

*Subpart I—Immigration Status Confirmation*

The Secretary proposed to amend § 668.133(b) to remove the requirements for requesting secondary confirmation from the Immigration and Naturalization Service for a student if (1) the student presents documents to his or her institution verifying his or her immigration status that are identical to documents presented to that institution in a previous year, (2) that institution determined the student to be an eligible noncitizen using secondary confirmation of those same documents in a previous award year, and (3) the institution does not have conflicting information or reason to doubt the student's claim of eligible noncitizen status (page 49116).

*Subpart K—Cash Management*

The Secretary proposed to amend § 668.164(a)(2) to eliminate the UCC-1 filing requirement for institutions that (1) disclose clearly in the name of the account in which Federal funds are deposited that Federal funds are maintained in that account, or (2) are backed by the full faith and credit of a State (page 49116).

The Secretary proposed to modify § 668.165(b)(1) to provide an institution with as much flexibility as possible with respect to how it notifies a student or parent borrower that FFEL or Direct Loan program funds have been credited to the student's account. That flexibility allows an institution to provide notification electronically or through the use of telecommunication devices (page 49116).

The Secretary proposed to amend § 668.165(b)(1) and (3) to provide that under certain circumstances, and with the student's permission, an institution may use current year title IV, HEA program funds to pay for minor charges from a prior year (pages 49116–49117).

*Parts 674, 675, and 676—Campus-Based Programs*

The Secretary proposed to eliminate the duplicative definitions of "full-time graduate or professional student" and "full-time undergraduate student from §§ 674.2(b), 675.2(b), and 676.2(b), as applicable, and instead incorporate the definition of "full-time student" set forth in § 668.2(b) for all three of the campus-based programs (page 49117).

The Secretary proposed to eliminate the provisions of §§ 674.17(a), 675.17, and 676.17 which provide that title IV, HEA program funds are held in trust for the Secretary and intended student beneficiaries and cannot be used or hypothecated for any other purpose,

because these very provisions are included in § 668.161(b) of the Student Assistance General Provisions regulations (page 49117).

The Secretary proposed to amend §§ 674.19(e)(4)(v), 675.19(c)(3), and 676.19(c)(3) to allow institutions the additional flexibility of using optical disk technology in complying with record retention requirements (page 49117).

*Part 674—Federal Perkins Loan Program*

The Secretary proposed to amend the definition of "making of a loan" under § 674.2(b) by removing the reference to a borrower signing for each advance of funds (page 49117).

The Secretary proposed to eliminate the requirement under § 674.16 that a student sign for each loan advance, and require instead that the institution simply must obtain the borrower's signature on a promissory note for each award year before it disburses any loan funds under that promissory note for that award year (page 49117).

The Secretary proposed to amend § 674.31(a) to indicate that the Secretary will provide sample promissory notes to institutions, and that institutions may add items to the sample notes so long as the new items do not alter the substance of these sample notes (page 49117).

The Secretary proposed to amend § 674.33(a)(2) by allowing institutions to combine the last scheduled Federal Perkins loan payment with the next-to-the-last payment if the last payment is \$25 or less (page 49117).

The Secretary proposed to amend § 674.47(g) to allow an institution to cease collection activity on a defaulted account with a balance of less than \$25, while continuing to require the institution to consider the loan as in default for purposes of calculating its cohort default rate. The Secretary further proposed to amend § 674.47 by adding a new paragraph (h) to allow institutions to cease collection activity and write off loan accounts with a balance of less than \$1, including outstanding principal, accrued interest, collection costs, and late fees (pages 49117–49118).

*Part 675—Federal Work-Study Programs**Appendix B—Model Off-Campus Agreement*

The Secretary proposed to eliminate this sample agreement as an appendix to the FWS regulations. The Secretary will include a model off-campus agreement in the Federal Student Financial Aid Handbook (page 49118).

*Parts 682 and 685—Federal Family Education Loan Program and Direct Loan Program*

The Secretary proposed to expand the pool of borrowers under §§ 682.201 and 685.200 of the Federal PLUS and Federal Direct PLUS programs, respectively, to include the spouse of a student's parent if that parent remarried (page 47118).

The Secretary proposed to eliminate § 682.600 (a) through (c) because they duplicate provisions in 34 CFR part 600 or 668. The provisions of § 682.600(d) that deal with foreign schools, however, are necessary and the Secretary proposed to include those provisions in a new section, § 682.611 (page 49118).

The Secretary proposed to eliminate the provisions contained in § 682.602 that deal with students enrolled in correspondence programs, because those students are not eligible to receive FFEL program funds unless they are enrolled in a program that leads to an associate, bachelor's, or graduate degree (page 49118).

*Part 690—Federal Pell Grant Program**Subpart A—Scope, Purpose and General Definitions*

The Secretary proposed to revise § 690.7 by deleting paragraph (a)(1) because the provisions contained in that paragraph duplicate provisions in 34 CFR part 600 or 668 (page 49118).

*Subpart G—Administration of Grants Payments*

The Secretary proposed to eliminate the last sentence in §§ 690.71, 690.72, 690.73, and 690.74, respectively, because they duplicate provisions contained in 34 CFR part 668 (page 49118).

The Secretary proposed to revise § 690.83 by consolidating in one paragraph the procedures that allow institutions to receive payment or credit for Federal Pell Grants they previously disbursed if that situation is disclosed by an initial audit or program review (page 49118).

*Substantive Changes to the NPRM*

The following discussion reflects substantive changes made to the NPRM in the final regulations. The provisions are discussed in the order in which they appear in the proposed rules.

*Student Assistance General Provisions**Subpart C—Student Eligibility*

The proposed subpart C is further reorganized to clarify the difference between what the general provisions for student eligibility are, and how each of