year. Since this information is used to convert a borrower to repayment in a timely manner, the Secretary believes it is not generally appropriate, except in connection with a summer period, to delay the school's determination of student withdrawal. The Secretary agrees that the summer period of nonenrollment can include summer terms during which the school offers classes, but most students are generally not expected to attend. The Secretary also agrees that the technical changes to section 682.607(c)(1) are needed for successful coordination between section 668.22(j) of the General Provisions regulations and sections 682.605 and .607 of the FFEL program regulations. Change: None.

## Assessment of Educational Impact

In the NPRM, the Secretary requested comments on whether the proposed regulations would require transmission of information that is being gathered by or is available from any other agency or authority of the United States.

Based on the response to the proposed rules and 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.

#### List of Subjects in 34 CFR Part 682

Administrative practice and procedure, Colleges and universities, Education, Loan programs—education, Reporting and recordkeeping requirements, Student aid, Vocational education.

(Catalog of Federal Domestic Assistance Number 84.032, Federal Family Education Loan Program)

Dated: November 24, 1995. Richard W. Riley, Secretary of Education.

The Secretary amends Part 682 of Title 34 of the Code of Federal Regulations as follows:

# PART 682—FEDERAL FAMILY EDUCATION LOAN (FFEL) PROGRAM

1. The authority citation for Part 682 continues to read as follows:

Authority: 20 U.S.C. 1071 to 1087–2, unless otherwise noted.

### §682.200 [Amended]

2. Section 682.200, paragraph (b) is amended by revising the definition of "Satisfactory repayment arrangement" by adding at the end of the paragraph (1), "A borrower may only obtain the benefit of this paragraph with respect to renewed eligibility once." and by

removing in paragraph (2) the reference to "34 CFR 682.201(c)(iii)(C)" and adding, in its place, "34 CFR 682.201(c)(1)(iii)(C)."

3. Section 682.201 is amended by revising paragraph (c)(1)(iii)(C) to read as follows:

#### § 682.201 Eligible borrowers.

\* \* \* (c) \* \* \*

(1) \* \* \* (iii) \* \* \*

(C) In a default status and has either made satisfactory repayment arrangements as defined in section 682.200(b)(2) or has agreed to repay the consolidation loan under the incomesensitive repayment plan described in § 682.209(a)(6)(viii).

\* \* \* \* \*

4. Section 682.207 is amended by revising paragraph (c) introductory text; adding a new paragraph (c)(4) and revising paragraphs (d)(1) and (d)(2)(iii) to read as follows:

# § 682.207 Due diligence in disbursing a loan.

(c) A lender shall disburse any Stafford or PLUS loan as follows:

(4) If the first disbursement of a loan is scheduled to be made on the date of the second scheduled disbursement, the loan may be disbursed in a single installment. This date may be on the earlier of—

(i) The midpoint of the loan period for which the loan was made; or

(ii) A date which coincides with the beginning of the next scheduled term as provided for in the exception clause of paragraph (c)(3) of this section.

(d)(1) A lender may disburse loan proceeds after the student has ceased to be enrolled on at least a half-time basis or after the expiration date of the period of enrollment for which the loan was intended, in accordance with paragraphs (d) (2) and (3) of this section.

(2) \* \*

(iii) In exceptional circumstances within 30 days after the period described in paragraph (d)(2)(ii) of this section. Between the 61st and up through the 90th day, a lender may presume that exceptional circumstances exist and make the disbursement. The school shall review the borrower's circumstances and either determine that exceptional circumstances exist or return the loan proceeds to the lender. The school shall document the exceptional circumstances in the student's file.

5. Section 682.209 is amended by revising paragraph (b) to read as follows:

# § 682.209 Repayment of a loan.

\* \* \* \* \*

(b) Payment application and prepayment. (1) The lender may credit the entire payment amount first to any late charges accrued or collection costs and then to any outstanding interest and then to outstanding principal.

(2)(i) The borrower may prepay the whole or any part of a loan at any time

without penalty.

- (ii) If the prepayment amount equals or exceeds the monthly payment amount under the repayment schedule established for the loan, the lender shall apply the prepayment to future installments by advancing the next payment due date, unless the borrower requests otherwise. The lender must either inform the borrower in advance using a prominent statement in the borrower coupon book or billing statement that any additional full payment amounts submitted without instructions to the lender as to their handling will be applied to future scheduled payments with the borrower's next scheduled payment due date advanced consistent with the number of additional payments received, or provide a notification to the borrower after the payments are received informing the borrower that the payments have been so applied and the date of the borrower's next scheduled payment due date. Information related to next scheduled payment due date need not be provided to borrower's making such prepayments while in an in-school, grace, deferment, or forbearance period when payments are not due.
- 6. Section 682.210 is amended by revising paragraph (a)(8) to read as follows:

#### § 682.210 Deferment.

(a) \* \* \*

- (8) A borrower whose loan is in default is not eligible for a deferment, unless the borrower has made payment arrangements acceptable to the lender prior to the payment of a default claim by a guaranty agency.
- \* \* \* \* \* \*

  7. Section 682.211 is amended by adding a new paragraph (f)(9) to read as follows:

### § 682.211 Forbearance.

(f) \* \* \*

(9) For a period of delinquency that may remain after a borrower ends a period of deferment or mandatory