

## Appendix B--Summary of Changes in Final Regulations Published from October through December 1999

Section	Effective	Change
<b>Part 600</b>		
600.2	7/1/00	Revises "State" definition to include the Freely Associated States.
600.4	7/1/00	Requires an institution to agree to submit any dispute involving the final denial, withdrawal, or termination of accreditation to "initial" rather than "binding" arbitration.
600.5	7/1/00	Requires an institution to agree to submit any dispute involving the final denial, withdrawal, or termination of accreditation to "initial" rather than "binding" arbitration. Amends section to conform the provisions previously referred to as the "85/15 rule" to the new "90/10 rule." Amends to make explicit that institutions must use the cash basis of accounting in determining whether they satisfy the 90/10 rule. Clarifies how institutional loans and scholarships must be treated under the cash basis of accounting. Amends to provide that an institution could presume that a student's institutional charges were not paid with Title IV, Higher Education Act of 1965, as amended (HEA), funds if they were paid with funds received from a prepaid state tuition plan.
600.6	7/1/00	Requires an institution to agree to submit any dispute involving the final denial, withdrawal, or termination of accreditation to "initial" rather than "binding" arbitration.
600.7	7/1/00	Expands the waiver provision for an institution whose enrollment of incarcerated students exceeds 25 percent to include a nonprofit institution that provides a two- or four-year program for which it awards a "postsecondary diploma."
600.8	7/1/00	Clarifies that a branch campus must exist as a branch campus for at least two years after the Secretary certifies it as a branch campus before seeking to be certified as a main or free-standing campus.
600.20	7/1/00	Adds language conforming to 600.31.
600.31	7/1/00	Amends to allow an institution undergoing a change in ownership that results in a change in control to continue to participate in the Title IV, HEA programs on a provisional basis if the institution meets certain requirements.
600.55	7/1/00	Amends to provide criteria for determining the comparability of foreign graduate medical schools to domestic graduate medical schools.
600.56	7/1/00	Subjects foreign veterinary schools to many, but not all, of the special eligibility requirements that the statute previously applied to foreign medical schools.

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Section	Effective	Change
<b>Part 602</b>		
All	7/1/00	Amends Part 602 to revise and reorder the standards accrediting agencies must have, to provide a maximum timeframe for agencies to come into compliance with the criteria for recognition, and to include distance education in the scope of an agency's recognition.
<b>Part 668</b>		
668.8	7/1/00	Conforms with 690.6 allowing certain students enrolled in a postbaccalaureate teacher certificate or licensing program to receive a Federal Pell Grant. Adds conforming language regarding the treatment of Title IV, HEA program funds when a student withdraws from an institution.
668.12	7/1/00	Amends to allow an institution undergoing a change in ownership that results in a change in control to continue to participate in the Title IV, HEA programs on a provisional basis if the institution meets certain requirements.
668.13	7/1/00	Expands the maximum period of time that an institution may be certified to participate in the Title IV, HEA programs from four years to six years.
668.14	7/1/00	Exempts an institution that has undergone a change in ownership/control from the requirement that it use a Default Management Plan during the first two years of its participation in the FFEL or Direct Loan programs if certain conditions are met. Removes (d) and (e), which govern collection and reporting of information concerning athletically-related aid, because those requirements are revised and incorporated in Sec. 668.47. Clarifies that an institution agrees to comply with the requirements of Sec. 668.22, which relates to refunds and the return of Title IV, HEA program funds. Requires that an institution make a good faith effort to distribute mail voter registration forms to its students. Adds conforming language regarding the treatment of Title IV, HEA program funds when a student withdraws from an institution.
668.16	7/1/00	Adds conforming language regarding the treatment of Title IV, HEA program funds when a student withdraws from an institution.
668.17	7/1/00	Reflects statutory changes to some requirements relating to the calculation of a school's Federal Family Education Loan (FFEL) Program cohort default rate, William D. Ford Federal Direct Loan (Direct Loan) Program cohort rate, or weighted average cohort rate.

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Section	Effective	Change
<b>Part 668</b>		
(continued)		
668.22	7/1/00	Implements statutory changes regarding the treatment of Title IV, HEA program funds when a student withdraws from an institution.
668.24	7/1/00	Adds conforming language regarding the treatment of Title IV, HEA program funds when a student withdraws from an institution.
668.25	7/1/00	Adds conforming language regarding the treatment of Title IV, HEA program funds when a student withdraws from an institution.
668.26	7/1/00	Adds conforming language regarding the treatment of Title IV, HEA program funds when a student withdraws from an institution.
668.27	7/1/00	Allows for a waiver for up to three years of the requirement that an institution submit annually a compliance audit and audited financial statement if certain conditions are met.
668.32	7/1/00	Conforms with 690.6, allowing certain students enrolled in a postbaccalaureate teacher certificate or licensing program to receive a Federal Pell Grant.
668.32	7/1/00	Allows a student who completes a secondary school education in a home school that is treated as a home school or private school under state law to be eligible to receive Title IV, HEA program funds. Provides that a student file his or her Statement of Educational Purpose with the Department. Reflects the name-change of the SSIG Program to the LEAP Program. Adds a cross-reference to the student eligibility criteria concerning drug convictions described in Sec. 668.40.
668.38	7/1/00	Provides the conditions under which a student enrolled in telecommunications courses will not be considered enrolled in correspondence courses.
668.40	7/1/00	Provides the conditions under which a student who has been convicted under federal or state law of possession or sale of illegal drugs will be ineligible to receive Title IV, HEA program funds.
668.41	7/1/00	Makes the information disclosure process more understandable and less burdensome, requires institutions to provide enrolled students a list of the information to which the students are entitled upon request, and provides for institutions' use of Internet and Intranet web sites for the disclosure of information.

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Section	Effective	Change
<b>Part 668</b>		
(continued)		
668.42	7/1/00	Incorporates section into Sec. 668.41.
668.43	7/1/00	Requires institutions to disclose their requirements and procedures for a student to officially withdraw from the institution.
668.45	7/1/00	Implements statutory changes regarding the disclosure of completion/graduation and transfer-out rate information by providing for a July 1 annual disclosure date, limiting the required disclosure of transfer-out rates to certain institutions, achieving greater consistency between term and nonterm-based institutions in establishing a cohort, and adding optional disclosures.
668.46	7/1/00	Defines terms regarding the disclosure of campus security information (including campus and noncampus buildings or property and public property), excludes pastoral or professional counselors from the definition of a campus security authority, adds new categories of crimes to be reported and new policies to be disclosed, clarifies how to compile and depict crime statistics, changes the date for disclosure of the annual security report to October 1, requires certain institutions to maintain a publicly available crime log, and requires institutions annually to submit their crime statistics to the Department.
668.47	7/1/00	Provides for the disclosure of additional data about revenues and expenses attributable to an institution's intercollegiate athletic activities, clarifies the meaning of various terms, and requires institutions annually to submit their Equity in Athletics Disclosure Act (EADA) report to the Department.
668.48	7/1/00	Amends section to correspond with Sec. 668.45 concerning the disclosure of completion/graduation and transfer-out rates.
668.83	7/1/00	Adds conforming language regarding the treatment of Title IV, HEA program funds when a student withdraws from an institution.
668.92	7/1/00	Reflects that an individual who exercises substantial control over an institution and willfully fails to pay refunds on student loans is subject to the penalty established under section 6672(a) of the Internal Revenue Code of 1986 with respect to nonpayment of taxes. Adds conforming language regarding the treatment of Title IV, HEA program funds when a student withdraws from an institution.

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Section	Effective	Change
<b>Part 668</b>		
(continued)		
668.95	7/1/00	Allows an institution to correct or cure an error that results from an administrative, accounting, or recordkeeping error, if that error was not part of a pattern of errors and there is no evidence of fraud or misconduct related to the error. Adds conforming language regarding the treatment of Title IV, HEA program funds when a student withdraws from an institution.
668.113	7/1/00	Clarifies that the Secretary will not limit, suspend, terminate, or fine the institution if an error that results from an administrative, accounting, or recordkeeping error is cured.
668.161	7/1/00	Conforming regulation resulting from changing the procedures that institutions must follow for paying students under the Federal Work-Study (FWS) Program.
668.164	7/1/00	Adds conforming language regarding the treatment of Title IV, HEA program funds when a student withdraws from an institution.
668.171	7/1/00	Adds conforming language regarding the treatment of Title IV, HEA program funds when a student withdraws from an institution.
668.173	7/1/00	Adds conforming language regarding the treatment of Title IV, HEA program funds when a student withdraws from an institution.
Appendix E	7/1/00	Updates definitions by removing "Murder" and adding "Arson," "Criminal Homicide--Manslaughter by Negligence," and "Criminal Homicide--Murder and Nonnegligent Manslaughter."
Appendix H	7/1/00	Implements the statutory changes relating to the treatment of special institutions in developing default management plans.
<b>Part 673</b>		
673.5	7/1/00	Revises definition of "resources" for awarding campus-based aid as a result of the change in the definition of "estimated financial assistance" in determining a student's eligibility for subsidized loans.
<b>Part 674</b>		
674.2	7/1/00	Adds definition of "satisfactory repayment arrangements."

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Section	Effective	Change
<b>Part 674</b>		
(continued)		
674.5	7/1/00	Establishes a default penalty of zero Federal Capital Contribution for institutions with a cohort default rate of 25 percent or higher and a new default penalty that terminates the eligibility of an institution to participate in the Federal Perkins Loan Program if the institution has a cohort default rate of 50 percent or higher for the three most recent years for which data are available. Allows an institution to exclude certain loans from its cohort default rate calculation.
674.6	7/1/00	Removes and reserves section.
674.7	7/1/00	Removes and reserves section.
674.8	7/1/00	Revises OMB control number.
674.9	7/1/00	Authorizes the use of the same criteria that remove a borrower from an institution's cohort default rate to re-establish a borrower's eligibility for additional Federal Perkins Loans.
674.10	7/1/00	Requires an institution offer less-than-full-time or independent students a reasonable portion, instead of five percent, of the dollar amount of Federal Perkins Loans made. Revises OMB control number.
674.12	7/1/00	Increases annual maximum loan amounts and increase the aggregate maximum loan amounts allowable for an eligible student to levels formerly authorized under the Expanded Lending Option.
674.13	7/1/00	Adds OMB control number.
674.16	7/1/00	Updates and clarifies credit bureau reporting requirements with which an institution must comply.
674.19	7/1/00	Revises OMB control number.
674.20	7/1/00	Revises OMB control number.

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Section	Effective	Change
<b>Part 674</b>		
(continued)		
674.31	7/1/00	Updates and clarifies credit bureau reporting requirements with which an institution must comply. Excludes from a borrower's initial grace period any period, not to exceed three years, during which a borrower who is a member of an Armed Forces reserve component is called or ordered to active duty.
674.33	7/1/00	Authorizes institutions to establish an incentive repayment program to reduce defaults and replenish their Federal Perkins Loan revolving fund. Establishes a closed school discharge for Federal Perkins Loan borrowers who are unable to complete their programs of study due to an institution's closure.
674.34	7/1/00	Extends the deferment benefits in this section to all borrowers regardless of the terms of the borrower's promissory note or when the loan was made. Adds criteria that allow borrowers to qualify automatically for economic hardship deferments while they are serving in the Peace Corps.
674.35	7/1/00	Revises OMB control number.
674.36	7/1/00	Revises OMB control number.
674.37	7/1/00	Adds OMB control number.
674.38	7/1/00	Allows borrowers to receive economic hardship deferments for longer than a one-year period for each request while serving as Peace Corps volunteers. Eliminates the requirement that a borrower must submit a deferment or postponement request in writing. Revises OMB control number.
674.39	7/1/00	Requires institutions to establish a loan rehabilitation program for all defaulted Federal Perkins Loan borrowers.
674.41	7/1/00	Requires institutions participating in the Federal Perkins Loan Program to provide borrowers with information on the availability of the Student Loan Ombudsman's office.

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Section	Effective	Change
<b>Part 674</b>		
(continued)		
674.42	7/1/00	Requires institutions participating in the Federal Perkins Loan Program to provide borrowers with information on the availability of the Student Loan Ombudsman's office. Facilitates the use of electronic means in providing personalized exit counseling and makes exit counseling requirements in the Federal Perkins Loan Program consistent with those in the Direct Loan and FFEL programs.
674.43	7/1/00	Revises OMB control number.
674.45	7/1/00	Updates and clarifies credit bureau reporting requirements with which an institution must comply. Requires institutions participating in the Federal Perkins Loan Program to provide borrowers with information on the availability of the Student Loan Ombudsman's office.
674.47	7/1/00	Authorizes an institution, until July 1, 2002, to charge its revolving fund for any collection costs assessed on a rehabilitated loan that are in excess of the 24 percent maximum limit that may be passed along to the borrower.
674.48	7/1/00	Revises OMB control number.
674.49	7/1/00	Reflects changes made to section 523(a)(8) of the Bankruptcy Code that eliminate a borrower's ability to have a student loan discharged on the ground that the loan has been in repayment for seven years or more.
674.50	7/1/00	Revises OMB control number.
674.52	7/1/00	Clarifies that a borrower whose defaulted loan has not been accelerated may qualify for any cancellation authorized by section 465 of the HEA and Subpart D of the Federal Perkins Loan Program regulations by complying with the requirements of this section. Clarifies that a Federal Perkins Loan, National Direct Student Loan or National Defense Student Loan borrower's deferment under Sec. 674.34(c) runs concurrently with any period for which cancellation under Secs. 674.53-674.60 is granted.
674.53	7/1/00	Extends the cancellation benefits authorized by this section, for eligible service performed on or after October 7, 1998, to all borrowers with a loan made under the Federal Perkins Loan program regardless of the date the loan was made or the terms of the borrower's promissory note.

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Section	Effective	Change
<b>Part 674</b>		
(continued)		
674.54	7/1/00	Removes and reserves section.
674.56	7/1/00	Extends the cancellation benefits authorized by this section, for eligible service performed on or after October 7, 1998, to all borrowers with a loan made under the Federal Perkins Loan program regardless of the date the loan was made or the terms of the borrower's promissory note.
674.57	7/1/00	Extends the cancellation benefits authorized by this section, for eligible service performed on or after October 7, 1998, to all borrowers with a loan made under the Federal Perkins Loan program regardless of the date the loan was made or the terms of the borrower's promissory note.
674.58	7/1/00	Extends the cancellation benefits authorized by this section, for eligible service performed on or after October 7, 1998, to all borrowers with a loan made under the Federal Perkins Loan program regardless of the date the loan was made or the terms of the borrower's promissory note.
674.60	7/1/00	Extends the cancellation benefits authorized by this section, for eligible service performed on or after October 7, 1998, to all borrowers with a loan made under the Federal Perkins Loan program regardless of the date the loan was made or the terms of the borrower's promissory note.
674.61	7/1/00	Revises OMB control number.
<b>Part 675</b>		
675.2	7/1/00	Revises the definition of "community services."
675.8	7/1/00	Eliminates the requirement that an institution employing FWS students make equivalent non-FWS jobs reasonably available to all students at the institution who want to work.
675.10	7/1/00	Requires an institution to offer less-than-full-time or independent students a reasonable portion, instead of five percent, of the FWS allocation.

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Section	Effective	Change
<b>Part 675</b>		
(continued)		
675.16	7/1/00	Provides the procedures under which an institution would be allowed, upon request of a student, to make payments of FWS funds directly to the student's account at a financial institution or to credit the student's account at the educational institution.
675.18	7/1/00	Increases from five to seven percent the minimum percentage of an institution's FWS allocation that must be spent on community service jobs. Requires an institution, in meeting the community service requirement, to ensure that one or more of its FWS students is employed (1) in a community service reading tutoring project as a reading tutor for children who are preschool age or are in elementary school, or (2) performing family literacy activities in a community service family literacy project (but also provides a waiver to requirement). Requires that if an institution employs FWS students as reading tutors in elementary schools, the institution, to the extent practicable, must give priority to employing students in schools that are participating in a reading reform project. Clarifies that an institution may pay FWS students for a reasonable amount of time spent for training for any FWS employment. Provides that an institution may pay FWS students for a reasonable amount of time spent for travel that is directly related to employment in community service activities.
675.20	7/1/00	Clarifies that FWS employment may include internships, practicums, or assistantships.
675.23	7/1/00	Provides that if a student is employed by a private for-profit organization the work that the student performs must be academically relevant to the student's educational program only to the maximum extent possible.
675.26	7/1/00	Provides that the federal share of an FWS student's compensation may exceed 75 percent, but may not exceed 90 percent, if the student is employed at a nonprofit or a public organization that cannot afford to pay the regular non-federal share. Authorizes a federal share of 100 percent of the FWS funds awarded to students by an institution for an award year if the student is performing literacy activities when employed in a family literacy project that provides services to families with preschool age children or children who are in elementary school.

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Section	Effective	Change
<b>Part 675</b>		
(continued)		
675.45	7/1/00	Provides more flexibility to Work-Colleges by allowing them to use available funds to coordinate and carry out joint projects to promote work service learning and to conduct a comprehensive longitudinal study of academic progress and academic and career outcomes.
<b>Part 676</b>		
676.10	7/1/00	Requires an institution to offer less-than-full-time or independent students a reasonable portion, instead of five percent, of the Federal Supplemental Educational Opportunity Grant (FSEOG) allocation.
676.18	7/1/00	Includes a new authority for an institution to carry up to ten percent of its current award year FSEOG allocation forward to spend in the next award year and to carry back up to ten percent of its current award year allocation to spend in the prior award year. Includes a new authority for an institution to carry back any portion of its current award year FSEOG funds to make awards to students for payment periods that begin on or after May 1 of the prior award year but end prior to the start of the current award year.
<b>Part 682</b>		
682.100	7/1/00	Amends language.
682.102	7/1/00	Requires the use of the <i>Free Application for Federal Student Aid</i> (FAFSA) as the application for FFEL subsidized and unsubsidized Stafford loans beginning in academic year 1999-2000 and reflects the use of a Master Promissory Note (MPN) that would allow borrowers to receive, in addition to an initial loan, additional loans for the same or subsequent periods.
682.103	7/1/00	Amends language.

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Section	Effective	Change
<b>Part 682</b>		
(continued)		
682.200	7/1/00	Revises the definition of “Lender” to permit lenders to provide assistance to schools that is comparable to the kinds of assistance provided by the Secretary under, or in furtherance of, the Direct Loan Program. Reflects that the length of time a borrower is delinquent before a default occurs is 270 days for a loan repayable in monthly installments and 330 days for FFEL Program loans repayable less frequently than monthly. Reflects that schools now are required to include veterans' educational benefits paid under Chapter 30 of Title 38 of the United States Code and national service education awards or post-service benefits under Title I of the National and Community Service Act of 1990 (AmeriCorps) as estimated financial assistance for the purpose of determining a borrower's eligibility for unsubsidized FFEL. Defines “master promissory note” as a promissory note under which a borrower may receive loans for a single academic year or multiple academic years.
682.201	7/1/00	Prohibits a borrower from receiving a Federal Consolidation Loan to repay a loan made under the HEA on which the borrower is subject to a judgment secured through litigation or to an administrative wage garnishment order. Permits a borrower who has multiple FFEL Program holders to apply to any eligible FFEL lender for a Federal Consolidation Loan. Expands the universe of loans that may be included in an Federal Consolidation Loan.
682.202	7/1/00	Includes the interest rate formulas that apply to subsidized Stafford, unsubsidized Stafford, and PLUS loans that are first disbursed on or after October 1, 1998 and before July 1, 2003 and interest rate formulas for Consolidation loans. Reflects that a lender may add accrued interest to the principal (capitalization) of an unsubsidized Stafford loan only when the loan enters repayment, at the expiration of a period of authorized deferment, at the expiration of a period of authorized forbearance, and when the borrower defaults. Provides that, for loans first disbursed on or after July 1, 2000, periods of forbearance on both subsidized and unsubsidized Stafford loans would be covered by the new capitalization rules. Permits a lender to assess a lower origination fee to a borrower demonstrating “greater financial need,” as determined by the borrower's adjusted gross income and to allow a lender to consider a borrower as demonstrating greater financial need if the borrower's Expected Family Contribution (EFC) used to determine eligibility for the loan is equal to or less than the maximum qualifying EFC for a Federal Pell Grant at the time the loan is certified; the borrower qualifies for a subsidized Stafford loan; or the borrower qualifies according to a comparable alternative standard approved by the Secretary.

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Section	Effective	Change
<b>Part 682</b>		
(continued)		
682.204	7/1/00	Modifies the method for calculating the reduced annual loan limits that apply to FFEL borrowers enrolled in programs of study or remaining balances of programs of study that are less than an academic year in length and specifies annual loan limits for non-degree preparatory and teaching credential coursework.
682.205	7/1/00	Implements changes affecting the loan disclosures that a lender is required to provide to a borrower. Specifically, the HEA now requires a lender to use simple and understandable terms in its disclosure statements and to provide a telephone number the borrower can use to obtain additional loan information. The changes to the HEA also permit a lender to provide the disclosure information and the lender's phone number electronically. Amends OMB control number.
682.206	7/1/00	Conforms with changes made in Sec. 682.603 related to loan certification of borrower eligibility by the school and Sec. 682.401 related to the use of the MPN.
682.207	7/1/00	Retains provision that when a disbursement is returned because the student withdrew, the remaining disbursements are cancelled but adds provision that a lender may disburse subsequent disbursements after the first disbursement is returned to the lender in the absence of information that the student is no longer enrolled and at the request of the school. Requires lenders to disburse loans in a single installment (rather than in multiple installments as generally required) if so directed by a school that meets the criteria specified in Sec. 682.604. Reflects that a FFEL Program school is exempt from the multiple disbursement requirement for single-term loans and the delayed delivery requirement if the school's FFEL cohort default rate, Direct Loan Program cohort rate, or weighted average cohort rate is less than 10 percent for each of the three most recent fiscal years for which data are available or the school is certifying or originating a loan to cover the cost of attendance in a study abroad program and has a FFEL cohort default rate, Direct Loan Program cohort rate, or weighted average cohort rate of less than five percent for the single most recent fiscal year for which data are available. Adds conforming language regarding the treatment of Title IV, HEA program funds when a student withdraws from an institution.

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Section	Effective	Change
<b>Part 682</b>		
(continued)		
682.208	7/1/00	Requires schools, lenders, and guaranty agencies to inform borrowers of the existence of the Department's Student Loan Ombudsman's office to resolve disputes borrowers have regarding their FFEL Program loans. Amends OMB control number.
682.209	7/1/00	Requires a lender to offer new FFEL borrowers, including FFEL Consolidation loan borrowers, whose total outstanding FFEL loans exceed \$30,000, an extended repayment plan with fixed or graduated repayment amounts to be paid over a period not to exceed 25 years. Excludes certain periods of service by a borrower in the Armed Forces from the six-month grace period. Adds conforming language regarding the treatment of Title IV, HEA program funds when a student withdraws from an institution.
682.210	7/1/00	Adds criteria that allow borrowers to qualify automatically for economic hardship deferments while they are serving in the Peace Corps. Allows borrowers to receive economic hardship deferments for longer than a one-year period for each request while serving as Peace Corps volunteers. Excludes in-school deferments from the general requirement that a deferment may not be granted for a period beginning more than 6 months before the date the lender receives the request and the documentation required for the deferment. Reflects that lenders may determine a borrower's eligibility for an in-school deferment when the borrower submits a request for deferment along with documentation verifying the borrower's eligibility for the deferment to the borrower's lender, the borrower's lender receives either a newly completed loan certification or, as part of the MPN process, information from the borrower's school indicating that the borrower is eligible to receive a new loan, or the borrower's lender receives student status information from the borrower's school, either directly or indirectly, indicating that the borrower is enrolled on at least a half-time basis. Permits borrowers who are eligible for unemployment insurance benefits to submit evidence of their eligibility for the benefits to their lender to qualify for initial and subsequent periods of an unemployment deferment.

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Section	Effective	Change
<b>Part 682</b>		
(continued)		
682.211	7/1/00	Modifies and incorporates into the regulations the Secretary's policy of permitting lenders and guaranty agencies to grant administrative forbearances to assist FFEL borrowers who are residents of areas where natural disasters have occurred. Permits a lender to grant a forbearance to a borrower for a period not to exceed 60 days after the borrower requests a deferment, a forbearance, a change in repayment plan, or a consolidation loan.
682.214	7/1/00	Amends OMB control number.
682.215	7/1/00	Removes section.
682.300	7/1/00	Adds conforming language related to 682.301.
682.301	7/1/00	Includes the authority for payment of interest subsidy during a period of authorized deferment on the portion of a FFEL Consolidation loan that repaid a subsidized FFEL or Direct Loan program loan.
682.302	7/1/00	Implements the statutory requirements that modified the formula for calculating the amount of special allowance payable on a FFEL Program loan.
682.305	7/1/00	Implements sections 438(c), 438(d), and 428(b)(1)(U)(iii)(I) of the HEA, requiring the Secretary to collect origination fees owed by a lender by offsetting the amount of interest and special allowance payments due the lender or by collecting the amount of origination fees directly from the lender.
682.400	7/1/00	Deletes the reference to the payment of administrative cost allowances to guaranty agencies.

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Section	Effective	Change
<b>Part 682</b>		
(continued)		
682.401	7/1/00	Implements statutory changes that guaranty agencies be required to receive and respond to written, electronic, and telephone inquiries. Specifies which loans a lender-of-last-resort is required to make in order to satisfy its statutory obligation. Provides a lender-of-last-resort with authorization to expand its lender-of-last-resort program to borrowers other than those it is required to serve to meet its statutory obligation. Describes the procedures that the Secretary would use to determine which guaranty agencies would receive federal funds to be used to make lender-of-last-resort loans. States the requirements that a school must meet to be authorized to use a single MPN as the basis for multiple loans a borrower obtains.
682.402	7/1/00	Provides that a lack of evidence of a borrower's confirmation for subsequent loans made under an MPN will not lead to a denial of claim payment to the lender unless the loan is found to be unenforceable. Reflects amendments to the Bankruptcy Code that eliminated the seven-year repayment standard for discharge of FFEL Program loans for bankruptcy petitions filed on or after October 8, 1998 and establishes undue hardship as the only criteria for a bankruptcy discharge. Revises lender and guaranty agency claim filing procedures related to loans for which bankruptcy petitions are filed. Provides for discharge of the amount of a borrower's FFEL disbursed on or after January 1, 1986 that should have been refunded by the borrower's school. Allows the Secretary or a guaranty agency to discharge a borrower's FFEL Program loan, without an application, if the borrower's loan was made for the same program of study and time period at the same school as a loan for which the borrower has qualified for and received a closed school discharge under the Federal Perkins Loan Program or the Federal Direct Loan Program. Requires the immediate suspension of collection activities against all parties to a loan (maker, co-maker, endorser) if the lender is informed that any of those individuals has filed for Chapter 12 or Chapter 13 bankruptcy. For a bankruptcy petition filed by a borrower, co-maker, or endorser on a loan under Chapters 7 or 11, lenders may suspend collection activities against all parties to the loan.
682.404	7/1/00	Reflects statutory changes to the reinsurance rates paid on a defaulted loan for which the first disbursement was made on or after October 1, 1998. Clarifies that guaranty agencies are prohibited from establishing specific deadlines within the 60th-120th day of delinquency by which lenders must request default aversion assistance.
682.405	7/1/00	Amends OMB control number.

## Appendix B--Summary of Changes in Final Regulations Published from October through December 1999

Section	Effective	Change
<b>Part 682</b>		
(continued)		
682.406	7/1/00	Reflects statutory changes requiring that a default claim be paid only if diligent attempts were made by the lender and guaranty agency to locate the borrower through the use of effective commercial skip tracing techniques, including contact with the school the student attended. Requires, as a condition for receiving a reinsurance payment, the guaranty agency to certify to the Secretary that those diligent skip-tracing efforts were made. Adds conforming language to implement and use MPN.
682.409	7/1/00	Reflects statutory changes to the standards for requiring mandatory assignment of defaulted loans by removing the transition to the Direct Loan Program as one of the criteria. Adds conforming language related to MPN.
682.410	7/1/00	Requires guaranty agencies to inform borrowers of the existence of the Department's Student Loan Ombudsman's office as a dispute resolving office before the agency reports the borrower's default to a credit bureau. Amends OMB control number.
682.411	7/1/00	Adds a provision requiring a lender to inform a delinquent borrower that the Department's Student Loan Ombudsman's office is available as a dispute resolving office. Changes the due diligence requirements for lenders to accommodate the new definition of default. Amends OMB control number.
682.412	7/1/00	Adds conforming change to reflect a revised regulatory citation for the final demand letter required by 682.411.
682.413	7/1/00	Provides that the Secretary's decision to terminate a guaranty agency's participation in the FFEL Program after September 24, 1998, based on certain failures specified in the HEA, does not become final until the Secretary provides the agency with an opportunity for a hearing on the record.
682.414	7/1/00	Reduces the length of time a lender must retain required loan records for loans paid in full by the borrower from 5 years to 3 years from the date the loan is repaid in full by the borrower. Requires lenders to maintain documentation of the confirmation processes the lender and the school used for subsequent loans under an MPN and specifies that a lender or guaranty agency may, to accommodate the MPN process, retain a true and exact copy of the promissory note rather than the original note.

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Section	Effective	Change
<b>Part 682</b>		
(continued)		
682.417	7/1/00	Changes conform this section to the new financial structure for guaranty agencies under section 422A of the HEA, which was added to the HEA by the 1998 Amendments. Changes all references to “reserve funds” (or “reserve fund”) to “Federal Fund” to reflect the new financing model established by the 1998 Amendments.
682.418	7/1/00	Implements the statutory requirement authorizing the Secretary to regulate the uses or expenditures of a guaranty agency’s Operating Fund during any period in which funds transferred from the Federal Fund are in the Operating Fund.
682.419	7/1/00	Reflects statutory requirement that guaranty agency establish a Federal Student Loan Reserve Fund (the “Federal Fund”) within 60 days of enactment of the 1998 Amendments.
682.420	7/1/00	Restates the longstanding principle that the Federal Fund, and federal portion of nonliquid assets (such as buildings or equipment) developed or purchased by an agency in whole or in part with federal reserve funds, regardless of who holds or controls the federal reserve funds or assets, are the property of the United States.
682.421	7/1/00	Permits, with the Secretary’s approval, a guaranty agency to transfer a limited amount of funds from the Federal Fund for deposit into the agency’s Operating Fund.
682.422	7/1/00	Implements the statutory requirements requiring a guaranty agency to begin repayment of principal transferred from the Federal Fund not later than the start of the fourth year after the establishment of the Operating Fund, except in regard to the repayment of investment earnings transferred from the Federal Fund to the Operating Fund.
682.423	7/1/00	Implements requirement that each guaranty agency establish a fund designated as the “Operating Fund” within 60 days after the enactment of the 1998 Amendments.
682.507	7/1/00	Amends OMB control number.
682.508	7/1/00	Amends OMB control number.
682.511	7/1/00	Amends OMB control number.

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Section	Effective	Change
<b>Part 682</b>		
(continued)		
682.515	7/1/00	Amends OMB control number.
682.601	7/1/00	Amends OMB control number.
682.603	7/1/00	Requires a school to certify only the loan amount for which the borrower is eligible and to provide a disbursement schedule to the lender. Reflects that a FFEL Program school is exempt from the multiple disbursement requirement for single-term loans and the delayed delivery requirement if the school's FFEL cohort default rate, Direct Loan Program cohort rate, or weighted average cohort rate is less than 10 percent for each of the three most recent fiscal years for which data are available or the school is certifying or originating a loan to cover the cost of attendance in a study abroad program and has a FFEL cohort default rate, Direct Loan Program cohort rate, or weighted average cohort rate of less than five percent for the single most recent fiscal year for which data are available.
682.604	7/1/00	Reflects that a FFEL Program school is exempt from the multiple disbursement requirement for single-term loans and the delayed delivery requirement if the school's FFEL cohort default rate, Direct Loan Program cohort rate, or weighted average cohort rate is less than 10 percent for each of the three most recent fiscal years for which data are available or the school is certifying or originating a loan to cover the cost of attendance in a study abroad program and has a FFEL cohort default rate, Direct Loan Program cohort rate, or weighted average cohort rate of less than five percent for the single most recent fiscal year for which data are available. Permits schools to use electronic means to provide initial counseling and exit counseling to borrowers and to require two additional counseling elements based on new statutory initiatives. Adds conforming language regarding the treatment of Title IV, HEA program funds when a student withdraws from an institution.
682.605	7/1/00	Adds conforming language regarding the treatment of Title IV, HEA program funds when a student withdraws from an institution. Amends OMB control number.
682.607	7/1/00	Adds conforming language regarding the treatment of Title IV, HEA program funds when a student withdraws from an institution.
682.610	7/1/00	Adds conforming language to implement and use MPN.

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Section	Effective	Change
<b>Part 682</b>		
(continued)		
682.711	7/1/00	Amends OMB control number.
682.712	7/1/00	Amends OMB control number.
682.713	7/1/00	Amends OMB control number.
682.800 through 682.839	7/1/00	Removes sections
682.802	7/1/00	Amends OMB control number.
682.803	7/1/00	Amends OMB control number.
682.840	7/1/00	Redesignated as 682.800
Appendix D	7/1/00	Revises appendix to incorporate the new default definition (270 days of delinquency or 330 days for loans paid less frequently than monthly).
<b>Part 685</b>		
685.102	7/1/00	Reflects that the length of time a borrower is delinquent before a default occurs is 270 days. Reflects that schools now are required to include veterans' educational benefits paid under Chapter 30 of Title 38 of the United States Code and national service education awards or post-service benefits under Title I of the National and Community Service Act of 1990 (AmeriCorps) as estimated financial assistance for the purpose of determining a borrower's eligibility for unsubsidized loans. Defines the term "master promissory note" as a promissory note under which a borrower may receive loans for a single academic year or multiple academic years.
685.201	7/1/00	Makes conforming changes necessary to reflect the implementation of the MPN.

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Section	Effective	Change
<b>Part 685</b>		
(continued)		
685.203	7/1/00	Modifies the method for calculating the reduced annual loan limits that apply to borrowers enrolled in programs of study or remaining balances of programs of study that are less than an academic year in length and to specify annual loan limits for non-degree preparatory and teaching credential coursework.
685.204	7/1/00	Reflects that the Secretary may determine a borrower's eligibility for an in-school deferment when the borrower submits a request for deferment along with documentation verifying the borrower's eligibility for the deferment to the Secretary, the Secretary receives either a newly completed loan certification or, as part of the MPN process, information from the borrower's school indicating that the borrower is eligible to receive a new loan, or the Secretary receives student status information from the borrower's school, either directly or indirectly, indicating that the borrower is enrolled on at least a half-time basis.
685.205	7/1/00	Permits the Secretary to grant a forbearance to a borrower for a period not to exceed 60 days after the borrower requests a deferment, a forbearance, a change in repayment plan, or a consolidation loan.
685.206	7/1/00	Amends OMB control number.
685.207	7/1/00	Excludes certain periods of service by a borrower in the Armed Forces from the six-month grace period.
685.209	7/1/00	Amends OMB control number.
685.211	7/1/00	Reduces interest rates on Direct Loan Program loans to encourage on-time loan repayment. Adds conforming language regarding the treatment of Title IV, HEA program funds when a student withdraws from an institution.
685.212	7/1/00	Provides for discharge of the amount of a borrower's loan disbursed on or after January 1, 1986 that should have been refunded by the borrower's school.
685.213	7/1/00	Amends OMB control number.
685.214	7/1/00	Amends OMB control number.

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Section	Effective	Change
<b>Part 685</b>		
(continued)		
685.215	7/1/00	Provides for discharge of the amount of a borrower's loan disbursed on or after January 1, 1986 that should have been refunded by the borrower's school. Adds conforming language regarding the treatment of Title IV, HEA program funds when a student withdraws from an institution.
685.216	7/1/00	Revises section references and language.
685.300	7/1/00	Provides schools the option to participate in one or more of the loan programs (subsidized, unsubsidized, and PLUS) under the FFEL and Direct Loan programs.
685.301	7/1/00	Reflects that a Direct loan program school is exempt from the multiple disbursement requirement for single-term loans and the delayed delivery requirement if the school's FFEL cohort default rate, Direct Loan Program cohort rate, or weighted average cohort rate is less than 10 percent for each of the three most recent fiscal years for which data are available or the school is certifying or originating a loan to cover the cost of attendance in a study abroad program and has a FFEL cohort default rate, Direct Loan Program cohort rate, or weighted average cohort rate of less than five percent for the single most recent fiscal year for which data are available.
685.302	7/1/00	Amends OMB control number.
685.303	7/1/00	Reflects that a Direct loan program school is exempt from the multiple disbursement requirement for single-term loans and the delayed delivery requirement if the school's FFEL cohort default rate, Direct Loan Program cohort rate, or weighted average cohort rate is less than 10 percent for each of the three most recent fiscal years for which data are available or the school is certifying or originating a loan to cover the cost of attendance in a study abroad program and has a FFEL cohort default rate, Direct Loan Program cohort rate, or weighted average cohort rate of less than five percent for the single most recent fiscal year for which data are available.
685.304	7/1/00	Permits schools to use electronic means to provide initial counseling and exit counseling to borrowers and to require two additional counseling elements based on new statutory initiatives.

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Section	Effective	Change
<b>Part 685</b>		
(continued)		
685.305	7/1/00	Adds conforming language regarding the treatment of Title IV, HEA program funds when a student withdraws from an institution.
685.306	7/1/00	Adds conforming language regarding the treatment of Title IV, HEA program funds when a student withdraws from an institution.
685.402	7/1/00	States the requirements that a school must meet to be authorized to use a single MPN as the basis for multiple loans obtained by a borrower.
<b>Part 690</b>		
690.6	7/1/00	Extends Federal Pell Grant eligibility to certain students enrolled in a postbaccalaureate teacher certificate or licensing program even if they have earned a bachelor's degree.
690.7	7/1/00	Provides that an institution is ineligible to participate in the Federal Pell Grant Program upon losing its eligibility to participate in the FFEL or Direct Loan programs because of its default rate.