§ 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 or terms in which classes are offered but students are not generally required to attend, a school must follow the procedures in §668.22(b) or (c), as applicable, 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 established in part 688 for determining the student’s date of withdrawal. The school must determine the student’s withdrawal date no later than 30 days after the first day of the next scheduled term.

(b) The school must use the withdrawal date determined under §668.22(b) or (c), as applicable, for the purpose of reporting to the lender the date the student has withdrawn from the school.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.

(Approved by the Office of Management and Budget under control number 1845–0020)

§ 682.606 [Reserved]

§ 682.607 Payment of a refund or a return of title IV, HEA program funds to a lender upon a student’s withdrawal.

(a) General. By applying for a FFEL loan, a borrower authorizes the school to pay directly to the lender that portion of a refund or return of title IV, HEA program funds from the school that is allocable to the loan upon the borrower’s withdrawal. A school—

(1) Must pay that portion of the student’s refund or return of title IV, HEA program funds that is allocable to a FFEL loan to—

(i) The original lender; or

(ii) A subsequent holder, if the loan has been transferred and the school knows the new holder’s identity; and

(2) Must provide simultaneous written notice to the borrower if the school makes a payment of a refund or a return of title IV, HEA program funds to a lender on behalf of that student.

(b) Allocation of a refund or returned title IV, HEA program funds. In determining the portion of a refund or the return of title IV, HEA program funds upon a student’s withdrawal for an academic period that is allocable to a FFEL loan received by the borrower for that academic period, the school must follow the procedures established in part 688 for allocating a refund or return of title IV, HEA program funds.

(c) Timely payment. A school must pay a refund or a return of title IV, HEA program funds that is due in accordance with the timeframe in §668.22(j).

(Authorities: 20 U.S.C. 1077, 1078, 1078–1, 1078–2, 1082, 1094)

§ 682.608 Termination of a school’s lending eligibility.

(a) General. The Secretary may terminate a school’s eligibility to make loans under this part if the school reaches the 15 percent limit on loan defaults described in paragraph (b) of this section.

(b) The 15 percent limit.

(1) The Secretary may terminate a school’s eligibility to make loans if at the end of each of the 2 most recent consecutive Federal fiscal years for which data are available, the total amount of loans described in paragraph (b)(1)(i) of this section is equal to or greater than 15 percent of the total amount of loans described in paragraph (b)(1)(ii) of this section as follows:

(i) The original principal amount of all loans the school has ever made that went into default during that period.

(ii) The original principal amount of all loans the school has ever made, including loans in deferment status that—

(A) Were in repayment status at the beginning of that period; or

(B) Entered repayment status during that period.

(2) In making the determination under this section, the Secretary considers the status of all FFEL loans made by the school whether the loans are held by the school or by a subsequent holder.