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Title 34 — Education

Subtitle B — Regulations of the Offices of the Department of Education

Chapter VI — Office of Postsecondary Education, Department of Education

Part 668 — Student Assistance General Provisions

Subpart B — Standards for Participation in Title IV, HEA Programs

Source: 52 FR 45727, Dec. 1, 1987, unless otherwise noted.

Authority: 20 U.S.C. 1001-1003, 1070g, 1085, 1088, 1091, 1092, 1094, 1099c, 1099c-1, 1221e-3, and 1231a, unless otherwise noted.

§ 668.26 End of an institution's participation in the Title IV, HEA programs.

- (a) An institution's participation in a Title IV, HEA program ends on the date that—
 - (1) The institution closes or stops providing educational programs for a reason other than a normal vacation period or a natural disaster that directly affects the institution or the institution's students;
 - (2) The institution loses its institutional eligibility under 34 CFR part 600;
 - (3) The institution's participation is terminated under the proceedings in subpart G of this part;
 - (4) The institution's period of participation, as specified under § 668.13, expires, or the institution's provisional certification is revoked under § 668.13;
 - (5) The institution's program participation agreement is terminated or expires under § 668.14;
 - (6) The institution's participation ends under subpart M of this part; or
 - (7) The Secretary receives a notice from the appropriate State postsecondary review entity designated under 34 CFR part 667 that the institution's participation should be withdrawn.
- (b) If an institution's participation in a Title IV, HEA program ends, the institution shall—
 - (1) Immediately notify the Secretary of that fact;
 - (2) Submit to the Secretary within 45 days after the date that the participation ends—
 - (i) All financial, performance, and other reports required by appropriate Title IV, HEA program regulations; and
 - (ii) A letter of engagement for an independent audit of all funds that the institution received under that program, the report of which shall be submitted to the Secretary within 45 days after the date of the engagement letter;
 - (3) Inform the Secretary of the arrangements that the institution has made for the proper retention and storage for a minimum of three years of all records concerning the administration of that program;
 - (4) If the institution's participation in the Federal Perkins Loan Program ended, inform the Secretary of how the institution will provide for the collection of any outstanding loans made under that program;
 - (5) If the institution's participation in the LEAP Program ended—
 - (i) Inform immediately the State in which the institution is located of that fact; and

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- (ii) Notwithstanding paragraphs (c) through (e) of this section, follow the instructions of that State concerning the end of that participation;
 - (6) If the institution's participation in all the Title IV, HEA programs ended, inform the Secretary of how the institution will provide for the collection of any outstanding loans made under the National Defense/Direct Student Loan programs; and
 - (7) Continue to comply with the requirements of § 668.22 for the treatment of title IV, HEA program funds when a student withdraws.
- (c) If an institution closes or stops providing educational programs for a reason other than a normal vacation period or a natural disaster that directly affects the institution or the institution's students, the institution shall—
- (1) Return to the Secretary, or otherwise dispose of under instructions from the Secretary, any unexpended funds that the institution has received under the Title IV, HEA programs for attendance at the institution, less the institution's administrative allowance, if applicable; and
 - (2) Return to the appropriate lenders any Federal Stafford Loan program proceeds that the institution has received but not delivered to, or credited to the accounts of, students attending the institution.
- (d)
- (1) An institution may use funds that it has received under the Federal Pell Grant, ACG, National SMART Grant, or TEACH Grant Program or a campus-based program or request additional funds from the Secretary, under conditions specified by the Secretary, if the institution does not possess sufficient funds, to satisfy any unpaid commitment made to a student under that Title IV, HEA program only if—
 - (i) The institution's participation in that Title IV, HEA program ends during a payment period;
 - (ii) The institution continues to provide, from the date that the participation ends until the scheduled completion date of that payment period, educational programs to otherwise eligible students enrolled in the formerly eligible programs of the institution;
 - (iii) The commitment was made prior to the end of the participation; and
 - (iv) The commitment was made for attendance during that payment period or a previously completed payment period.
 - (2) An institution may credit to a student's account or deliver to the student the proceeds of a disbursement of a Federal Family Education Loan Programs loan to satisfy any unpaid commitment made to the student under the Federal Family Education Loan Programs Loan Program only if—
 - (i) The institution's participation in that Title IV, HEA program ends during a period of enrollment;
 - (ii) The institution continues to provide, from the date that the participation ends until the scheduled completion date of that period of enrollment, educational programs to otherwise eligible students enrolled in the formerly eligible programs of the institution;
 - (iii) The loan was made for attendance during that period of enrollment.
 - (iv) The proceeds of the first disbursement of the loan were delivered to the student or credited to the student's account prior to the end of the participation.

- (3) An institution may use funds that it has received under the Direct Loan Program or request additional funds from the Secretary, under conditions specified by the Secretary, if the institution does not possess sufficient funds, to credit to a student's account or disburse to the student the proceeds of a Direct Loan Program loan only if—
- (i) The institution's participation in the Direct Loan Program ends during a period of enrollment;
 - (ii) The institution continues to provide, from the date that the participation ends until the scheduled completion date of that period of enrollment, educational programs to otherwise eligible students enrolled in the formerly eligible programs of the institution;
 - (iii) The loan was made for attendance during that period of enrollment; and
 - (iv) The proceeds of the first disbursement of the loan were delivered to the student or credited to the student's account prior to the end of the participation.

(e)

- (1) Notwithstanding the requirements of any other provision in this section, with agreement from the institution's accrediting agency and State, the Secretary may permit an institution to continue to originate, award, or disburse funds under a Title IV, HEA program for no more than 120 days following the date of a final, non-appealable decision by an accrediting agency to withdraw, suspend, or terminate accreditation, by a State authorizing agency to remove State authorization, or by the Secretary to end the institution's participation in title IV, HEA programs if—
- (i) The institution has notified the Secretary of its plans to conduct an orderly closure in accordance with any applicable requirements of its accrediting agency;
 - (ii) As part of the institution's orderly closure, it is performing a teach-out that has been approved by its accrediting agency;
 - (iii) The institution agrees to abide by the conditions of the program participation agreement that was in effect on the date of the decision under paragraph (e)(1), except that it will originate, award, or disburse funds under that agreement only to enrolled students who can complete the program within 120 days of the decision under paragraph (e)(1) or who can transfer to a new institution; and
 - (iv) The institution presents the Secretary with acceptable written assurances that—
 - (A) The health and safety of the institution's students are not at risk;
 - (B) The institution has adequate financial resources to ensure that instructional services remain available to students during the teach-out; and
 - (C) The institution is not subject to probation or its equivalent, or adverse action by the institution's State authorizing body or accrediting agency, except as provided in paragraph (e)(1).
- (2) An institution is prohibited from engaging in misrepresentation, consistent with 34 CFR part 668 subpart F and consistent with 34 CFR part 685 subpart B, about the nature of its teach-out plans, teach-out agreements, and transfer of credit.

(f) For the purposes of this section—

- (1) A commitment under the Federal Pell Grant, ACG, National SMART Grant, and TEACH Grant programs occurs when a student is enrolled and attending the institution and has submitted a valid Student Aid Report to the institution or when an institution has received a valid institutional student information report; and
- (2) A commitment under the campus-based programs occurs when a student is enrolled and attending the institution and has received a notice from the institution of the amount that he or she can expect to receive and how and when that amount will be paid.

(Approved by the Office of Management and Budget under control number 1840-0537)

(Authority: 20 U.S.C. 1070g, 1094, 1099a-3)

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