



DATE: September 28, 2006  
TO: Rachel Potter  
FROM: Dan Klock, Program Specialist, Federal Student Aid  
RE: Paperwork Reduction Act - Full Package Submission

A handwritten signature in black ink, appearing to read "Dan Klock", is positioned to the right of the "FROM:" line.

Attached is a paperwork reduction act submission for OMB Control Number 1845-0020, entitled the Federal Family Educational Loan Programs (FFEL) regulations.

The Higher Education Reconciliation Act of 2005 (the HERA), (Pub. L. 109-171), that was signed into law on February 8, 2006, amends the due diligence requirements for disbursing a FFEL loan. In order to disburse FFEL proceeds directly to the borrower at a foreign institution, the institution must request direct disbursement to the borrower. The lender or guaranty agency must, prior to disbursement, determine whether a school is certified to participate in the Title IV programs and verify the student's enrollment status by e-mail or telephone. Similarly, when a student attending a study-abroad program requests direct disbursement of his or her FFEL loan, the lender or guarantee agency must complete the same verification process described above. These additional activities will increase burden hours by 31,284. The Act also establishes a new College Access Initiative for guaranty agencies to create and carry out a plan to promote access to postsecondary education for each state. While most agencies currently offer this information and therefore the additional burden to report their plan will be minimal, we estimate that for two guaranty agencies the burden to provide a plan and implement providing their publication and other information about access to postsecondary education opportunities via the Internet will be more significant. As a result, the increase in burden will be 830 hours. Finally, as a result of public comment we have reconsidered and recognized the burden associated with the elimination of the exemption of single disbursement of FFEL loans to students attending foreign institutions. While there is additional burden associated with making to disbursements of a FFEL loan for a student attending a foreign institution, the burden is primarily at the institution in the processing of an additional disbursement. Since the normal business process for a lender or guarantee agency includes making multiple disbursements of FFEL loans, there is no significant additional burden to the lender or guarantee agency. In fact, the case could be made that to provide a single disbursement is more burdensome for the lender because it is outside the normal process for the vast majority of FFEL disbursements. These additional activities will increase burden hours by 20,000. The overall increase in

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burden hours as a result of the implementation of this interim final regulation will be 52,114 hours.

The number of respondents is adjusted to reflect the number of FFEL recipients at foreign or study abroad programs where the verification is required, by the number of respondents associated with the College Access Initiative, and by the requirement that students attending foreign institutions must have their FFEL loan disbursed more than in a single disbursement. This represents an increase of 40,891 respondents.