

Department of Veterans Affairs

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(2) It is the practice of the institution to permit a student to pursue a part of his or her course by correspondence in partial fulfillment of the requirements for the attainment of the specified objective.

(3) The total credit established by correspondence does not exceed the maximum for which the institution will grant credit toward the specified objective.

(4) The educational institution offering the course is accredited by an agency recognized by the Secretary of Education; and

(5) The State approving agency has approved the correspondence-residence course and has verified compliance with the requirement of 38 U.S.C. 3672(e) and §21.4256(a) that at least 50 percent of those pursuing the correspondence-residence course require six months or more to complete it.

(The information collection requirements in this section have been approved by the Office of Management and Budget under control number 2900-0575.)

(Authority: 38 U.S.C. 3672(e))

(b) *Payment for pursuit of a correspondence-residence program.* The rate of educational assistance payable to a spouse or surviving spouse under 38 U.S.C. Chapter 35 for the residence portion of a correspondence-residence course or program shall be computed as set forth in §§21.3131(a) and 21.4270.

(1) The charges for that portion of the course or program pursued exclusively by correspondence will be in accordance with §21.3131(a) with 1 month entitlement charged for each \$404 of cost reimbursed.

(Authority: 38 U.S.C. 3534)

(2) The charges for the residence portion of the program must be separate from those for the correspondence portion.

[38 FR 7394, Mar. 21, 1973, as amended at 39 FR 45237, Dec. 31, 1974; 43 FR 35308, Aug. 9, 1978; 50 FR 19936, May 13, 1985; 61 FR 29296, June 10, 1996; 62 FR 63850, Dec. 3, 1997]

§ 21.4280 [Reserved]

Subpart E [Reserved]

Subpart F—Education Loans

AUTHORITY: 38 U.S.C. 501, 3537, 3698, 3699, unless otherwise noted.

§ 21.4500 Definitions.

(a) *General.* These definitions shall be applicable for subpart F of part 21.

(b) *Education loan.* A loan made by the Department of Veterans Affairs to an eligible spouse or surviving spouse pursuant to 38 U.S.C. 3512(f) and 3698.

(c) *Academic year.* The 9 month period usually from August or September to May or June, which includes generally two semesters or three quarters.

(d) *Loan period.* (1) The Department of Veterans Affairs will make loans normally for a quarter, semester, summer term or two consecutive quarters.

(2) The Department of Veterans Affairs may grant a loan to an eligible spouse or surviving spouse attending a course not organized on a term, quarter or semester basis if the course requires at least 6 months at the full-time rate to complete. A loan will be granted for not more than 6 months at a time.

(Authority: 38 U.S.C. 3512(f), 3698)

(i) The Director of the Department of Veterans Affairs facility of jurisdiction may waive the requirement that such a course must take at least 6 months to complete. Such a waiver of the length of the course shall be granted by the Director only if a school requests one for a course and the Director finds that:

(A) During the previous 2 years at least 75 percent of the students enrolled in the course completed it.

(B) During the previous 2 years at least 75 percent of the persons completing the course found employment in the occupational category for which the course is designed to provide training.

(C) The default rate on all Department of Veterans Affairs education loans ever made to students at the educational institution does not exceed 5 percent or 5 cases, whichever is greater.

(D) The default rate on all loans ever made to students pursuant to loan programs administered by the Department

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of Education does not exceed 5 percent or five cases, whichever is greater.

(E) The course is at least 3 months long.

(F) The course is approved for full-time attendance only.

(G) No more than 35 percent of the students attending the course are receiving educational assistance from the Department of Veterans Affairs.

(H) The Field Director for the region in which the Department of Veterans Affairs facility is located concurs in the waiver.

(ii) If a school disagrees with a decision of a Director of a Department of Veterans Affairs facility, it may, within 1 year from the date of the letter from the Director informing the school of the decision, request that the decision be reviewed by the Director, Education Service. The Director of the Department of Veterans Affairs facility shall forward all requests to the Director, Education Service, who shall consider all evidence submitted by the school. He or she has the authority to affirm or reverse a decision of a Department of Veterans Affairs facility, but shall not grant a waiver if the requirements of paragraph (d)(2)(i) of this section are not met.

(iii) A waiver will remain in effect until the date on which the course fails to meet one of the requirements of paragraph (d)(2)(i) of this section. A school which has received a waiver for a course must notify the Director of the Department of Veterans Affairs facility of jurisdiction within 30 days of the date on which one of those requirements is not met.

(Authority: 38 U.S.C. 3512(f), 3698(c))

(e) *Total amount of financial resources.* This term means the total of the following:

(1) The annual adjusted effective income of the eligible spouse or surviving spouse, less Federal income taxes paid or payable by the veteran or other eligible person with respect to such income, as described in paragraph (h) of this section.

(2) The amount of cash assets of the eligible spouse or surviving spouse, as described in § 21.4502(b)(2).

(3) The amount of financial assistance received by the eligible spouse or

surviving spouse under the provisions of Title IV of the Higher Education Act of 1965, as amended.

(4) Educational assistance received or receivable for the loan period by the eligible spouse or surviving spouse under 38 U.S.C. chapter 35. This amount shall be exclusive of an education loan.

(5) Financial assistance received by the eligible spouse or surviving spouse under any scholarship or grant other than the one specified in paragraph (e)(3) of this section.

(6) Department of Veterans Affairs work-study allowance received or receivable by the eligible spouse or surviving spouse under 38 U.S.C. 3537.

(f) *Actual cost of attendance.* The term *actual cost of attendance* means:

(1) The actual charge per student for tuition, fees, and books;

(2) An allowance for commuting (this allowance will be based on 22.5¢ per mile for distances not exceeding normal commuting distance);

(3) An allowance for other expenses reasonably related to attendance at the institution at which the eligible spouse or surviving spouse is enrolled; and

(4) A room and board allowance that shall be determined as follows:

(i) If the educational institution actually provides the eligible spouse or surviving spouse with room and board, the allowance shall equal the actual charges to him or her for room and board;

(ii) If the educational institution provides some students with room and board, but does not provide room and board for the eligible spouse or surviving spouse, the room and board allowance shall equal either the actual expenses incurred by the eligible spouse or surviving spouse for room and board, or the amount for room and board that the educational institution would have charged the eligible spouse or surviving spouse, had the educational institution provided him or her with room and board, whichever is less; and

(iii) If the educational institution does not provide any students with room and board, the room and board allowance shall equal either the actual expenses incurred by the eligible spouse or surviving spouse for room and board or the amount the eligible

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spouse or surviving spouse would have been charged for room and board had he or she been provided room and board by the nearest State college or State university that provides room and board, whichever is less.

(g) *Loan fee.* This shall be a fee collected by discounting the amount of any loan granted to an eligible spouse or surviving spouse by an appropriate amount. The fee shall be collected for each separate loan authorized. The amount of the fee shall be 3 percent of the total loan amount.

(h) *Annual adjusted effective income.* This income shall include:

(1) Nontaxable income for the student only for the current tax year in which the application for the education loan is received by the Department of Veterans Affairs. This includes income from sources such as Department of Veterans Affairs compensation and pension, disability retirement, unemployment compensation, welfare payments, social security benefits, etc.

(2) Adjusted gross income (wages, salary, dividends, interest, rental, business, etc.) for the student only for the current tax year in which the application for the education loan is received by the Department of Veterans Affairs, less:

- (i) Authorized deductions for exemptions;
- (ii) Itemized or standard deduction, whichever is greater;
- (iii) Mandatory withholdings such as Federal and State income taxes, social security taxes, etc.

(Authority: 38 U.S.C. 3512(f), 3698(b))

(i) *School term.* This phrase means:

(1) In the case of an institution of higher learning operating on a quarter system, three consecutive quarters within an ordinary school year;

(2) In the case of an institution of higher learning operating on a semester system, two consecutive semesters within an ordinary school year; or

(3) In the case of an educational institution not an institution of higher learning or in the case of an institution of higher learning not operating on a quarter or semester system, a period of 9 to 11 months provided:

(i) The program of education is divided into segments, and

(ii) At least one segment is completed prior to or during the 9 to 11-month period.

(Authority: 38 U.S.C. 1682A(e), (repealed, Pub. L. 100-689, section 124(a))

[40 FR 31764, July 29, 1975, as amended at 44 FR 62505, Oct. 31, 1979; 48 FR 37995, Aug. 22, 1983; 54 FR 34984, Aug. 23, 1989; 61 FR 26115, May 24, 1996]

§ 21.4501 Eligibility.

(a) *General.* Any eligible spouse or surviving spouse shall be eligible to receive an education loan if he or she meets the criteria of this section.

(Authority: 38 U.S.C. 3512(f), 3698)

(b) *Eligibility criteria.* To qualify for an education loan—

(1) The eligible spouse's or surviving spouse's delimiting period as determined by § 21.3046 (a), (b), or (d), or § 21.3047 must have expired;

(2) The eligible spouse or surviving spouse must—

(i) Have financial resources that may reasonably be expected to be expended for education needs and which are insufficient to meet the actual costs of attendance;

(ii) Execute a promissory note payable to the Department of Veterans Affairs, as provided by § 21.4504;

(iii) Have unused entitlement provided under 38 U.S.C. 3511;

(iv) During the term, quarter, or semester for which the loan is granted, be enrolled on a full-time basis in pursuit of the approved program of education in which he or she was enrolled on the date his or her eligibility expired under § 21.3046 (a), (b), or (d), or § 21.3047; and

(v) Have been enrolled in a program of education on a full-time basis—

(A) On the date his or her period of eligibility expired under § 21.3046 (a), (b), or (d), or § 21.3047; or

(B) On the last date of the ordinary term, semester or quarter preceding the date his or her eligibility expired under § 21.3046 (a), (b), or (d), or § 21.3047, if the delimiting date fell during a school break or summer term.

(Authority: 38 U.S.C. 3512(f), 3698)

(c) *Limitations.* The period for which a loan may be granted shall not extend