(2) Unless it expects to submit its next student status confirmation report to the Secretary within the next 60 days, notify the Secretary within 30 days if it discovers that a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who—
   (i) Enrolled at that school but has ceased to be enrolled on at least a half-time basis;
   (ii) Has been accepted for enrollment at that school but failed to enroll on at least a half-time basis for the period for which the loan was intended; or
   (iii) Has changed his or her permanent address.

(3) The Secretary provides student status confirmation reports to a school at least semi-annually.

(4) The Secretary may provide the student status confirmation report in either paper or electronic format.

(c) Record retention requirements. An institution shall follow the record retention and examination requirements in this part and in 34 CFR 668.24.

(d) Accounting requirements. A school shall follow accounting requirements in 34 CFR 668.24(b).

(e) Direct Loan Program bank account. Schools shall follow the procedures for maintaining funds established in 34 CFR 668.163.

(f) Division of functions. Schools shall follow the procedures for division of functions in 34 CFR 668.16(c).

(g) Limit on use of funds. Except for funds paid to a school under section 452(b)(1) of the Act, funds received by a school under this part may be used only to make Direct Loans to eligible borrowers and may not be used or hypothecated for any other purpose.

(Approved by the Office of Management and Budget under control number 1840–0672)

(Authority: 20 U.S.C. 1087a et seq.)

§ 685.402 Criteria for schools to originate loans.

(a) Initial determination of origination status—(1) Standard origination. Any school eligible to participate in the Direct Loan Program under § 685.400 is eligible to participate under standard origination.

(2) School Origination. To be eligible to originate loans, a school must meet the following criteria: