notice. In addition, we clarified when subsequent 12-month LOA periods begin to ensure that a student does not exceed the 180-day limit within multiple 12-month periods.

In Chapter 1, under the “Treatment of Title IV credit balances when a student withdraws” section, we clarified that a student can provide written authorization to use credit balance funds to reduce outstanding Title IV loan debt as long as the student is made aware of the full Title IV credit balance amount and the student clearly indicates in writing the specific amount of the Title IV credit balance he or she would like returned.

In Chapter 2, under the “Title IV aid that could have been disbursed” section, we provided additional guidance reminding schools that if a student declines or fails to respond to an affirmative confirmation loan request, the Direct Loan would not be included as aid that could have been disbursed.

We added guidance under the “When students fail to earn a passing grade in any class” section in chapter 2 explaining under what conditions a school’s incomplete grading policy will cause a student to be considered withdrawn for Title IV purposes.

In Chapter 2, under the “Academic attendance and attendance at an academically related activity” section, we expanded the academic attendance definition to include the criteria outlined in our definition of academic engagement as defined under 34 CFR 600.2.

We incorporated the new R2T4 regulations that pertain to modules under the “Withdrawals from programs offered in modules” section in Chapter 2 including the new definition of a program offered in modules, removing information no longer applicable to nonmodular programs (i.e. nonterm programs), expanding the questions to determine if a student is considered a withdrawal when enrolled in modules from three to five questions, and discussing the new modular program withdrawal exemptions.

In Chapter 2 we created a new section entitled “Determining the number of days a student is scheduled to complete in modules” to review the new process to determine the number of days a student is scheduled to complete in modules. This section includes a lengthy discussion, along with examples, of the use of an R2T4 Freeze Date or not when determining the number of days a student is scheduled to complete in modules they did not attend.

Under the “Step 6: Return of Title IV Funds by the School” section in Chapter 2, we updated the order of return of Title IV funds (for both the school and student) moving the placement of the Iraq and Afghanistan Service Grant up in the return order as dictated by the September 2, 2020 final regulations.

In Chapter 2, under the “Using NSLDS” section, we clarified when a student is considered withdrawn in NSLDS if they ultimately withdraw during a payment period but meet one of the new R2T4 withdrawal exemptions.

Throughout Chapter 3 we updated all R2T4 worksheets with the new order of return and modified any case studies with programs offered in modules to conform to the new R2T4 module requirements including removing case study #9.

All of the R2T4 worksheets in the Volume 5 appendix have been updated accordingly with any new regulations including the order of return for both schools and students.