

10/26/2021

Definition of a Closed School

34 CFR § 685.214 is amended:

(a) General.

(1) The Secretary discharges the borrower's (and any endorser's) obligation to repay a Direct Loan in accordance with the provisions of this section if the borrower (or the student on whose behalf a parent borrowed) did not complete the program of study for which the loan was made because the school at which the borrower (or student) was enrolled closed, as described in paragraph (c) of this section.

(2) For purposes of this section -

- (i) A school's closure date is the date that an independently accredited and licensed eligible school ceases to provide educational instruction in all programs as has been determined by the accrediting agency, state authorization agency, or by the Secretary, **except that a school is not considered closed for purposes of a closed school discharge if:**
 - a. **the school continues to offer educational instruction by an eligible institution from the same location (to include a surviving institution in the case of a merger or similar legal transaction approved by the institutional accrediting agency or state authorization agency) and the student is able to complete that same program or a comparable program at an eligible institution with minimal interruption or delay or loss of credits;**
 - b. **the school is or was associated with an eligible institution within reasonable proximity to the closed location, and the student is able to continue the same program or a comparable program with minimal interruption or delay or loss of credits; or**
 - c. **the student was enrolled in a program offered predominately online, and the student is able to complete that same program or a comparable program at the eligible institution with minimal interruption or delay or loss of credits; and**
- (ii) "School" means an **school's institution's** main campus or any location or branch of the main campus, regardless of whether the **school institution** or its location or branch is considered eligible.