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Wednesday  
July 29, 1998

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**Part III**

**Department of  
Education**

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**34 CFR Parts 600 and 668  
Institutional Eligibility; Student Assistance  
General Provisions; Final Rule**

**DEPARTMENT OF EDUCATION****34 CFR Parts 600 and 668**

RIN 1840-AC47

**Institutional Eligibility; Student Assistance General Provisions**

AGENCY: Department of Education.

ACTION: Final Regulations.

**SUMMARY:** The Secretary amends the Institutional Eligibility and Student Assistance General Provisions regulations. These technical amendments are necessary to correct cross-references, delete references to programs that are no longer funded, and make a number of nomenclature changes that provide the correct names of various Title IV, HEA programs.

**EFFECTIVE DATE:** These regulations take effect July 29, 1998.

**FOR FURTHER INFORMATION CONTACT:**

Lorraine Kennedy, U.S. Department of Education, 600 Independence Avenue, SW, Regional Office Building 3, Room 3045, Washington, D.C. 20202-5451. Telephone: (202) 708-8242. Individuals who use a telecommunications device for the deaf (TDD) may call the Federal Information Relay Service (FIRS) at 1-800-877-8339 between 8 a.m. and 8 p.m., Eastern time, Monday through Friday.

Individuals with disabilities may obtain this document in an alternate format (e.g., Braille, large print, audiotope, or computer diskette) on request to the contact persons listed in the preceding paragraph.

**SUPPLEMENTARY INFORMATION:** The Institutional Eligibility regulations, 34 CFR part 600, and the Student Assistance General Provisions regulations, 34 CFR part 668 are amended to clarify regulations, and to correct errors and omissions.

All references to Income Contingent Loan (ICL), State Postsecondary Review Entity (SPRE), and Presidential Access Scholarship (PAS) throughout 34 CFR parts 600 and 668 have been removed because the ICL program was eliminated and the other two programs were not funded.

References to the name of the Direct Loan Program under 34 CFR parts 600 and 668 have been changed to conform to the program names set forth in the William D. Ford Federal Direct Loan (Direct Loan) Program regulations, 34 CFR part 685. As required, under 34 CFR part 685 and appropriate sections throughout the regulations, other conforming changes have been made to incorporate the Direct Loan Program.

All references to § 668.7 have been removed and replaced with references

to the correct sections in Subpart C of the Student Assistance General Provisions in accordance with the regulations that were published in the **Federal Register** on December 1, 1995.

These regulations change current Student Right-to-Know (SRK) regulations by incorporating some technical corrections to the December 1, 1995 SRK regulations; these changes are made to reflect statutory provisions omitted in the December 1, 1995 SRK regulations. Other changes being made in these regulations reflect recent statutory changes to the SRK provisions of the Higher Education Act of 1965, as amended (HEA); these recent statutory changes were made to the HEA by Pub.L. 105-18 entitled "1997 Emergency Supplemental Appropriations Act for Recovery From Natural Disasters, and for Overseas Peacekeeping Efforts, Including Those in Bosnia."

**Waiver of Proposed Rulemaking**

In accordance with the Administrative Procedure Act, 5 U.S.C. 553, it is the practice of the Secretary to offer interested parties the opportunity to comment on proposed regulations. However, the regulatory changes in this document correct minor technical errors and omissions in the Institutional Eligibility regulations, 34 CFR part 600 and the Student Assistance General Provisions regulations, 34 CFR part 668. The changes in this document do not establish any new substantive rules. Therefore, the Secretary has determined that publication of a proposed rule is unnecessary and contrary to the public interest under 5 U.S.C. 553(b)(B). For the reasons stated, the Secretary also waives the delayed effective date under 5 U.S.C. 553(d).

The Secretary certifies that these final regulations will not have significant economic impact on a substantial number of small entities. Small entities affected by these regulations are small institutions of higher education. These regulations contain technical amendments designed to clarify and correct current regulations. The changes will not have a significant economic impact on the institutions affected.

**Paperwork Reduction Act of 1995**

These regulations have been examined under the Paperwork Reduction Act of 1995 and have been found to contain no information collection requirements.

**Assessment of Educational Impact**

Based on its own review, the Department has determined that the regulations in this document do not

require transmission of information that is being gathered by, or is available from, any other agency or authority of the United States.

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**List of Subjects in 34 CFR Parts 600 and 668**

Administrative practice and procedure, Colleges and universities, Consumer protection, Education, Grant programs—education, Reporting and recordkeeping requirements, Student aid.

Dated: July 21, 1998.

**David A. Longanecker,**

*Assistant Secretary for Postsecondary Education.*

The Secretary amends Parts 600 and 668 of Title 34 of the Code of Federal Regulations as follows:

**PART 600—INSTITUTIONAL ELIGIBILITY UNDER THE HIGHER EDUCATION ACT OF 1965, AS AMENDED**

1. The authority citation for part 600 continues to read as follows:

**Authority:** 20 U.S.C. 1088, 1091, 1094, 1099b, 1099c, and 1141, unless otherwise noted.

**§ 600.2 [Amended]**

2. Section 600.2 is amended by capitalizing the "P" in the definition of "Federal Family Education Loan (FFEL) programs".

**§ 600.9 [Amended]**

3. Section 600.9(b)(2)(ii) is amended by removing "or SPRE,".

**§ 600.40 [Amended]**

4. Section 600.40 is amended by adding the word "or" at the end of paragraph (a)(1)(iv)(A), removing ";" or" at the end of paragraph (a)(1)(iv)(B) and adding a period in its place, and removing paragraph (a)(1)(iv)(C).

**§ 600.41 [Amended]**

5. Section 600.41 is amended by adding the word "or" at the end of paragraph (a)(1)(ii)(F), removing the word "or" at the end of paragraph (a)(1)(ii)(G), removing paragraph (a)(1)(ii)(H), and removing paragraph (e)(3).

**§ 600.55 [Amended]**

6. Section 600.55 is amended by removing "668.7(a)(4)(i) through (iii)" from paragraph (a)(5)(i)(A) and adding, in its place, "668.33".

**PART 668—STUDENT ASSISTANCE GENERAL PROVISIONS**

7. The authority citation for part 668 continues to read as follows:

**Authority:** 20 U.S.C. 1085, 1088, 1091, 1092, 1094, 1099c, and 1141, unless otherwise noted.

8. Section 668.1 is amended by removing paragraphs (c)(3), (c)(7), and (c)(11); redesignating paragraphs (c)(4), (5), (6), (8), (9), (10), and (12) as paragraphs (c)(3), (4), (5), (6), (7), (8), and (10), respectively; and adding a new paragraph (c)(9) to read as follows:

**§ 668.1 Scope.**

\* \* \* \* \*

(9) The William D. Ford Federal Direct Loan (Direct Loan) Program (20 U.S.C. 1087a *et seq.*; 34 CFR part 685); and

\* \* \* \* \*

9. Section 668.2(b) is amended by removing the definitions of "Direct loan," "Federal Direct PLUS loan," "Federal Direct Stafford loan," "Federal Direct Student loan," "Federal Direct Student Loan (FDSL) Program," "Income Contingent Loan (ICL) program," "Payment period," and "Presidential Access Scholarship (PAS) program" and the authority citations following the definitions; by removing "while they were students", and by adding "Federal Consolidation Loan," after "(as in effect before October 17, 1986)," the first time it appears in the definition of "Federal Consolidation Loan program"; removing the word "natural" in the definition of "Parent" and adding, in its place, the word "biological"; removing "and in 34 CFR 691.2 for purposes of the PAS Program" in the definitions of "Valid institutional student information report (valid ISIR)" and "Valid student aid report (valid SAR)"; and adding new definitions for "Direct Loan Program," "Direct PLUS Loan," "Direct Subsidized Loan," "Direct Unsubsidized Loan," "Federal Direct PLUS Program," "Federal Direct Stafford/Ford Loan Program," "Federal

Direct Unsubsidized Stafford/Ford Loan Program," "William D. Ford Federal Direct Loan (Direct Loan) Program" and authority citations following the definitions in alphabetical order to read as follows:

**§ 668.2 General definitions.**

\* \* \* \* \*

(b) \* \* \*

*Direct Loan Program loan:* A loan made under the William D. Ford Federal Direct Loan Program.

(Authority: 20 U.S.C. 1087a *et seq.*)

*Direct PLUS Loan:* A loan made under the Federal Direct PLUS Program.

(Authority: 20 U.S.C. 1078-2 and 1087a *et seq.*)

*Direct Subsidized Loan:* A loan made under the Federal Direct Stafford/Ford Loan Program.

(Authority: 20 U.S.C. 1071 and 1087a *et seq.*)

*Direct Unsubsidized Loan:* A loan made under the Federal Direct Unsubsidized Stafford/Ford Loan Program.

(Authority: 20 U.S.C. 1087a *et seq.*)

\* \* \* \* \*

*Federal Direct PLUS Program:* A loan program authorized by Title IV, Part D of the HEA that is one of the components of the Direct Loan Program. The Federal Direct PLUS Program provides loans to parents of dependent students attending schools that participate in the Direct Loan Program. The borrower is responsible for the interest that accrues during any period.

(Authority: 20 U.S.C. 10782 and 1087a *et seq.*)

*Federal Direct Stafford/Ford Loan Program:* A loan program authorized by Title IV, Part D of the HEA that is one of the components of the Direct Loan Program. The Federal Direct Stafford/Ford Loan Program provides loans to undergraduate, graduate, and professional students attending schools that participate in the Direct Loan Program. The Secretary subsidizes the interest while the borrower is in an in-school, grace, or deferment period.

(Authority: 20 U.S.C. 1071 and 1087a *et seq.*)

*Federal Direct Unsubsidized Stafford/Ford Loan Program:* A loan program authorized by Title IV, Part D of the HEA that is one of the components of the Direct Loan Program. The Federal Direct Unsubsidized Stafford/Ford Loan Program provides loans to undergraduate, graduate, and professional students attending schools that participate in the Direct Loan Program. The borrower is responsible

for the interest that accrues during any period.

(Authority: 20 U.S.C. 1087a *et seq.*)

\* \* \* \* \*

*William D. Ford Federal Direct Loan (Direct Loan) Program:* The loan program authorized by Title IV, Part D of the HEA.

(Authority: 20 U.S.C. 1087a *et seq.*)

**§ 668.8 [Amended]**

10. Section 668.8(d)(3) is amended by removing "Federal Stafford Loan, Federal PLUS, and Federal SLS" and adding, in its place, "FFEL and Direct Loan".

**§ 668.13 [Amended]**

11. Section 668.13 is amended by removing "the FDSL Program, or the Federal Stafford Loan, Federal SLS, or Federal PLUS Program" and adding, in its place, "the Direct Loan Program, or the FFEL Program," in paragraph (a)(4)(i) introductory text; and removing "(f)(1)" and adding, in its place, "(d)(1)" in paragraph (d)(2)(i).

12. Section 668.14 is amended by removing paragraph (b)(4)(ii); redesignating paragraphs (b)(4)(iii) through (vi), as (b)(4)(ii) through (v), respectively; removing "Federal Stafford Loan, Federal PLUS, and Federal SLS" and adding, in its place, "Federal Stafford Loan and Federal PLUS" in redesignated paragraph (b)(4)(ii); removing "Federal SLS," in paragraph (b)(7); removing "Federal Stafford Loan, Federal PLUS, and Federal SLS" and adding, in its place, "Federal Stafford Loan and Federal PLUS" in paragraph (b)(15); removing "State postsecondary review entities designated under 34 CFR part 667," in paragraph (b)(17); removing ", State postsecondary review entities designated under 34 CFR part 667," in paragraph (b)(23); and revising paragraphs (b)(8), (11), and (16) to read as follows:

**§ 668.14 Program participation agreement.**

\* \* \* \* \*

(b) \* \* \*

(8) It will not provide any statement to any student or certification to any lender in the case of an FFEL Program loan, or origination record to the Secretary in the case of a Direct Loan Program loan that qualifies the student or parent for a loan or loans in excess of the amount that the student or parent is eligible to borrow in accordance with sections 425(a), 428(a)(2), 428(b)(1)(A) and (B), 428B, 428H, and 455(a) of the HEA;

\* \* \* \* \*

(11) In the case of an institution participating in the FFEL program, the

institution will inform all eligible borrowers, as defined in 34 CFR part 682, enrolled in the institution about the availability and eligibility of those borrowers for State grant assistance from the State in which the institution is located, and will inform borrowers from another State of the source of further information concerning State grant assistance from that State;

\* \* \* \* \*

(16) In the case an institution that changes ownership that results in a change of control, or that changes its status as a main campus, branch campus, or an additional location, the institution will, to participate in the FFEL Program, develop a default management plan for approval by the Secretary and implement the plan for at least two years after the change in control or status;

\* \* \* \* \*

13. In § 668.16, paragraph (e)(2)(i) is amended by removing "668.7(c)" and adding, in its place, "668.34"; paragraph (j)(1) is amended by removing "State postsecondary review entities designated under 34 CFR part 667,"; and paragraph (m)(1) introductory text and (m)(1)(i) and the authority citation are revised to read as follows:

**§ 668.16 Standards of administrative capability.**

\* \* \* \* \*

(m)(1) Has an FFEL Program cohort default rate, a Direct Loan cohort rate, or where applicable, a weighted average cohort rate—

(i) As defined in § 668.17, that is less than 25 percent for each of the three most recent fiscal years for which the Secretary has determined the institution's rate; and

\* \* \* \* \*

(Authority: 20 U.S.C. 1082, 1985, 1094, and 1099c)

14. Section 668.19 is amended by removing "Federal Direct Stafford Loan" and adding, in its place, "Direct Subsidized Loan or Direct Unsubsidized Loan" and by removing "Federal Direct PLUS" and adding, in its place, "Direct PLUS Loan" in paragraph (a)(3)(iv); removing "Federal Direct Stafford Loan" and adding, in its place, "Direct Subsidized or Direct Subsidized Loan" in paragraph (a)(3)(v); and by removing "Federal Direct PLUS" and adding, in its place, "Direct PLUS Loan" in paragraph (a)(3)(vi).

15. Section 668.20 is amended by revising paragraph (c) introductory text and paragraph (d)(2) to read as follows:

**§ 668.20 Limitations on remedial coursework that is eligible for Title IV, HEA program assistance.**

\* \* \* \* \*

(c) In determining a student's enrollment status under the Title IV, HEA programs or a student's cost of attendance under the campus-based, FFEL, and Direct Loan programs, an institution may not take into account any noncredit or reduced credit remedial course if—

\* \* \* \* \*

(d) \* \* \*

(2) A student's cost of attendance under the campus-based, FFEL, and Direct Loan programs.

\* \* \* \* \*

**§ 668.21 [Amended]**

16. Section 668.21 is amended by removing "Pell Grant, SEOG, ICL, and" in paragraph (a)(1), and adding, in its place, "Federal Pell Grant, FSEOG, and Federal".

17. Section 668.22 is amended by revising paragraph (c)(2)(ii); removing "Federal Stafford loan, Federal PLUS, Federal SLS, Federal Direct Stafford, or Federal Direct PLUS Program" in paragraphs (f)(1)(ii), (g)(3)(ii) and (h)(1), and adding, in its place, "FFEL, or Direct Loan Program"; removing "unsubsidized Federal Direct Stafford loans" in paragraph (h)(1)(iv), and adding, in its place, "Direct Unsubsidized Loans"; removing "subsidized Federal Direct Stafford loans" in paragraph (h)(1)(v), and adding, in its place "Direct Subsidized Loans"; removing "Federal" and capitalizing "L" in "loans" in paragraph (h)(i)(vi); removing "Federal Stafford Loan, Federal PLUS, Federal SLS, Federal Direct Stafford Loan or Federal Direct PLUS" in paragraph (h)(2)(ii), and adding, in its place "FFEL or Direct Loan"; removing "Federal Stafford Loan, Federal PLUS, Federal SLS Program, Federal Direct Stafford, or Federal Direct PLUS" in paragraph (f)(2)(i), and adding, in its place "FFEL, or Direct Loan Program"; revising paragraph (g)(2)(ii)(B); removing "Federal PLUS, Federal SLS" in paragraph (h)(2)(iii), and adding, in its place, "and Federal PLUS"; and removing "Federal Stafford Loan, Federal PLUS, and Federal SLS" in paragraph (h)(2)(iv), and adding, in its place, "and FFEL"; removing "Federal Stafford Loan, Federal PLUS, Federal SLS, Federal Direct Stafford, and Federal Direct PLUS programs" in paragraph (h)(2)(v), and adding, in its place, "FFEL, and Direct Loan Programs"; removing "Federal Direct PLUS loans" in paragraph (i), and

adding, in its place, "Direct PLUS Loans" to read as follows:

**§ 668.22 Institutional refunds and repayments.**

\* \* \* \* \*

(c) \* \* \*

(2) \* \* \*

(ii) Late disbursements of loans made under the FFEL and Direct Loan Programs in accordance with 34 CFR 682.207(d) and 34 CFR 685.303(d), respectively; and

\* \* \* \* \*

(g) \* \* \*

(2) \* \* \*

(ii) \* \* \*

(B) Late disbursements of loans made under the FFEL and Direct Loan programs in accordance with 34 CFR 682.207(d) and 34 CFR 685.303(d), respectively; and

\* \* \* \* \*

**§ 668.25 [Amended]**

18. Section 668.25 is amended by removing "or Federal SLS" in paragraph (c)(4); and removing ", Federal PLUS, and Federal SLS" in paragraph (c)(4)(ii), and adding, in its place, "and Federal PLUS".

**§ 668.26 [Amended]**

19. Section 668.26 is amended by removing "or FDSL" in paragraph (b)(4); removing "and ICL" in paragraph (b)(6); removing "and Federal SLS" in paragraph (c)(2); removing "Federal Stafford or Federal SLS" both times it appears in paragraph (d)(2) introductory text and adding, in its place, "Federal Family Education Loan Programs"; removing "deliver" in paragraph (d)(3) introductory text, and adding, in its place, "disburse"; removing "disbursement of a" in paragraph (d)(3); removing "FDSL" in paragraphs (d)(3) introductory text and (d)(3)(i), and adding, in its place, "Direct Loan"; removing "Federal Direct Student" in paragraph (d)(3) introductory text, and adding, in its place, "Direct Loan Program".

**§ 668.32 [Amended]**

20. Section 668.32 is amended by removing ", FSEOG, and SSIG" and adding, in its place "and FSEOG" in paragraph (c)(1); and by removing "Student" and adding "William D. Ford" before "Federal" in paragraph (k)(5).

21. Section 668.42 is amended by revising paragraph (b) introductory text to read as follows:

**§ 668.42 Preparation and dissemination of materials.**

\* \* \* \* \*

(b) Make those materials available to the student through appropriate publications and mailings before the student enters into a financial obligation with the institution, to—

\* \* \* \* \*

**§ 668.43 [Amended]**

22. Section 668.43(c)(6) is amended by removing “34 CFR 685.303” and adding, in its place, “34 CFR 685.304”; by removing “Student”; by adding “William D. Ford” before “Federal Direct”; and by removing “and Federal SLS programs” and adding, in its place, “Program”.

**§ 668.46 [Amended]**

23. Section 668.46 is amended by removing “July 1, 1996” in paragraph (a)(1), and adding, in its place, “September 1, 1996”; removing “July 1st of one year and June 30th” in paragraph (a)(2)(ii), and adding, in its place, “September 1 of one year and August 31”; removing “July 1, 1996 and June 30, 1997” in paragraph (a)(5)(i), and adding, in its place, “September 1, 1996 and August 31, 1997”; and removing “June 30” in paragraph (a)(5)(ii), and adding, in its place, “August 31”.

**§ 668.46 [Amended]**

24. The heading of the note following § 668.48 is corrected to read “Note to paragraph (c)”.

25. Section 668.49 is amended by adding “, categorized by race and gender” before the period at the end of paragraph (a)(1)(iii); adding a new paragraph (a)(1)(vi); removing “and (c)” in paragraph (b), and adding, in its place, “, (c), and (d)”; and revising paragraph (d) to read as follows:

**§ 668.49 Report on completion and graduation rates for student-athletes.**

- (a) \* \* \*
- (1) \* \* \*

(vi) The average completion or graduation rate and transfer-out rate of the four most recent classes of entering students described in § 668.46 (a)(2), (3), and (4) who received athletically-related student aid, categorized by race and gender within each sport. If an institution has completion or graduation rates and transfer-out rates for fewer than four of those classes, it shall disclose the average rate of those classes for which it has rates.

\* \* \* \* \*

(d) The provisions of § 668.46(e) apply for purposes of this section.

**§ 668.51 [Amended]**

26. Section 668.51(a) is amended by removing “Federal Direct Student Loan

(FDSL)” and adding, in its place, “Federal Direct Stafford/Ford Loan programs”.

**§ 668.54 [Amended]**

27. Section 668.54 is amended by removing “Student” in paragraph (a)(2)(i), and adding, in its place “Stafford/Ford”.

**§ 668.55 [Amended]**

28. Section 668.55 is amended by removing “FDSL, or” in paragraph (c), and adding, in its place “or Federal Direct Stafford/Ford Loan”; removing the comma after the word “Grant” and adding, in its place “or” in paragraph (c)(1); removing “FDSL or program” in paragraph (c)(1); and adding “, or originating a Direct Subsidized Loan” after the word “application” in paragraph (c)(1); removing the comma after the word “Grant” and adding, in its place “or” in paragraph (c)(2); removing “FDSL, or program” after the word “campus-based” in paragraph (c)(2); removing “or William D. Ford Federal Direct Loan application” and adding, in its place “application or previously originated Direct Subsidized Loan” in paragraph (c)(2); and adding “If the institution has previously originated a Direct Subsidized Loan for a borrower, the school shall not update the borrower’s dependence status on the loan origination record.” after the last sentence in paragraph (d)(2).

29. Section 668.58 is amended by removing the word “or” at the end of paragraph (a)(1)(ii); removing the period at the end of paragraph (a)(1)(iii) and adding, in its place, “; or”; removing “William D. Ford Federal” in paragraphs (c), (d)(1), and (d)(2); revising paragraphs (a)(1)(i), (a)(2)(ii)(A), and (a)(2)(iii); and adding a new paragraph (a)(1)(iv) to read as follows:

**§ 668.58 Interim disbursements.**

\* \* \* \* \*

- (a) \* \* \*
- (1) \* \* \*

(i) Disburse any Federal Pell Grant or campus-based program funds to the applicant;

\* \* \* \* \*

(iv) Originate or disburse a Direct Subsidized Loan.

\* \* \* \* \*

- (2) \* \* \*

(ii)(A) May make one disbursement of any combination of Federal Pell Grant, Federal Perkins Loan, or FSEOG funds for the applicant’s first payment period; and

\* \* \* \* \*

(iii)(A) May withhold certification of the applicant’s Federal Stafford Loan

application or origination of the applicant’s Direct Subsidized Loan; or

(B) May certify the Federal Stafford Loan application or originate the Direct Subsidized Loan provided that the institution does not deliver Federal Stafford Loan proceeds or disburse Direct Subsidized Loan proceeds.

\* \* \* \* \*

30. Section 668.59 is amended by adding “Federal” before “Pell” in paragraph (b)(1); replacing “William D. Ford Federal” with “Federal Direct Stafford/Ford” in paragraphs (c) introductory text and (c)(1)(ii); and revising paragraph (d)(1) to read as follows:

**§ 668.59 Consequences of a change in application information.**

\* \* \* \* \*

(d)(1) If the institution selects an applicant for verification for an award year who previously received a Direct Subsidized Loan for that award year, and as a result of verification the loan amount is reduced, the institution shall comply with the procedures specified in § 668.61(b)(2).

\* \* \* \* \*

31. Section 668.60 is amended by removing “FDSL” in paragraphs (b)(1)(i)(A) and (b)(1)(iii); removing “FDSL” and adding, in its place, “Federal Direct Stafford/Ford Loan” in paragraph (d); removing “FDSL and PAS” and adding, in its place, “and Federal Direct Stafford/Ford Loan” in paragraph (b) introductory text; removing “CWS” and adding, in its place, “FWS” in paragraph (b)(1)(i)(B); removing “William D. Ford Federal Direct Loan” in paragraph (b)(1)(i)(D) and adding, in its place, “Direct Subsidized Loan”; and revising paragraphs (b)(1)(i)(C), (b)(1)(ii), and (e)(2) to read as follows:

**§ 668.60 Deadlines for submitting documentation and the consequences of failing to provide documentation.**

\* \* \* \* \*

- (b) \* \* \*
- (1) \* \* \*
- (i) \* \* \*

(C) Certify the applicant’s Federal Stafford Loan application or originate the applicant’s Direct Subsidized Loan; or

\* \* \* \* \*

(ii) The institution shall return to the lender, or to the Secretary, in the case of a Direct Subsidized Loan, any Federal Stafford Loan or Direct Subsidized Loan proceeds that otherwise would be payable to the applicant; and

\* \* \* \* \*

- (e) \* \* \*

(2) Certify that applicant's Federal Stafford Loan application, originate that applicant's Direct Subsidized Loan, or process that applicant's Federal Stafford Loan or Direct Subsidized Loan proceeds; or

\* \* \* \* \*

32. Section 668.61 is amended by removing "FDSL, FSEOG or" and adding, in its place, "or FSEOG" in paragraph (a)(2)(ii)(B); removing "or William D. Ford Federal Direct Loan" in paragraph (b); redesignating paragraph (b) as (b)(1); and adding a new paragraph (b)(2) to read as follows:

**§ 668.61 Recovery of funds.**

\* \* \* \* \*

(b) \* \* \*

(2) If the institution determines as a result of the verification process that a student received Direct Subsidized Loan proceeds for an award year in excess of the student's need for the loan, the institution shall reduce or cancel one or more subsequent disbursements to eliminate the amount in excess of the student's need.

**§ 668.81 [Amended]**

33. Section 668.81 is amended by removing paragraph (e).

**§ 668.83 [Amended]**

34. Section 668.83 is amended by removing ", Federal PLUS, or Federal SLS" and adding, in its place, "or Federal PLUS" in paragraph (c)(2)(i)(B); removing ", Federal PLUS, and Federal SLS" and adding, in its place "or Federal PLUS" in paragraph (c)(2)(iii)(D); and removing ", Federal PLUS, or Federal SLS Program" and adding, in its place, "or Federal PLUS programs" in paragraph (d)(1)(iii).

**§ 668.94 [Amended]**

35. Section 668.94 is amended by removing the period after "termination" and adding, in its place, "-" in paragraph (a); and removing ", Federal PLUS, or Federal SLS Program" and adding, in its place, "Program or Federal PLUS programs" in paragraph (a)(5).

**§ 668.130 [Amended]**

36. Section 668.130 is amended by removing "§ 668.7(a)(4)(ii)" and adding, in its place, "§ 668.33(a)(2)" in paragraphs (a) and (b).

**§ 668.131 [Amended]**

37. Section 668.131 is amended by removing "§ 668.7(a)(4)(ii)" and adding, in its place, "§ 668.33(a)(2)" in the definitions of "Eligible noncitizen" and "Primary confirmation."

**§ 668.132 [Amended]**

38. Section 668.132 is amended by removing "§ 668.7(a)(4)(ii)" and adding, in its place, "§ 668.33(a)(2)" in paragraphs (a)(2) and (b).

**§ 668.133 [Amended]**

39. Section 668.133 is amended by removing "§ 668.7(a)(4)(ii)" and adding, in its place, "§ 668.33(a)(2)" in paragraphs (a) introductory text (twice), and (a)(1)(i).

**§ 668.134 [Amended]**

40. Section 668.134 is amended by removing "§ 668.7(a)(4)(ii)" and adding, in its place, "§ 668.33(a)(2)" in paragraphs (a) introductory text, (a)(1), (a)(3), (b)(1), and (b)(2).

**§ 668.136 [Amended]**

41. Section 668.136 is amended by removing "§ 668.7(a)(4)(ii)" and adding, in its place, "§ 668.33(a)(2)" in paragraphs (a) and (b) introductory text.

**§ 668.137 [Amended]**

42. Section 668.137 is amended by removing "§ 668.7(a)(4)(ii)" and adding, in its place, "§ 668.33(a)(2)" in paragraph (a); and removing "or certify a Federal Stafford, Federal PLUS, or Federal SLS loan" and adding, in its place, "certify a Federal Stafford or Federal PLUS loan application, or originate a Direct Loan Program loan" in paragraph (b).

43. Section 668.138 is amended by revising paragraphs (a) and (b) to read as follows:

**§ 668.138 Liability.**

(a) A student is liable for any SSIG, FSEOG, or Federal Pell Grant payment and for any Federal Stafford, Direct Subsidized, Direct Unsubsidized or Federal Perkins loan made to him or her if the student was ineligible for the Title IV, HEA assistance.

(b) A Federal PLUS or Direct PLUS Loan borrower is liable for any Federal PLUS or Direct PLUS Loan made to him or her on behalf of an ineligible student.

\* \* \* \* \*

44. Section 668.139 is amended by revising paragraphs (b) and (d) to read as follows:

**§ 668.139 Recovery of payments and loan disbursements to ineligible students.**

\* \* \* \* \*

(b) If an institution causes a Federal Stafford, Federal PLUS, Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan to be disbursed to or on behalf of an ineligible student for which it is not liable in accordance with § 668.138, it shall assist the Secretary in recovering the funds by notifying the lender in the case of an FFEL Program loan or the Secretary in the case of a Direct Loan Program loan that the student has failed to establish eligibility under the requirements of §§ 668.201 or 685.200, as appropriate.

\* \* \* \* \*

(d) If an institution is liable for a Federal Stafford, Federal PLUS, Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan disbursement to an ineligible student, the institution shall repay an amount equal to the disbursement to the lender in the case of an FFEL Program loan or the Secretary in the case of a Direct Loan Program loan, and provide written notice to the borrower.

**§ 668.166 [Amended]**

45. Section 668.166(a)(1) is amended by adding "other than Federal Perkins Loan Program funds," after "title IV, HEA program funds,".

46. Section 668.167 is amended by revising paragraph (a)(3) to read as follows:

**§ 668.167 FFEL Program funds.**

(a) \* \* \*

(3)(i) An institution may not request a lender to provide it with loan funds by EFT or master check for any Federal PLUS Program loan earlier than 13 days before the first day of classes for any payment period.

(ii) An institution may not request a lender to provide with loan funds by check requiring the endorsement of the borrower for any Federal PLUS Program loan earlier than 30 days before the first day of classes for any payment period.

\* \* \* \* \*