
Introduction

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 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

Chapter 1 – The MPN and the Stafford/Plus Loan Process

- √ The section on Additional Unsubsidized Stafford Loans was moved to Volume 3, chapter 4.

Chapter 2 – Disbursing Federal Student Aid Funds

- √ We inform schools that if they use an electronic process to provide notifications and obtain authorizations, they must provide individual notice to students on the use of that process.
- √ We expand our guidance on the application of the E-Sign Act to FSA Transactions.
- √ We add stored-value and prepaid debit cards as a form of electronic funds transfer (EFT), and we add a discussion of the conditions under which schools may use those cards to disburse FSA credit balances.
- √ We have added a discussion on using FSA credit balances to pay pass-through charges.
- √ We remind schools that do not award credits as work is completed that they may be prohibited from making second disbursements of Title IV education loans until they have determined that students are making satisfactory academic progress.
- √ We have added a discussion on disbursing FSEOG and Pell funds to students enrolled in correspondence courses.

Chapter 3 – Requesting and Managing Federal Student Aid Funds

- √ We have added a discussion on returning FSA funds.