

Section 4: Calculating the Net present Value

$$NPV = \sum R^t / (1+i)^t$$

An institution makes a total of \$125,000 in 3-year loans at 8.5% and a total of \$75,000 in 4-year loans at 8.5%. The Discount rate is 3%.

	Year	Expected Cash Flow*	Actual Cash Flow (R) using 60% Collection Rate	Discounted Cash Flow
<b>3-year Loans</b>	1	47340.00	28404.00	$28404 / (1+.03)^1 = 27576.70$
	2	47340.00	28404.00	$28404 / (1+.03)^2 = 26773.49$
	3	47340.00	28404.00	$28404 / (1+.03)^3 = 25993.68$
<b>NPV or Sum of the discounted cash flows for 3-year loans = 80343.87</b>				

	Year	Expected Cash Flow*	Actual Cash Flow (R) using 60% Collection Rate	Discounted Cash Flow
<b>4-year Loans</b>	1	22183.44	13310.06	$13310.06 / (1+.03)^1 = 12922.39$
	2	22183.44	13310.06	$13310.06 / (1+.03)^2 = 12546.01$
	3	22183.44	13310.06	$13310.06 / (1+.03)^3 = 12180.59$
	4	22183.44	13310.06	$13310.06 / (1+.03)^4 = 11825.82$
<b>NPV or Sum of the discounted cash flows for 4-year loans = 49474.81</b>				
<b>Total NPV for all loans = 129818.68</b>				

\* Expected cash flow represents the total amount of payments due on the loans for the fiscal year.

[74 FR 55938, Oct. 29, 2009]

**Subpart C—Student Eligibility**

SOURCE: 60 FR 61810, Dec. 1, 1995, unless otherwise noted.

**§ 668.31 Scope.**

This subpart contains rules by which a student establishes eligibility for assistance under the title IV, HEA programs. In order to qualify as an eligible student, a student must meet all applicable requirements in this subpart.

(Authority: 20 U.S.C. 1091)

**§ 668.32 Student eligibility—general.**

A student is eligible to receive Title IV, HEA program assistance if the student either meets all of the requirements in paragraphs (a) through (m) of this section or meets the requirement in paragraph (n) of this section as follows:

- (a)(1) (i) Is a regular student enrolled, or accepted for enrollment, in an eligible program at an eligible institution;
- (ii) For purposes of the FFEL and Direct Loan programs, is enrolled for no longer than one twelve-month period in

a course of study necessary for enrollment in an eligible program; or

(iii) For purposes of the Federal Perkins Loan, FWS, FFEL, and Direct Loan programs, is enrolled or accepted for enrollment as at least a half-time student at an eligible institution in a program necessary for a professional credential or certification from a State that is required for employment as a teacher in an elementary or secondary school in that State; and

(2) For purposes of the ACG, National SMART Grant, FFEL, and Direct Loan programs, is at least a half-time student.

(b) Is not enrolled in either an elementary or secondary school.

(c)(1) For purposes of the ACG, National SMART Grant, and FSEOG programs, does not have a baccalaureate or first professional degree;

(2) For purposes of the Federal Pell Grant Program—

(i)(A) Does not have a baccalaureate or first professional degree; or

(B) Is enrolled in a postbaccalaureate teacher certificate or licensing program as described in 34 CFR 690.6(c); and

(ii) Is not incarcerated in a Federal or State penal institution;

(3) For purposes of the Federal Perkins Loan, FFEL, and Direct Loan programs, is not incarcerated; and

(4) For the purposes of the TEACH Grant program—

(i) For an undergraduate student other than a student enrolled in a post-baccalaureate program, has not completed the requirements for a first baccalaureate degree; or

(ii) For the purposes of a student in a first post-baccalaureate program, has not completed the requirements for a post-baccalaureate program as described in 34 CFR 686.2(d).

(d) Satisfies the citizenship and residency requirements contained in § 668.33 and subpart I of this part.

(e)(1) Has a high school diploma or its recognized equivalent;

(2) Has obtained a passing score specified by the Secretary on an independently administered test in accordance with subpart J of this part;

(3) Is enrolled in an eligible institution that participates in a State

“process” approved by the Secretary under subpart J of this part;

(4) Was home-schooled, and either—

(i) Obtained a secondary school completion credential for home school (other than a high school diploma or its recognized equivalent) provided for under State law; or

(ii) If State law does not require a home-schooled student to obtain the credential described in paragraph (e)(4)(i) of this section, has completed a secondary school education in a home school setting that qualifies as an exemption from compulsory attendance requirements under State law; or

(5) Has been determined by the institution to have the ability to benefit from the education or training offered by the institution based on the satisfactory completion of 6 semester hours, 6 trimester hours, 6 quarter hours, or 225 clock hours that are applicable toward a degree or certificate offered by the institution.

(f) Maintains satisfactory academic progress in his or her course of study according to the institution’s published standards of satisfactory academic progress that meet the requirements of § 668.34.

(g) Except as provided in § 668.35—

(1) Is not in default, and certifies that he or she is not in default, on a loan made under any title IV, HEA loan program;

(2) Has not obtained loan amounts that exceed annual or aggregate loan limits made under any title IV, HEA loan program;

(3) Does not have property subject to a judgment lien for a debt owed to the United States; and

(4) Is not liable for a grant or Federal Perkins loan overpayment. A student receives a grant or Federal Perkins loan overpayment if the student received grant or Federal Perkins loan payments that exceeded the amount he or she was eligible to receive; or if the student withdraws, that exceeded the amount he or she was entitled to receive for non-institutional charges.

(h) Files a Statement of Educational Purpose in accordance with the instructions of the Secretary.

(i) Has a correct social security number as determined under § 668.36, except that this requirement does not apply to

students who are residents of the Federated States of Micronesia, Republic of the Marshall Islands, or the Republic of Palau.

(j) Satisfies the Selective Service registration requirements contained in § 668.37, and, if applicable, satisfies the requirements of § 668.38 and § 668.39 involving enrollment in telecommunication and correspondence courses and a study abroad program, respectively.

(k) Satisfies the program specific requirements contained in—

- (1) 34 CFR 674.9 for the Federal Perkins Loan program;
- (2) 34 CFR 675.9 for the FWS program;
- (3) 34 CFR 676.9 for the FSEOG program;
- (4) 34 CFR 682.201 for the FFEL programs;
- (5) 34 CFR 685.200 for the William D. Ford Federal Direct Loan programs;
- (6) 34 CFR 690.75 for the Federal Pell Grant program;
- (7) 34 CFR 691.75 for the ACG and National SMART Grant programs;
- (8) 34 CFR 692.40 for the LEAP program; and
- (9) 34 CFR 686.11 for the TEACH Grant program.

(l) Is not ineligible under § 668.40.

(m) In the case of a student who has been convicted of, or has pled *nolo contendere* or guilty to, a crime involving fraud in obtaining title IV, HEA program assistance, has completed the repayment of such assistance to:

- (1) The Secretary; or
- (2) The holder, in the case of a title IV, HEA program loan.

(n) Is enrolled in a comprehensive transition and postsecondary program under subpart O of this part and meets the student eligibility criteria in that subpart.

(Authority: 20 U.S.C. 1070g, 1091; 28 U.S.C. 3201(e))

[60 FR 61810, Dec. 1, 1995, as amended at 63 FR 40624, July 29, 1998; 64 FR 57358, Oct. 22, 1999; 64 FR 58291, Oct. 28, 1999; 67 FR 67073, Nov. 1, 2002; 71 FR 38002, July 3, 2006; 71 FR 45696, Aug. 9, 2006; 73 FR 35493, June 23, 2008; 74 FR 20221, May 1, 2009; 74 FR 55942, Oct. 29, 2009; 75 FR 66952, Oct. 29, 2010]

### § 668.33 Citizenship and residency requirements.

- (a) Except as provided in paragraph
- (b) of this section, to be eligible to re-

ceive title IV, HEA program assistance, a student must—

(1) Be a citizen or national of the United States; or

(2) Provide evidence from the U.S. Immigration and Naturalization Service that he or she—

(i) Is a permanent resident of the United States; or

(ii) Is in the United States for other than a temporary purpose with the intention of becoming a citizen or permanent resident;

(b)(1) A citizen of the Federated States of Micronesia, Republic of the Marshall Islands, or the Republic of Palau is eligible to receive funds under the FWS, FSEOG, and Federal Pell Grant programs if the student attends an eligible institution in a State, or a public or nonprofit private eligible institution of higher education in those jurisdictions.

(2) A student who satisfies the requirements of paragraph (a) of this section is eligible to receive funds under the FWS, FSEOG, and Federal Pell Grant programs if the student attends a public or nonprofit private eligible institution of higher education in the Federated States of Micronesia, Republic of the Marshall Islands, or the Republic of Palau.

(c)(1) If a student asserts that he or she is a citizen of the United States on the Free Application for Federal Student Aid (FAFSA), the Secretary attempts to confirm that assertion under a data match with the Social Security Administration. If the Social Security Administration confirms the student's citizenship, the Secretary reports that confirmation to the institution and the student.

(2) If the Social Security Administration does not confirm the student's citizenship assertion under the data match with the Secretary, the student can establish U.S. citizenship by submitting documentary evidence of that status to the institution. Before denying title IV, HEA assistance to a student for failing to establish citizenship, an institution must give a student at