

DEPARTMENT OF EDUCATION**34 CFR Parts 674, 682, and 685****Federal Perkins Loan Program, Federal Family Education Loan (FFEL) Program, and William D. Ford Federal Direct Loan Program**

AGENCY: Office of Postsecondary Education, Department of Education.

ACTION: Final regulations.

SUMMARY: This document contains technical corrections and changes to the regulations for the Federal Perkins Loan Program, the Federal Family Education Loan (FFEL) Program, and the William D. Ford Federal Direct Loan (Direct Loan) Program. The regulations govern the Federal Perkins Loan Program, the Federal Stafford Loan Program, the Federal Supplemental Loans for Students (SLS) Program, the Federal PLUS Program and the Federal Consolidation Loan Program, collectively referred to as the FFEL Program, and the Federal Direct Stafford Loan Program, the Federal Direct PLUS Loan Program, and the Federal Direct Consolidation Loan Program, collectively referred to as the Federal Direct Loan Program. These amendments are needed to correct technical errors and omissions, clarify language, and, where necessary, ensure consistency of language in the regulations of the three loan programs.

DATES: These regulations are effective August 21, 2001.

FOR FURTHER INFORMATION CONTACT: For the FFEL and Perkins Loan Programs, Mr. Brian Smith, or for the Direct Loan Program, Mr. Jon Utz; U.S. Department of Education, 400 Maryland Avenue, SW., Room 3045, Regional Office Building #3, Washington, DC 20202-5345. Telephone: (202) 708-8242.

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SUPPLEMENTARY INFORMATION: These corrections and changes incorporate technical corrections to the final regulations for the Perkins, FFEL, and Direct Loan programs published in the **Federal Register** on November 1, 2000 (65 FR 65678), and to the existing Perkins and FFEL program regulations in 34 CFR parts 674 and 682.

These technical corrections include conforming changes to § 682.211, which we inadvertently omitted from the final regulations published on November 1, 2000. The changes correct an inconsistency between § 682.402(b)(3) and § 682.211 regarding the length of time a lender may suspend collection activity on a loan while obtaining documentation that the borrower (or student in the case of a PLUS loan) has died.

Waiver of Proposed Rulemaking and Negotiated Rulemaking

Under the Administrative Procedure Act (5 U.S.C. 553) the Department generally offers interested parties the opportunity to comment on proposed regulations. However, these regulations merely reflect needed technical corrections to the Perkins, FFEL, and Direct Loan program regulations. These corrections and changes do not affect the substantive rights or obligations of individuals or institutions and do not affect substantive policy. Thus, the Secretary has concluded that these regulations are technical in nature and do not necessitate public comment. Therefore, under 5 U.S.C. 553(b)(B), the Secretary has determined that proposed regulations are unnecessary and contrary to the public interest. The Secretary also waives the 30-day delayed effective date under 5 U.S.C. 553(d)(3).

For the same reasons, the Secretary has determined, under Section 492(b)(2) of the Higher Education Act of 1965, as amended, that these regulations should not be subject to negotiated rulemaking.

Regulatory Flexibility Act Certification

The Secretary certifies that these regulations will not have a significant economic impact on a substantial number of small entities. Small entities affected by these regulations are small institutions of higher education. These regulations also affect lenders and guaranty agencies that participate in the title IV, HEA programs, and individual loan borrowers, as described in the NPRM published on August 2, 2000 (65 FR 47634). These regulations contain technical corrections to current regulations. The changes will not have a significant economic impact on any of the entities affected.

Paperwork Reduction Act of 1995

These regulations do not contain any information collection requirements.

Assessment of Educational Impact

Based on our own review, we have determined that these final regulations do not require transmission of

information that any other agency or authority of the United States gathers or makes available.

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(Catalog of Federal Domestic Assistance Numbers: 84.032 Federal Family Education Loan Program; 84.037 Federal Perkins Loan Program; and 84.268 William D. Ford Federal Direct Loan Program)

List of Subjects in 34 CFR Part 674

Loan programs' education, Reporting and recordkeeping requirements, Student aid.

List of Subjects in 34 CFR Parts 682 and 685

Administrative practice and procedure, Colleges and universities, Loan programs-education, Reporting and recordkeeping requirements, Student aid, Vocational education.

Dated: August 15, 2001.

Maureen A. McLaughlin,

Deputy Assistant Secretary for Policy, Planning and Innovation, Office of Postsecondary Education.

For the reasons discussed in the preamble, the Secretary amends title 34 of the Code of Federal Regulations parts 674, 682, and 685 as follows:

PART 674—FEDERAL PERKINS LOAN PROGRAM

1. 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.

§ 674.9 [Amended]

2. Section 674.9 is amended:

A. In paragraph (h)(1), by removing the words "previous loan was cancelled due to" and adding, in their place, "prior loan under title IV of the Act was discharged after a final determination of"; and by removing the words "that the

borrower's condition has improved and'; and by removing the word "and" from the end of the paragraph.

B. In paragraph (h)(2), by removing the word "canceled" and adding, in its place, "discharged"; and by removing the period and adding, in its place, "; and'.

C. In paragraph (h)(3), by removing the word "receives" and adding, in its place, "applies for"; and by adding, at the end of the paragraph, "before receiving the new loan".

§ 674.61 [Amended]

3. Section 674.61 is amended:

A. In paragraph (b), by removing "(1)".

B. By removing paragraph (b)(2).

PART 682—FEDERAL FAMILY EDUCATION LOAN (FFEL) PROGRAM

4. The authority citation for part 682 continues to read as follows:

Authority: 20 U.S.C. 1071 to 1087-2, unless otherwise noted.

§ 682.201 [Amended]

5. Section 682.201 is amended:

A. In paragraph (a)(4)(ii), by removing the word "paragraph" and adding, in its place, "section".

B. In paragraph (a)(6)(iii), by removing the word "receives" and adding in its place "applies for"; and by adding, at

the end of the paragraph, "before receiving the new loan".

C. In paragraph (b)(1)(vi), by removing the words "paragraphs (a)(4) and (a)(5)" and adding, in their place, "paragraphs (a)(4) and (a)(6), as applicable".

§ 682.211 [Amended]

6. Section 682.211 is amended:

A. By revising paragraph (f)(5).

B. By redesignating paragraphs (f)(6) through (f)(10) as (f)(7) through (f)(11), respectively.

C. By adding a new paragraph (f)(6).

D. In redesignated paragraph (f)(7), by adding the words "an unpaid refund," before "attendance at a closed school".

E. By adding a new paragraph (i)(6).

The additions and revisions read as follows:

§ 682.211 Forbearance.

* * * * *

(f) * * *

(5) For the periods described in § 682.402(c) in regard to the borrower's total and permanent disability;

(6) For a period not to exceed an additional 60 days after the lender has suspended collection activity for the initial 60-day period required pursuant to § 682.211(i)(6) and § 682.402(b)(3), when the lender receives reliable information that the borrower (or

student in the case of a PLUS loan) has died;

* * * * *

(i) * * *

(6) The lender shall grant a mandatory administrative forbearance to a borrower for a period not to exceed 60 days after the lender receives reliable information indicating that the borrower (or student in the case of a PLUS loan) has died, until the lender receives documentation of death pursuant to § 682.402(b)(3).

PART 685—WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM

7. The authority citation for part 685 continues to read as follows:

Authority: 20 U.S.C. 1087a *et seq.*, unless otherwise noted.

§ 685.200 [Amended]

8. Section 685.200 is amended:

A. In paragraph (a)(1)(iv)(A)(2), by removing the words "when the borrower applied for a total and permanent disability discharge or".

B. In paragraph (a)(1)(iv)(B)(2), by removing the word "receives", and adding, in its place, "applies for"; and by adding, at the end of the first sentence, "before receiving the new loan".

[FR Doc. 01-20942 Filed 8-20-01; 8:45 am]

BILLING CODE 4000-01-P