

ship, or on-job training for which educational assistance may be provided by the Secretary of Veterans Affairs; and

(5) to pay interest expenses in accordance with regulations prescribed pursuant to subsection (e) of this section.

**(b) Use of educational award to repay outstanding student loans**

**(1) Application by eligible individuals**

An eligible individual under section 12602 of this title who desires to apply the national service educational award of the individual, an eligible individual under section 12602(a) of this title who served in a summer of service program and desires to apply that individual's summer of service educational award, or an eligible individual under section 12602(a) of this title who served in a silver scholar program and desires to apply that individual's silver scholar educational award, to the repayment of qualified student loans shall submit, in a manner prescribed by the Corporation, an application to the Corporation that—

(A) identifies, or permits the Corporation to identify readily, the holder or holders of such loans;

(B) indicates, or permits the Corporation to determine readily, the amounts of principal and interest outstanding on the loans;

(C) specifies, if the outstanding balance is greater than the amount disbursed under paragraph (2), which of the loans the individual prefers to be paid by the Corporation; and

(D) contains or is accompanied by such other information as the Corporation may require.

**(2) Disbursement of repayments**

Upon receipt of an application from an eligible individual of an application that complies with paragraph (1), the Corporation shall, as promptly as practicable consistent with paragraph (5), disburse the amount of the national service educational award, the summer of service educational award, or the silver scholar educational award, as applicable, that the eligible individual has earned. Such disbursement shall be made by check or other means that is payable to the holder of the loan and requires the endorsement or other certification by the eligible individual.

**(3) Application of disbursed amounts**

If the amount disbursed under paragraph (2) is less than the principal and accrued interest on any qualified student loan, such amount shall be applied according to the specified priorities of the individual.

**(4) Reports by holders**

Any holder receiving a loan payment pursuant to this subsection shall submit to the Corporation such information as the Corporation may require to verify that such payment was applied in accordance with this subsection and any regulations prescribed to carry out this subsection.

**(5) Notification of individual**

The Corporation upon disbursing the national service educational award, the summer

of service educational award, or the silver scholar educational award, as applicable, shall notify the individual of the amount paid for each outstanding loan and the date of payment.

**(6) Authority to aggregate payments**

The Corporation may, by regulation, provide for the aggregation of payments to holders under this subsection.

**(7) "Qualified student loans" defined**

As used in this subsection, the term "qualified student loans" means—

(A) any loan made, insured, or guaranteed pursuant to title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq. [and 42 U.S.C. 2751 et seq.]), other than a loan to a parent of a student pursuant to section 428B of such Act (20 U.S.C. 1078-2);

(B) any loan made pursuant to title VII or VIII of the Public Health Service Act [42 U.S.C. 292 et seq., 296 et seq.]; and

(C) any loan (other than a loan described in subparagraph (A) or (B)) determined by an institution of higher education to be necessary to cover a student's educational expenses and made, insured, or guaranteed by—

(i) an eligible lender, as defined in section 435 of the Higher Education Act of 1965 (20 U.S.C. 1085);

(ii) the direct student loan program under part D of title IV of such Act (20 U.S.C. 1087a et seq.);

(iii) a State agency; or

(iv) a lender otherwise determined by the Corporation to be eligible to receive disbursements from the National Service Trust.

**(8) "Holder" defined**

As used in this subsection, the term "holder" with respect to any eligible loan means the original lender or, if the loan is subsequently sold, transferred, or assigned to some other person, and such other person acquires a legally enforceable right to receive payments from the borrower, such other person.

**(c) Use of educational awards to pay current educational expenses**

**(1) Application by eligible individual**

An eligible individual under section 12602 of this title who desires to apply the individual's national service educational award, an eligible individual under section 12602(a) of this title who desires to apply the individual's summer of service educational award, or an eligible individual under section 12602(a) of this title who served in a silver scholar program and desires to apply that individual's silver scholar educational award, to the payment of current full-time or part-time educational expenses shall, on a form prescribed by the Corporation, submit an application to the institution of higher education in which the student will be enrolled that contains such information as the Corporation may require to verify the individual's eligibility.

**(2) Submission of requests for payment by institutions**

An institution of higher education that receives one or more applications that comply

with paragraph (1) shall submit to the Corporation a statement, in a manner prescribed by the Corporation, that—

(A) identifies each eligible individual filing an application under paragraph (1) for a disbursement of the individual's national service educational award, summer of service educational award, or silver scholar educational award, as applicable, under this subsection;

(B) specifies the amounts for which such eligible individuals are, consistent with paragraph (6), qualified for disbursement under this subsection;

(C) certifies that—

(i) the institution of higher education has in effect a program participation agreement under section 487 of the Higher Education Act of 1965 (20 U.S.C. 1094);

(ii) the institution's eligibility to participate in any of the programs under title IV of such Act (20 U.S.C. 1070 et seq. [and 42 U.S.C. 2751 et seq.]) has not been limited, suspended, or terminated; and

(iii) individuals using national service educational awards, summer of service educational awards, or silver scholar educational awards, as applicable, received under this division to pay for educational costs do not comprise more than 15 percent of the total student population of the institution; and

(D) contains such provisions concerning financial compliance as the Corporation may require.

### (3) Disbursement of payments

Upon receipt of a statement from an institution of higher education that complies with paragraph (2), the Corporation shall, subject to paragraph (4), disburse the total amount of the national service educational awards<sup>1</sup> summer of service educational awards, or silver scholar educational awards for which eligible individuals who have submitted applications to that institution under paragraph (1) are scheduled to receive. Such disbursement shall be made by check or other means that is payable to the institution and requires the endorsement or other certification by the eligible individual.

### (4) Multiple disbursements required

The total amount required to be disbursed to an institution of higher education under paragraph (3) for any period of enrollment shall be disbursed by the Corporation in 2 or more installments, none of which exceeds  $\frac{1}{2}$  of such total amount. The interval between the first and second such installment shall not be less than  $\frac{1}{2}$  of such period of enrollment, except as necessary to permit the second installment to be paid at the beginning of the second semester, quarter, or similar division of such period of enrollment.

### (5) Refund rules

The Corporation shall, by regulation, provide for the refund to the Corporation (and the

crediting to the national service educational award, summer of service educational award, or silver scholar educational award, as applicable, of an eligible individual) of amounts disbursed to institutions for the benefit of eligible individuals who withdraw or otherwise fail to complete the period of enrollment for which the assistance was provided. Such regulations shall be consistent with the fair and equitable refund policies required of institutions pursuant to section 484B of the Higher Education Act of 1965 (20 U.S.C. 1091b). Amounts refunded to the Trust pursuant to this paragraph may be used by the Corporation to fund additional approved national service positions under division C, additional approved summer of service positions, and additional approved silver scholar positions.

### (6) Maximum award

The portion of an eligible individual's total available national service educational award, summer of service educational award, or silver scholar educational award that may be disbursed under this subsection for any period of enrollment shall not exceed the difference between—

(A) the eligible individual's cost of attendance and other educational expenses for such period of enrollment, determined in accordance with section 472 of the Higher Education Act of 1965 (20 U.S.C. 1087*ll*); and

(B) the student's estimated financial assistance for such period under part A of title IV of such Act (20 U.S.C. 1070 et seq.).

### (d) Use of educational award to participate in approved school-to-work programs

The Corporation shall by regulation provide for the payment of national service educational awards, summer of service educational awards, and silver scholar educational awards to permit eligible individuals to participate in school-to-work programs approved by the Secretaries of Labor and Education.

### (e) Interest payments during forbearance on loan repayment

The Corporation shall provide by regulation for the payment on behalf of an eligible individual of interest that accrues during a period for which such individual has obtained forbearance in the repayment of a qualified student loan (as defined in subsection (b)(7)), if the eligible individual successfully completes the individual's required term of service (as determined under section 12602(b) of this title). Such regulations shall be prescribed after consultation with the Secretary of Education.

### (f) Transfer of educational awards

#### (1) In general

An individual who is eligible to receive a national service educational award or silver scholar educational award due to service in a program described in paragraph (2) may elect to receive the award (in the amount described in the corresponding provision of section 12603 of this title) and transfer the award to a designated individual. Subsections (b), (c), and (d) shall apply to the designated individual in lieu of the individual who is eligible to receive the

<sup>1</sup> So in original. Probably should be followed by a comma.

national service educational award or silver scholar educational award, except that amounts refunded to the account under subsection (c)(5) on behalf of a designated individual may be used by the Corporation to fund additional placements in the national service program in which the eligible individual who transferred the national service educational award or silver scholar educational award participated for such award.

**(2) Conditions for transfer**

An educational award may be transferred under this subsection if—

(A)(i) the award is a national service educational award for service in a national service program that receives a grant under division C; and

(ii) before beginning the term of service involved, the eligible individual is age 55 or older; or

(B) the award is a silver scholarship educational award under section 12653c(a) of this title.

**(3) Modification or revocation**

**(A) In general**

An individual transferring an educational award under this subsection may, on any date on which a portion of the educational award remains unused, modify or revoke the transfer of the educational award with respect to that portion.

**(B) Notice**

A modification or revocation of the transfer of an educational award under this paragraph shall be made by the submission of written notice to the Corporation.

**(4) Prohibition on treatment of transferred award as marital property**

An educational award transferred under this subsection may not be treated as marital property, or the asset of a marital estate, subject to division in a divorce or other civil proceeding.

**(5) Death of transferor**

The death of an individual transferring an educational award under this subsection shall not affect the use of the educational award by the child, foster child, or grandchild to whom the educational award is transferred if such educational award is transferred prior to the death of the individual.

**(6) Procedures to prevent waste, fraud, or abuse**

The Corporation shall establish requirements to prevent waste, fraud, or abuse in connection with the transfer of an educational award and to protect the integrity of the educational award under this subsection.

**(7) Technical assistance**

The Corporation may, as appropriate, provide technical assistance, to individuals and eligible entities carrying out national service programs, concerning carrying out this subsection.

**(8) Definition of a designated individual**

In this subsection, the term “designated individual” is an individual—

(A) whom an individual who is eligible to receive a national service educational award or silver scholar educational award due to service in a program described in paragraph (2) designates to receive the educational award;

(B) who meets the eligibility requirements of paragraphs (3) and (4) of section 12602(a) of this title; and

(C) who is a child, foster child, or grandchild of the individual described in subparagraph (A).

**(g) Exception**

With the approval of the Chief Executive Officer, an approved national service program funded under section 12571 of this title, may offer participants the option of waiving their right to receive a national service educational award, summer of service educational award, or silver scholar educational award, as appropriate, in order to receive an alternative post-service benefit funded by the program entirely with non-Federal funds.

**(h) “Institution of higher education” defined**

Notwithstanding section 12511 of this title, for purposes of this section the term “institution of higher education” has the meaning provided by section 102 of the Higher Education Act of 1965 [20 U.S.C. 1002].

(Pub. L. 101-610, title I, §148, as added Pub. L. 103-82, title I, §102(a), Sept. 21, 1993, 107 Stat. 820; amended Pub. L. 105-244, title I, §102(c)(2), Oct. 7, 1998, 112 Stat. 1622; Pub. L. 111-13, title I, §1405, Apr. 21, 2009, 123 Stat. 1515.)

REFERENCES IN TEXT

The Higher Education Act of 1965, referred to in subsecs. (b)(7)(A), (C)(ii) and (c)(2)(C)(ii), (6)(B), is Pub. L. 89-329, Nov. 8, 1965, 79 Stat. 1219. Title IV of the Act is classified generally to subchapter IV (§1070 et seq.) of chapter 28 of Title 20, Education, and part C (§2751 et seq.) of subchapter I of chapter 34 of this title. Parts A and D of title IV of the Act are classified generally to parts A (§1070 et seq.) and C (§1087a et seq.), respectively, of subchapter IV of chapter 28 of Title 20. For complete classification of this Act to the Code, see Short Title note set out under section 1001 of Title 20 and Tables.

The Public Health Service Act, referred to in subsec. (b)(7)(B), is act July 1, 1944, ch. 373, 58 Stat. 682. Titles VII and VIII of the Act are classified generally to subchapters V (§292 et seq.) and VI (§296 et seq.), respectively, of chapter 6A of this title. For complete classification of this Act to the Code, see Short Title note set out under section 201 of this title and Tables.

PRIOR PROVISIONS

A prior section 148 of Pub. L. 101-610 was classified to section 12578 of this title prior to the general amendment of subtitle D of title I of Pub. L. 101-610 [former part D of this subchapter] by Pub. L. 103-82, §102(a).

AMENDMENTS

2009—Pub. L. 111-13, §1405(1), substituted section catchline for former section catchline.

Subsec. (a)(2) to (5). Pub. L. 111-13, §1405(2), substituted “cost of attendance or other educational expenses” for “cost of attendance” in par. (2), added par. (4), and redesignated former par. (4) as (5).

Subsec. (b)(1). Pub. L. 111-13, §1405(3)(A), inserted “, an eligible individual under section 12602(a) of this title who served in a summer of service program and desires to apply that individual’s summer of service