

Section 682.207 – Due diligence in disbursing a loan.

The HEA has been amended to require that U.S. students attending an eligible foreign institution may have FFEL Program funds disbursed directly to the borrower only if the institution requests this disbursement method. For borrowers enrolled at a foreign school and borrowers enrolled in a study-abroad program, the lender must verify the borrower’s enrollment at the foreign school before making a direct disbursement of FFEL funds.

The recordkeeping burden of this information collection is as follows:

There are 20,000 U.S. students attending an eligible foreign institution annually that receive title IV, HEA loans. Fifty percent of institutions will request a disbursement directly to the borrower. Additionally, there are 32,600 students enrolled in study-abroad programs receiving title IV, HEA loans while attending foreign institutions. Thirty-three percent of study abroad students will request direct disbursement to the student

Our analysis of the lender and guaranty agency processes to contact, collect, and analyze the enrollment verification data prior to disbursement will take .5 hours per respondent. The amount of time that the foreign institution of higher education will take to make a request to the lender, verify the borrower’s enrollment data, and transmit the data to the lender to be 1.0 hour. The burden hours total 31,284.

Number of U.S. Students attending Foreign Institutions		% of Institutions Requesting Disbursement Directly to the Borrower	Sub -Total
20,000	X	50%	= 10,000

Number of U.S. Students Enrolled in Study Abroad		% of Borrowers Receiving FFEL for Which the Lender Must Verify Enrollment	Sub-Total
32,600	X	33%	= 10,856

Number of Respondents	Burden per Respondent	Total Response Burden
20,856	1.5 hours	31,284 hours

The total annual cost to the respondents is \$672,813.

Cost to the Foreign Institutions:

When a foreign institution of higher education requests that a title IV loan be disbursed directly to the borrower, the foreign institution is required to make the

request to the lender by e-mail or telephone. Staff time costs are at the rate paid a GS-5, level 4 or \$13.28 per hour.

		Per contact Cost	Total Cost
Number of respondents	20,856		
Number of contacts via e-mail (98%)	20,856	\$ 1.00	\$20,856
Number of contacts via telephone (2%)	417	\$10.00	\$ 4,170
Cost of staff time	31,284 hours x \$13.28 = \$415,452		
Total Cost to Foreign Institution			\$440,478

Cost to the Lender:

The lender must contact the foreign school and collect the name and phone number of the school representative, the date of the contact, as well as verify the enrollment status of the borrower prior to disbursing the Title IV loan proceeds. Staff time costs are at the rate paid a GS-5, level 4 or \$13.28 per hour.

		Per contact Cost	Total Cost
Number of respondents	20,856		
Number of contacts via e-mail (98%)	20,856	\$ 1.00	\$20,856
Number of contacts via telephone (2%)	417	\$10.00	\$ 4,170
Cost of staff time	31,284 hours x .5 hours X \$13.28 = \$207,726		
Total Cost to Foreign Institution			\$232,752

The total cost incurred is \$440,478 + \$232,752 = \$673,230.