

forbearance until the next due date is established in accordance with § 682.209(a)(3)(ii)(B).

\* \* \* \* \*

8. Section 682.401(b)(10)(vi)(B), is revised to read as follows:

**§ 682.401 Basic program agreement.**

\* \* \* \* \*

(b) \* \* \*

(10) \* \* \*

(vi) \* \* \*

(B) The premium or an appropriate prorated amount of the premium must be refunded by application to the borrower's account if—

(1) The loan or a portion of a loan is returned by the school to the lender;

(2) Within 120 days of disbursement, the loan is repaid in full;

(3) Within 120 days of disbursement, the loan check has not been negotiated; or

(4) Within 120 days of disbursement, the loan proceeds disbursed by electronic funds transfer or master check in accordance with § 682.207(b)(1)(ii) (B) and (C) have not been released from the restricted account maintained by the school.

\* \* \* \* \*

9. Section 682.402 is amended by revising paragraph (c)(3) and by revising paragraphs (l)(1) and (l)(2) as set forth below; by amending paragraph (l)(3) by replacing the reference to “(l)(2)” with “(l)(1).”

**§ 682.402 Death, disability, closed school, false certification, and bankruptcy payments.**

\* \* \* \* \*

(c) \* \* \*

(3) After being notified that the guaranty agency has paid a disability discharge claim, the lender shall return to the sender any payments received by the lender after the date that the borrower became totally and permanently disabled as certified by the physician. At the same time that the lender returns the payment, it shall notify the borrower that there is no obligation to repay a loan discharged on the basis of disability.

\* \* \* \* \*

(l) \* \* \*

(1) If the guaranty agency receives any payments from or on behalf of the borrower on or attributable to a loan that has been discharged in bankruptcy on which the Secretary previously paid a bankruptcy claim, the guaranty agency shall return 100 percent of these payments to the sender. The guaranty

agency shall promptly return, to the sender, any payment on a cancelled or discharged loan made by the sender and received after the Secretary pays a closed school or false certification claim. At the same time that the agency returns the payment, it shall notify the borrower that there is no obligation to repay a loan discharged on the basis of death, disability, bankruptcy, false certification, or closing of the school.

(2) The guaranty agency shall remit to the Secretary all payments received from a tuition recovery fund, performance bond, or other third party with respect to a loan on which the Secretary previously paid a closed school or false certification claim.

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10. Section 682.412 is amended by revising paragraph (c) to read as follows:

**§ 682.412 Consequences of the failure of a borrower or student to establish eligibility.**

\* \* \* \* \*

(c) In the final demand letter transmitted under paragraph (a) of this section, the lender shall demand that within 30 days from the date the letter is mailed the borrower repay in full any principal amount for which the borrower is ineligible and any accrued interest, including interest and all special allowance paid by the Secretary.

\* \* \* \* \*

11. Section 682.603 is amended by adding a new paragraph (f)(4) and by revising paragraph (g) to read as follows:

**§ 682.603 Certification by a participating school in connection with a loan application.**

\* \* \* \* \*

(f) \* \* \*

(4) In prorating a loan amount for a student enrolled in a program of study with less than a full academic year remaining, the school need not recalculate the amount of the loan if the number of hours for which an eligible student is enrolled changes after the school certifies the loan.

(g) A school may not assess the borrower, or the student in the case of a PLUS loan, a fee for the completion or certification of any FFEL Program form or information or for providing any information necessary for a student or parent to receive a loan under part B of the Act or any benefits associated with such a loan.

12. Section 682.604 is amended by removing paragraph (e)(3), redesignating paragraph (e)(4) as paragraph (e)(3), in redesignated paragraph (e)(3), in the

introductory text, remove “the lender or guaranty agency has not informed the school that it prohibits a late disbursement as permitted by § 682.207(d)(2)(i), and if”.

13. Section 682.605 is revised to read as follows:

**§ 682.605 Determining the date of a student's withdrawal.**

(a) Except in the case of a student who does not return for the next scheduled term following a summer break, which includes any summer term(s) in which classes are offered but students are not generally required to attend, a school shall follow the procedures in 34 CFR 668.22(j) for determining the student's date of withdrawal. In the case of a student who does not return from a summer break, the school must follow the procedures in 34 CFR 668.22(j) except that the school shall determine the student's withdrawal date no later than 30 days after the first day of the next scheduled term.

(b) The school shall use the withdrawal date determined under 34 CFR 668.22(j) for the purpose of reporting to the lender the date that the student has withdrawn from the school.

(c) For the purpose of a school's reporting to a lender, a student's withdrawal date is the month, day and year of the withdrawal date.

\* \* \* \* \*

14. Section 682.607(c) is revised to read as follows:

**§ 682.607 Payment of a refund to a lender.**

\* \* \* \* \*

(c) *Timely payment.* A school shall pay a refund that is due—

(1) Within 60 days of the date that the student officially withdraws, is expelled, or the institution determines that a student has unofficially withdrawn, as determined in accordance with 34 CFR 668.22(j) and § 682.605.

(2) In the case of a student who does not return to school at the expiration of an approved leave of absence under 34 CFR 668.22(j), within 30 days of the earlier of the date of expiration of the leave of absence or the date the student notifies the institution that the student will not be returning to the institution after the expiration of an approved leave of absence.

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