

DEPARTMENT OF EDUCATION**William D. Ford Federal Direct Loan Program; Solicitation of Applications**

AGENCY: Department of Education.

ACTION: Notice of solicitation of applications.

SUMMARY: The Secretary of Education invites applications from schools to participate in the William D. Ford Federal Direct Loan (Direct Loan) Program. This notice relates to the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, and the Federal Direct PLUS Program, collectively referred to as the Direct Loan Program.

APPLICATION DEADLINE: Applications may be submitted at any time.

FOR FURTHER INFORMATION CONTACT: Kenneth Smith, U.S. Department of Education, 600 Independence Avenue SW., Room 3042, ROB-3, Washington, DC 20202-5400. Telephone: (202) 708-9406. Individuals who use a telecommunications device for the deaf (TDD) may call the Federal Information Relay Service (FIRS) at 1-800-877-8339 between 8 a.m. and 8 p.m., Eastern time, Monday through Friday.

SUPPLEMENTARY INFORMATION: The Omnibus Budget Reconciliation Act of 1993, enacted on August 10, 1993, established the Direct Loan Program under Title IV, Part D, of the Higher Education Act of 1965, as amended (HEA). See Subtitle A of the Omnibus Budget Reconciliation Act of 1993 (Pub. L. 103-66). Under the Direct Loan Program, loan capital is provided directly to student and parent borrowers by the Federal Government rather than through private lenders.

Background

The HEA directs the Secretary to phase in the Direct Loan Program. The HEA provides that the student loan volume made under the Direct Loan Program should represent 5 percent of the total student loan volume in the first year of the program (academic year 1994-1995), 40 percent for the second year of the program (academic year 1995-1996), 50 percent for the third and fourth years of the program (academic years 1996-1997 and 1997-1998), and 60 percent for the fifth year of the program (academic year 1998-1999).

The HEA allows the loan volume to exceed the percentage goals for academic years 1996-1997, 1997-1998, and 1998-1999 if the Secretary determines that a higher percentage is warranted by the number of institutions of higher education that desire to

participate in the Direct Loan Program that meet the eligibility requirements for participation. See section 453(a)(2) and (3) of the HEA.

Schools participating in the Direct Loan Program transmit and receive loan origination information electronically to and from a Direct Loan Servicer and receive Federal funds electronically. The Secretary provides PC software and mainframe specifications, as well as technical assistance, to schools to facilitate their implementation of the Direct Loan program.

The standards for institutional participation in the Direct Loan Program for the 1995-1996 and subsequent years were published as final regulations on December 1, 1994 (59 FR 61664). See 34 CFR 685.400 and § 685.402. These final regulations were developed after the Secretary received input from the financial aid community and other members of the public through a negotiated rulemaking process and numerous other opportunities for public comment.

Application and Selection Process

The Secretary will accept applications from schools to participate in the Direct Loan Program at any time. The Secretary will select schools to participate in the Direct Loan Program periodically and will notify the institutions individually when they are selected.

The Secretary encourages a potential participant to submit an application well in advance of the date on which the school will begin participation in the Direct Loan Program. This will allow a school more time to plan for its transition into the Direct Loan Program and to begin the transition process. Further, a school will be able to take advantage of training opportunities and prepare any campus materials it may choose to use in the Direct Loan Program.

The Secretary will publish an interim list of the schools selected to participate in the Direct Loan Program for each academic year on or before December 16 of the preceding calendar year. A school that already has been selected to participate in the Direct Loan Program and an eligible school that previously applied to participate in the program but was not selected, need not submit an application again. However, if an eligible school that previously applied but did not participate (either because it was not selected or because it chose not to participate) does not wish to be considered for participation, it should notify the Secretary.

Solicitation of Applications for Participation in the Direct Loan Program

Purpose of Program

To provide loans to enable students and parents of students to pay the students' costs of attendance at a postsecondary school. Under the Direct Loan Program, loan capital is provided directly to student and parent borrowers by the Federal Government rather than through private lenders.

Eligible Applicants

Colleges, universities, graduate and professional schools, and vocational and technical schools that meet the definition of an eligible institution under section 435(a) of the HEA.

Deadline for Transmittal of Applications

Applications may be submitted at any time.

For Information Contact

Kenneth Smith, U.S. Department of Education, 600 Independence Avenue SW., Room 3042, ROB-3, Washington, DC 20202-5400. Telephone: (202) 708-9406. Individuals who use a telecommunications device for the deaf (TDD) may call the Federal Information Relay Service (FIRS) at 1-800-877-8339 between 8 a.m. and 8 p.m., Eastern time, Monday through Friday.

Application Form and Instructions

The Secretary has developed an application form for a school to use to apply to participate in the Direct Loan Program. A copy of the application form is included as an Appendix to this notice. On this form, the signature of the President or Chief Executive Officer (CEO) of the institution is required. In addition, the school must designate an official at the school to receive Direct Loan Materials.

If a school is applying as part of a consortium, it must indicate the exact names of all schools in the consortium and the name of the destination point (school or outside entity) for the consortium.

In order to be considered for participation, a school must complete the application and mail or fax the application to: U.S. Department of Education, Office of Postsecondary Education, ROB-3, Federal Direct Loan Task Force, Room 4025, 600 Independence Avenue SW., Washington, DC 20202-5162, FAX: (202) 260-6718, (202) 260-6705, or (202) 260-6706.

(Catalog of Federal Domestic Assistance
Number 84.268, William D. Ford, Federal
Direct Loan Program)

Dated: June 7, 1996.

David A. Longanecker,
*Assistant Secretary for Postsecondary
Education.*

BILLING CODE 4000-01-M

Form Approved
O.M.B. No. 1840-0664
Expiration Date: 2/28/98

William D. Ford Federal Direct Loan Program Participation Application

Section I: School Information

Please see instructions on back of application.

I-A. School Name: _____
 I-B. FFEL Code: _____ I-C. IRS EIN: _____

Official Information

	<i>President/CEO/Other</i>		<i>Designated Official to Receive Direct Loan Materials</i>
I-D. Name	<input type="checkbox"/> Dr. <input type="checkbox"/> Ms. <input type="checkbox"/> Mr.	_____	<input type="checkbox"/> Dr. <input type="checkbox"/> Ms. <input type="checkbox"/> Mr.
I-E. Title:	_____	_____	_____
I-F. Address:	_____	_____	_____
	_____	_____	_____
I-G. Telephone Number:	_____	_____	_____
I-H. FAX Number:	_____	_____	_____
I-I. Signature of President or CEO:	_____	_____	Date: _____

Section II: School Participation

II-A. Would you like to participate in both the Direct Loan Program and the FFEL Program? Yes No

II-B. Do you have any delinquent outstanding debts to the federal government? Yes No

If yes, please indicate the name of the agency or agencies. _____

If you are not applying as a consortium, then you do not need to complete Section III.

Section III: School Consortium Information

Note that all schools in the consortium must file an application and must complete Section III.

Destination Point: _____	FFEL # of Destination Point _____
NAME OF SCHOOL _____	FFEL # OF SCHOOL _____
_____	_____
_____	_____
_____	_____

Continue on a separate sheet of paper if necessary.

William D. Ford Federal Direct Loan Program Application Instructions

I-A School Name - Enter the name of your school as it appears on the Federal Family Education Loan (FFEL) Program Participation Agreement (PPA). If the name of the school has changed since the PPA was signed, enter the school's new name, which should be currently on file with the Department.

I-B FFEL Code - Enter the six-digit school identification number under which your school receives its FFEL funds and FFEL default rate notifications. Note that only one FFEL code per application will be accepted. Institutions that receive funds from the Department under more than one FFEL code and are consequently notified of more than one default rate must apply for the Direct Loan Program under separate FFEL numbers.

I-C IRS Employer Identification Number - Enter your school's nine-digit IRS employer identification number (EIN). This is the tax identification number the IRS issues to businesses.

I-D Printed Name - Please print the name of the president or chief executive officer authorizing your school's application for the Direct Loan Program and whose signature is in the signature block. Also enter the name of the official designated to receive Direct Loan materials.

I-E Title - Enter the titles of persons indicated in I-D.

I-F Address - Enter the address of the president or chief executive officer who is authorizing the school's application for the Direct Loan Program. If the address of the school has changed since the PPA was signed, enter the new address, which should be currently on file with the Department. Also enter the address of the official designated to receive Direct Loan materials.

I-G Telephone Number - Enter the telephone number of the president or chief executive officer who is authorizing your school's application for the Direct Loan Program. Also enter the telephone number of the official designated to receive Direct Loan materials.

I-H FAX Number - Enter the FAX number of the president or chief executive officer who is authorizing your school's application to the Direct Loan Program.

I-I President/CEO Signature - The signature of the president or chief executive officer authorizes the school's application to the Direct Loan Program. This signature is necessary for a school to be considered for acceptance into the Direct Loan Program. By signing this application you certify that the information provided on the form is true and correct.

II-A Type of Participation - If your school wishes to offer new loans only through the Direct Loan Program, check the "No" box. If your school wishes to offer some students new loans through the FFEL Program and some of its new loans through the Direct Loan Program, check the "Yes" box.

II-B Delinquent Debts - Check the box that indicates whether your school owes a delinquent debt to any federal agency. If yes, provide the name of the agency or agencies.

III Consortium Information - For a school to be part of a consortium it must possess a six-digit school identification number under which it has received its FFEL funds and FFEL default rates. Schools that are part of a consortium will participate in the Direct Loan Program in the same manner as the other Direct Loan schools, except that the communication between the Secretary and the schools in consortia is through a single destination point.

In the space provided, please indicate the name (and FFEL number, if the destination point is a school) of the destination point for your consortium. In the additional space provided, list the names and corresponding FFEL numbers of all members of your consortium.

Applications should be sent to:-

**U.S. Department of Education
Office of Postsecondary Education, ROB-3
Direct Loan Task Force, Room 4025
600 Independence Avenue, SW
Washington, DC 20202-5162**

FAX (202) 260-6705

Paperwork Reduction Notice

The time required to complete this information collection is estimated to average 0.2 hours (12 minutes) per response, including the time to review instructions, search existing data resources, gather and maintain the data needed, and complete and review the information collection. If you have any comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: U.S. Department of Education, Washington, DC 20202-4651. If you have any comments or concerns regarding the status of your individual submission of this form, write directly to: U.S. Department of Education, Office of Postsecondary Education, ROB-3, Direct Loan task Force, Room 4025, 600 Independence Avenue, SW, Washington, DC 20202-5162