amount of program funds for each CFDA number included in the request;

*   *   *   *   *

11. Section 668.164, paragraph (a)(2)(iii) is revised to read as follows:

§ 668.164   Maintaining funds.

*   *   *   *   *

(a) * * *

(2) * * *

(iii) Except for public institutions, file with the appropriate State or municipal government entity a UCC–1 statement disclosing that the account contains Federal funds and maintain a copy of that statement in its records.

*   *   *   *   *

(Approved by the Office of Management and Budget under control number 1840–0697)

12. Section 668.165 is amended by revising paragraph (b)(1); and by adding a new paragraph (e) to read as follows:

§ 668.165   Disbursing funds.

*   *   *   *   *

(b) *Crediting a student's account at the institution* (1) *General.* An institution may disburse title IV, HEA program funds by crediting the student's account at the institution. Except as provided in paragraph (e) of this section, in crediting the student's account with title IV, HEA program funds, the institution may use those funds only to satisfy allowable charges described under paragraph (b)(3) of this section for the current award year or period of enrollment. An institution must notify expeditiously a student or parent borrower in writing or by equivalent electronic means that the institution has credited the student's account with Direct Loan, FFEL, or Federal Perkins Loan program funds. If an institution notifies a student or parent electronically, it must request the student or parent to confirm the receipt of the notice and maintain a record of that confirmation.

*   *   *   *   *

(e) *Prior-year charges.* An institution may use a student's title IV, HEA program funds to pay minor prior-year institutional charges if—

(1) The student has, or will have, a title IV, HEA credit balance as determined under paragraph (b)(2) of this section;

(2) The institution obtains the student's authorization to pay these charges; and

(3) The prior-year charges do not exceed $100; or

(4) The payment of these charges does not, or will not, prevent the student from paying his or her current-year education costs.

*   *   *   *   *

(Approved by the Office of Management and Budget under control number 1840–0697)

PART 674—FEDERAL PERKINS LOAN PROGRAM

13. The authority citation for part 674 continues to read as follows:

Authority: 20 U.S.C. 1087aa–1087ii and 20 U.S.C. 421–429, unless otherwise noted.

§ 674.2   [Amended]

14. Section 674.2 paragraph (a) is amended by adding, in alphabetical order, ''Full-time student''.

15. Section 674.2 paragraph (b) is amended by removing the definitions of ''Full-time graduate or professional student'', ''Full-time undergraduate student'', and ''Satisfactory arrangements to repay the loan'' and by revising the definition of ''making of a loan'' to read as follows:

§ 674.2   Definitions.

*   *   *   *   *

(b) * * *

Making of a loan: When the borrower signs the promissory note for the award year and the institution makes the first disbursement of loan funds under that promissory note for that award year.

*   *   *   *   *

16. Section 674.5 is amended by redesignating paragraph (e) as paragraph (f), by adding new paragraph (e), and by revising redesignated paragraph (f) to read as follows:

§ 674.5   Federal Perkins loan program cohort default rate and penalties.

*   *   *   *   *

(e) *Satisfactory arrangements to repay the loan.* The Secretary considers that the borrower has made satisfactory arrangements to repay the loan when the borrower has—

(1) Paid the loan in full; or

(2) Executed a new written repayment agreement; and

(3) Made one payment each month for six consecutive months.

(f) *Loan rehabilitation.* (1) The Secretary considers that the borrower has rehabilitated the loan when the borrower has—

(i) Paid the loan in full; or

(ii) Executed a new written repayment agreement; and

(iii) Made one payment each month for 12 consecutive months.

(2) Within 30 days of the date of the rehabilitation, the institution shall report the rehabilitation to any national credit bureau.

17. Section 674.16 is amended by revising paragraph (d) to read as follows:

§ 674.16   Making and disbursing loans.

*   *   *   *   *

(d)(1) The institution shall disburse funds to a student or the student's account in accordance with 34 CFR 668.165.

(2) The institution shall obtain the borrower's signature on a promissory note for each award year before it disburses any loan funds to the borrower under that note for that award year.

*   *   *   *   *

(Approved by the Office of Management and Budget under control number 1840–0535)

§ 674.17   [Amended]

18. Section 674.17 is amended by removing paragraph (a) and by redesignating paragraphs (b)(1) introductory text, (b)(1)(i), (b)(1)(ii), (b)(1)(iii), (b)(2), (b)(3), (b)(4) introductory text, (b)(4)(i), (b)(4)(ii), and (b)(5) as paragraphs (a) introductory text, (a)(1), (a)(2), (a)(3), (b), (c), (d) introductory text, (d)(1), (d)(2), and (e), respectively.

19. Section 674.19 is amended by revising paragraph (e)(4)(v) to read as follows:

§ 674.19   Fiscal procedures and records.

*   *   *   *   *

(e) * * *

(4) * * *

(v) An institution may keep the records required in this section on microforms, optical disk, other comparable imaging technology, or in computer format. If an institution keeps its records in computer format, it shall maintain, in either hard copy, microforms, optical disk, or other comparable imaging technology, the source documents supporting the computer input.

*   *   *   *   *

(Approved by the Office of Management and Budget under control number 1840–0535)

20. Section 674.31 is amended by revising paragraph (a)(1) to read as follows:

§ 674.31   Promissory note.

(a) *Promissory note.* (1) An institution may use only the promissory note that the Secretary provides. The institution may make only nonsubstantive changes, such as changes to the type style or font, or the addition of items such as the borrower's driver's license number, to this note.

*   *   *   *   *

(Approved by the Office of Management and Budget under control number 1840–0535)

§ 674.33   [Amended]

21. Section 674.33 paragraph (a)(2) is amended by removing ''$15'' and adding in its place ''$25'', by redesignating the second paragraph