

SUPPORTING STATEMENT

Information Collections Under the Final Regulations Governing the Federal Family Education Loan Program.

A. Justification

1. Necessity of Information Collected

The Federal Family Education Loan (FFEL) Program final regulations provide revisions to the current regulations for program administration.

These final regulations are a result of regulatory review of the program regulations to reduce administrative burden for program participants, provide benefits to borrowers, and protect the taxpayers' interest. This request is for approval of reporting and recordkeeping requirements contained in the attached regulations related to the administrative requirements of the FFEL Program. The information collection requirements in these regulations are necessary to determine eligibility to receive program benefits and to prevent fraud and abuse of program funds.

FFELP: (OMB control number: 1845-0020)

Sections 682.200, 682.208, 682.209, 682.210, 682.211, 682.401, 682.402, 682.406, 682.409, 682.411, 682.414, 682.602, 682.603, and 682.604 contain information collection requirements currently approved by OMB. Under the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)), the Department of Education is submitting a copy of these sections to the Office of Management (OMB) for its review. We are making the following changes to those sections:

Sections 682.200, 682.209, 682.401 and 682.406 – Prohibited Inducements.

The changes to §§682.200 and 682.401 provide a list prohibited activities in which lenders and guaranty agencies may not engage to secure loan applications or loan volume in the FFEL Program. The changes would also list permissible activities in which lenders and guaranty agencies may engage as part of their roles as administrators of the FFEL program. The entities affected by these changes are lenders and guaranty agencies. The changes do not represent an increase in burden. The inclusion of a detailed list of prohibited and permissible activities in §§682.200 and 682.401 merely codifies long-standing Department guidance that is contained in Dear Colleague Letters 89-L-129/S-55/G-157 published in 1989 and 95-G-278/L-178/S-73 published in 1995 and in response to individual inquiries.

The changes in §682.209 extend a borrower defense against repayment of a loan if the lender making the loan offered or provided an improper inducement to the borrower's school. The entities affected by the changes are borrowers, institutions, lenders and guaranty agencies. The change does not represent a change in burden.

Sections 682.200 and 682.602 – Eligible Lender Trustee

The changes implement The Third Higher Education Extension Act of 2006 (Pub. L. 109-292) by amending the definition of “lender” to eliminate the ability of a FFEL lender to enter into an eligible lender trustee (ELT) relationship with a school or a school-affiliated organization as of September 30, 2006, and grandfathering such relationships in existence prior to that date. The changes also add a new definition of “school-affiliated organization,” and create a new §682.602 to apply the same limits that are imposed on FFEL school lenders by the Higher Education Reconciliation Act (Pub. L. 109-148) to school and school-affiliated ELT arrangements as of January 1, 2007. The entities affected by these changes are lenders, ELTs, schools and school-affiliated organizations. The changes that impose the same limits on school and school-affiliated ELT arrangements that are currently imposed on school lenders represent no increase in burden. The affected entities under these regulations are schools and school-affiliated organizations.

Sections 682.208, 682.401 and 682.414 – NSDLS Reporting Requirements.

The changes to §§682.208, 682.401 and 682.414 require schools, lenders, and guaranty agencies to report enrollment and loan status information, or any other data required by the Secretary, to the National Student Loan Data system by the deadline date established by the Secretary.

The changes do not represent an increase in burden because the new language simply codifies existing Departmental practice.

Sections 682.208, 682.211, 682.300, 682.302, 682.402 and 682.411 – Identity Theft.

Regulations published in August and November of 2006 implemented a discharge of a FFEL or Direct Loan Program loan if the borrower’s eligibility to borrow was falsely certified because the borrower was a victim of the crime of identity theft. We decided against making changes to the regulations as published but provided lenders with relief of certain due diligence requirements on a loan when identity theft is suspected.

We are changing §682.208 and §682.211 to allow lenders to temporarily waive credit bureau reporting and to grant a 120-day forbearance, respectively, on a loan certified as a result of alleged identity theft while the lender investigates the situation. We are changing §§682.300 and 682.302 to specify that the payment of interest and special allowance on Stafford and Consolidation loans must cease on the date the lender determines the loan is legally unenforceable as a result of suspected identity theft. Lastly, we are changing §682.411 to state that due diligence efforts required by the HEA are preempted by the Fair Credit Reporting Act when the lender receives notice of a possible identity theft. The changes affect borrower, lenders and guarantors.

These changes are burden neutral. The Fair Credit Reporting Act already requires lenders to cease credit bureau reporting and collection on a debt that was certified as a result of suspected identity theft. The changes we are making simply codify existing practice.

Section 682.210 – Deferment.

The regulations would allow schools that participate in the FFEL Program to grant deferments based upon information from a Perkins Loan holder or from the Department of Education instead of requiring the borrower to provide a duplicate request for deferment to multiple loan holders. As a result, burden for the borrowers and loan holders would decrease.

Sections 682.401 and 682.603 – Maximum Length of a loan period.

The changes in §§682.401 and 682.603 would eliminate the maximum 12-month loan period for annual loan limits in the FFEL Program and the 12-month period of loan guarantee in the FFEL program to allow institutions to certify a single loan for students in shorter non-term or nonstandard term programs. These changes would also provide greater flexibility in scheduling disbursements for students who drop out and return within the permitted 180-day period. The changes affect schools and lenders.

The changes represent a decrease in burden because schools and lenders will be able to certify and disburse one loan, as opposed to two loans, when programs are longer than 12-months.

Section 682.402 – Loan Discharge for Death.

The regulations would allow the use of an accurate and complete copy of a borrower's death certificate, instead of only permitting the submission of the original or a certified copy of the certificate. This change will decrease burden.

Section 682.402 – Loan Discharge for Total and Permanent Disability.

The regulations restructure §682.402 and aligns the regulations with the total and permanent disability discharge process. The changes also require a borrower to complete a prospective conditional discharge period of three years from the date that the Secretary makes an initial determination that a borrower is totally and permanently disabled in order to qualify for the total and permanent discharge on his or her FFEL Loan rather than from the date of the onset of the borrower's disability. Lastly, these changes explicitly state that, in order to qualify for a discharge, the borrower must meet the definition of total and permanent disability and receive no further title IV loans from the date the physician certifies the borrower's total and permanent disability on the discharge application. These regulatory changes would affect Title IV borrowers seeking a total and permanent disability loan discharge and

loan holders (and their servicers), and guaranty agencies. These changes would not constitute an increase in burden for borrowers because the application process and the eligibility requirements have not changed.

Section 682.406 and 682.409 – Certification of Electronic Signature on Title IV Loan Program Master Promissory Notes (MPNs) Assigned to the Department.

The changes to §§682.406 and 682.409 support the Department’s efforts to enforce defaulted FFEL MPNs that are assigned to the Department by requiring that schools, lenders and guarantors to provide to the Secretary, upon request, an affidavit or certification regarding the creation and maintenance of electronic MPNs or promissory notes, including the authentication and signature process. These changes would also require schools and lenders to retain an original electronically signed MPN for 7 years after all the loans made on the MPN are satisfied. The changes would also require schools, lenders and guarantors to provide any record, affidavit or certification requested by the Secretary to resolve any factual dispute involving an electronically signed promissory note assigned to the Department, including testimony, if appropriate, to ensure admission of electronic loan records in litigation or legal proceedings to enforce a loan. The regulatory changes would affect institutions, FFEL lenders and guarantors.

These changes represent an increase in burden for schools and FFEL lenders and guarantors by requiring the development of certifications regarding the creation and maintenance of the records associated with electronically signed MPNs. The changes represent a further increase in burden by increasing the amount of time schools and lenders must retain an original electronically signed MPN from 3 years to 7 years after all the loans on the MPN are satisfied.

Section 682.409 – Retention of Disbursement Records Supporting MPNs.

The changes in §682.409 would require a guaranty agency to submit a record of a lender’s disbursement of Stafford and PLUS loan funds to the school for delivery to the borrower and with the name and location of the entity in possession of an original, electronically signed MPN that has been assigned to the Department. (FFEL lenders are already required to retain disbursement records under §682.414(a)(4)(ii).) The Department is amending §682.409 of the FFEL Program regulations to support the Department’s efforts to enforce electronically-signed promissory notes that are assigned to the Department. These requirements will help ensure that the Department has the evidence to enforce the loan in cases in which a factual dispute or a legal challenge is raised in connection with the validity of the borrower’s electronic signature and the MPN. In order to preserve the integrity of the FFEL program as well as the Federal fiscal interest, the Department believes it is essential that an institution or lender be able to guarantee the authenticity of a borrower’s signature on loans assigned and collected by the Department. During the regulatory negotiations, the Department originally proposed to require in §682.406(a) that a lender submit a certification regarding the creation and maintenance of the electronic MPN or

promissory note, including the lender's authentication and signature process, to the guaranty agency as part of the default claim process. The certification would have then been submitted to the Department when the guaranty agency assigned a FFEL loan under the mandatory assignment provisions in §682.409(c). The addition of §682.409(c)(4)(vii), requiring a guaranty agency to submit a record of the lender's disbursement records upon assigning an FFEL loan to the Department, would accomplish the same enforcement goals. Lastly, the Department originally proposed to require that the guaranty agency, upon assignment of a FFEL loan to the Department, submit a record of the school's delivery of loan disbursements to the borrower. Currently, guarantors submit loans for assignment in an automated format. Since the burden associated with the submission of defaulted loans for assignment had not previously been included in this collection, that analysis is being added at this time and provided below. The additional requirement to provide the Secretary the name and location of the entity in possession of the originals of electronically signed MPNs that have been assigned to the Department does not represent any additional burden to the guarantors, rather these changes to the data sent to the Department will be a part of the annual systems changes that guarantors make to their systems on a periodic and regular basis.

Sections 682.603 and 682.604 – Entrance Counseling for Graduate/Professional PLUS Borrowers.

The changes to §§682.603 and 682.604 would require institutions, as part of the process for certifying a FFEL Loan to notify Graduate/Professional PLUS Loan student borrowers who are eligible for Stafford Loans, of their eligibility for a Stafford Loan and of the terms and conditions of a Stafford Loan that are more beneficial to a borrower than the terms and conditions of a PLUS loan, and to give borrowers an opportunity to request a Stafford Loan at that time. These changes would also establish a separate entrance counseling requirement for Graduate/Professional PLUS student borrowers and Stafford Loan borrowers. As a result, these requirements will modestly increase burden for institutions of higher education.

Sections 682.603 – Preferred Lender.

The changes in §682.603 provide that a school must certify Stafford and PLUS loans expeditiously regardless of the lender chosen by a borrower, that a school cannot assign a lender to a first-time borrower, and that a school may not engage in practices that deny a borrower access to FFEL loans based on the borrower's selection of a lender or guaranty agency. These changes do not change the certification process or the data collection requirements associated with the certification process. These changes are intended to act as a deterrent against actions that a school may take to steer borrowers to preferred lenders or pre-select or package a lender for student and parents, or deny a borrower's access to FFEL loans.

2. Purpose and Use of Information Collected

Federal Family Education Loan Program:

The Federal Family Education Loan Program loans are maintained by three major groups: guaranty agencies, lenders, and schools. Recordkeeping requirements are imposed to assure accountability of program participants for proper program administration and to justify the payment of funds by the federal government. Not collecting the information described would be likely to result in a loss of billions of dollars of Federal money due to waste, fraud, and abuse.

3. Consideration of Improved Information Technology

FFELP:

Guaranty agencies conduct business with the Department electronically. Schools and lenders utilize electronically the National Student Loan Data System to verify accuracy of records.

4. Efforts to Identify Duplication

A thorough review of procedures indicates that current requirements are minimal and avoid duplication. This review was completed in conjunction with affected parties who have a vested interest in eliminating duplication.

5. Burden Minimization as Applied to Small Business

No small businesses are impacted by this collection.

6. Consequences of Less Frequent Data Collection

Recordkeeping requirements are imposed to assure accountability of program participants for proper program administration and less frequent collection could impair accountability of program participants.

7. Special Circumstances Governing Data Collection

The collection of this information will be conducted in a manner that is consistent with the guidelines in 5 CFR 1320.5(d)(2).

8. Consultation Outside the Agency

Under the Administrative Procedure Act (APA) (5 U.S.C.553), the Department is generally required to publish a noticed of proposed rulemaking and provide the public with an opportunity to comment on proposed regulations prior to establishing a final rule. In addition, all Department regulations for programs authorized under the title IV, HEA programs are subject to the negotiated rulemaking requirements of section

492 of the HEA. However, both the APA and the HEA provide for exemptions from these rulemaking requirements. The APA provides that an agency is not required to conduct notice and comment rulemaking when the agency for good cause finds that notice and public procedures thereon are impracticable, unnecessary or contrary to the public interest. Similarly, section 492 of the HEA provides that the secretary is not required to conduct negotiated rulemaking for title IV, HEA program if the Secretary determines that applying that requirement is impracticable, unnecessary or contrary to the public interest within the meaning of the APA.

9. Payments or Gifts to Respondents

No payments or gifts will be provided to the respondents.

10. Assurance of Confidentiality

A Privacy Act Notice is included on the Application Form and Promissory Note. In this notice, the borrower is informed of the statutory authority for collecting the information requested. Although disclosure of the information is voluntary, the borrower is informed that in order to be considered for FFEL Program funds, the information must be provided. The information provided is used to verify the borrower's identity, to determine the borrower's eligibility to receive an FFEL Program loan and benefits, to permit the servicing of the borrower's loan(s), and to locate the borrower and collect on the loan(s) if the loan(s) become delinquent or default. A listing of the persons and entities to which the information may be disclosed and for what purposes the information may be disclosed is also included.

11. Questions of Sensitive Nature

The Department is not requesting any sensitive data.

12. Annual Hour Burden for Respondents/Recordkeepers.

FFELP:

Sections 682.200, 682.209, 682.401 and 682.406 – Prohibited Inducements

The changes to §§682.200 and 682.401 provide a list prohibited activities in which lenders and guaranty agencies may not engage to secure loan applications or loan volume in the FFEL Program. These changes would also list permissible activities in which lenders and guaranty agencies may engage as part of their roles as administrators of the FFEL program. The entities affected by these changes are lenders and guaranty agencies. These changes do not represent an increase in burden.

Section 682.200 and 682.602 – Eligible Lender Trustee

These changes implement the HEA Extension Act by amending the definition of lender to prohibit a FFEL lender from entering into an eligible lender trustee (ELT) relationship with a school or a school-affiliated organization as of September 30, 2006, but allowing current relationships to continue. The changes also add a new definition of school-affiliated organization, and add a new §682.602 to apply most of the same restrictions that are imposed on FFEL school lenders by the HERA to school and school-affiliated ELT arrangements as of January 1, 2007. The entities affected by these proposed changes are lenders, ELTs, schools and school-affiliated organizations.

# of Institutions of Higher Education:	5,665
X % affected by ELT relationships	<u>.01</u>
# of Affected Institutions	57
X estimated # of burden hours to maintain FFEL compliance	<u>1,000</u>
# of Burden Hours for Affected Institutions	57,000
# of Affected Institutions	57
X # of School-Affiliated Organizations Per affected school	<u>1.5</u>
# of Affected School-Affiliated Organizations	86
X estimated # of burden hours to maintain FFEL compliance	<u>1,000</u>
# of Burden Hours for Affected Institutions	86,000

Affected Entity:

INSTITUTIONS:	57,000 hours
For-profit:	19,000
Not for profit:	19,000
State:	19,000
SCHOOL-AFFILIATED ORGANIZATIONS	86,000 hours
For-profit:	29,000
Not for profit:	28,000
State:	29,000

Respondents, Responses and Burden Hours:

# of Respondents	# of Responses	# Hrs/Response	#Hrs Burden
143	143	1000 =	143,000

Sections 682.208, 682.401 and 682.414 – NSDLS Reporting Requirements

The changes to §§674.16, 682.208, 682.401 and 682.414 require schools, lenders, and guaranty agencies to report enrollment and loan status information, or any other data required by the Secretary, to the National Student Loan Data system by the deadline date established by the Secretary. These changes do not represent an increase in burden because the new language simply codifies existing Departmental practice.

Sections 682.208, 682.211, 682.300, 682.302, 682.402 and 682.411 – Identity Theft

Regulations published in August and November of 2006 implemented a discharge of a FFEL loan if the borrower’s eligibility to borrow was falsely certified because the borrower was a victim of the crime of identity theft. We decided against making changes to the regulations as published but provided lenders with relief of certain due diligence requirements on a loan when identity theft is suspected.

We are changing §682.208 and §682.211 to allow lenders to temporarily waive credit bureau reporting and to grant a 120-day forbearance, respectively, on a loan certified as a result of alleged identity theft while the lender investigates the situation. We are changing §§682.300 and 682.302 to specify that the payment of interest and special allowance on Stafford and Consolidation loans must cease on the date the lender determines the loan is legally unenforceable as a result of suspected identity theft. Lastly, we are changing §682.411 to state that due diligence efforts required by the HEA are preempted by the Fair Credit Reporting Act when the lender receives notice of a possible identity theft. These changes affect borrower, lenders and guarantors. The changes are burden neutral.

Section 682.210 – Deferment

The regulations allow schools that participate in the FFEL Program to grant deferments based upon information from a Perkins Loan holder or from the Department of Education instead of requiring the borrower to provide a duplicate request for deferment to multiple loan holders. As a result, burden for the borrowers and loan holders decrease.

A total of 41,700 Perkins, FFEL and Direct Loan borrowers were granted a non-in-school deferment in Award Year 2006 and received loans with more than one loan holder.

41,700 borrowers granted non-in-school deferment with multiple holders
X .25 hours projected amount of decreased burden per borrower

10,425 hours total number of hours of decreased burden

<u>For 2007-2008:</u>	<u>#</u>	<u>%</u>
Total projected # of Perkins Loan Program awards	501,000	.03
Total projected # of FFEL Program awards	12,483,000	.78
Total projected # of Direct Loan Program awards	<u>3,039,000</u>	<u>.19</u>
Total # of Title IV projected loans	16,023,000	1.00
<u>Total Burden Reduction for the FFEL Loan Program:</u>		
10,425 total hours of burden reduction		
<u>X</u> .78 percentage of all projected loans as FFEL		
8,132 total # of hours of decreased burden in the FFEL Program		

Affected Entities:

The amount of burden reduction is split between borrowers and loan holders. The majority of the burden reduction is provided to the borrowers since they will not have to complete and submit additional, duplicative deferment requests.

Entity:	% of burden reduction	hours of burden reduction	=	total hours of reduction
BORROWERS:	.9	8,132		7,319
LOAN HOLDERS:	.1	8,132		<u>813</u>

8,132

Respondents, Responses and Burden Hours:

# of Respondents	# of Responses	# Hrs/Response	=	#Hrs Burden
32,526	32,526	.25	=	8,132

Sections 682.401, 682.603 and 685.301 – Maximum Length of a loan period

The changes eliminate the maximum 12-month loan period for annual loan limits in the FFEL Program thus allowing institutions to certify a single loan for student in shorter non-term or nonstandard term programs or when the loan period is longer than 12 months. As a result, these changes decrease burden for schools and lenders.

of borrowers in the FFEL Program in 2007-2008:

Loan Type	# of loans
Subsidized	5,913,000
Unsubsidized	4,786,000
PLUS	<u>797,000</u>
Total	11,496,000
% of affected loans	<u>.10</u>
# of affected loans	1,149,600

Total amount of time to certify and disburse loan X .5 hours (30 minutes)

Total decrease in burden 574,800

Affected Entities:

reduction	# of affected loans	X	time to certify & disburse by affected entity	=	Total burden
INSTITUTIONS:	574,800		.5		287,400
LENDERS:	<u>574,800</u>		.5		<u>287,400</u>
	1,149,600				
574,800					

Respondents, Responses and Burden Hours:

# of Respondents	# of Responses	# Hrs/Response	=	#Hrs Burden
8,767	1,149,600	.5		574,800

Section 682.402 – Loan Discharge for Death

The regulations would allow the use of an accurate and complete copy of a borrower’s death certificate, instead of only permitting the submission of the original or a certified copy of the certificate.

The # of death discharges for Title IV loans as of September 30, 2006 are as follows:

<u>Program Type</u>	<u># of loans</u>	<u>% by program</u>
FFEL Program	55,148	.78
Direct Loan Program	14,199	.20
Perkins Loan Program	<u>1,692</u>	<u>.02</u>
Total # of Title IV Loan	71,039	1.00
Discharges for Death		

Prior Requirement:

Amount of time to contact the Office of Vital Statistics to obtain a certified copy of a death certificate = .25 hour (15 minutes).

New Requirement:

Amount of time to copy and submit a copy of an original or certified copy of a death certificate = .17 hour (10 minutes).

	.25 hour (15 minutes)
	<u>less .17 hour (10 minutes)</u>
Burden reduction per record	.08 hour (5 minutes)

Total burden reduction:

# of death discharges	71,039
amount of burden reduction	<u>X .08 hour (5 minutes)</u>

Total burden hours reduced 5,683 hours

Total burden reduction by program:

Program type:	% of discharges by program	total hours of burden reduction	hours of reduction by program
FFEL Program	.78	5,683	4,433
Direct Loan Program	.20	5,683	1,137
Perkins Loan Program	.02	5,683	<u>113</u>
			5,683

<u>Affected Entities:</u>	% of entity impacted	hours of reduction by program	amount of burden reduction by affected entity
FFEL			
SURVIVOR OF BORROWER:	.6	4,433	2,660
LOAN HOLDER:	.4	4,433	<u>1,773</u>
			4,433

Respondents, Responses and Burden Hours:

# of Respondents	# of Responses	# Hrs/Response	#Hrs Burden
34,021	55,410	.08 =	4,433

Section 682.402 – Loan Discharge for Total and Permanent Disability

The regulations restructure §682.402 aligns the regulations with the total and permanent disability discharge process. These changes also require a borrower to complete a prospective conditional discharge period of three years from the date that the Secretary makes an initial determination that a borrower is totally and permanently disabled in order to qualify for the total and permanent discharge on his or her FFEL Loan rather than from the date of the onset of the borrower’s disability. The changes would not constitute an increase in burden for borrowers because the application process and the eligibility requirements have not changed.

Section 682.406 and 682.409 – Certification of Electronic Signature on Title IV Loan Program Master Promissory Notes (MPNs) Assigned to the Department

The regulations require that upon request schools, lenders, and guarantors would submit an affidavit or certification regarding the creation and maintenance of electronic Master Promissory Notes (MPNs) or promissory notes including the authentication and signature process. Also, the records retention requirement for affected parties would increase from the current requirement of three years after the end of the award year to seven years after all the loans on the MPN are satisfied. Finally, we acknowledge a one-time increase in burden to the guaranty agencies in order to make the necessary modifications to their software for the collection of new data fields.

of borrowers referred for litigation – 2006-2007:

<u>Program Type</u>	<u># of loans</u>	X	<u>% of E-MPNs</u>	=	<u># affected by program</u>
Perkins Loan Program	28		.15		4
FFEL Program	<u>842</u>		<u>.85</u>		<u>716</u>
Total # of Perkins and FFEL Loans Referred for Litigation	870		1.00		720

Burden associated with data collection:

Providing ED with a copy of
the affidavit or certification .5 hours (30 minutes)

The burden associated with the collection of the original data and its retention, exists under the current rules. There is no increase in burden to retain these loan records until 7 years after the loans are satisfied.

Total burden increase:

# loans referred for litigation	720
amount of burden reduction	<u>X .5 hours (30 minutes)</u>
Total burden hour increase	360 hours

Burden Associated with changes to guaranty agency software:

# of GAs	35
amount of burden per GA	<u>X 36 hours</u>
Total burden hour increase for Reprogramming	1,260 hours

Affected Entity:

	# of affected loans	X	% held per affected entity	X	burden per MPN	=	burden increase
FFEL HOLDERS	716		.9		.5		322
GUARANTORS	716		.1		.5		<u>36</u>
							358

[NOTE: Remaining additional burden of 2 hours is attributable to the Institutions.]

	# of GAs where software chgs are required	X	hours to update software	=	burden increase
GUARANTORS	35		36		1,260

Respondents, Responses and Burden Hours:

# of Respondents	# of Responses	# Hrs/Response	=	#Hrs Burden
716	716	.5	=	358

Section 682.409 – Retention of Disbursement Records Supporting MPNs

Changes to §682.409(c)(4)(viii) of the FFEL Program regulations require the guaranty agency to provide the Secretary with the name and location of the entity in possession of an original, electronically signed MPN that has been assigned to the Department. The Department amended §682.409 of the FFEL Program regulations to support the Department’s efforts to enforce electronically-signed promissory notes that are assigned to the Department. These requirements help ensure that the Department has the evidence to enforce the loan in cases in which a factual dispute or a legal challenge is raised in connection with the validity of the borrower’s electronic signature and the MPN. In order to preserve the integrity of the FFEL program as well as the Federal fiscal interest, the Department believes it is essential that an institution or lender be able to guarantee the authenticity of a borrower’s signature on loans assigned and collected by the Department. During the regulatory negotiations, the Department originally proposed to require in §682.406(a) that a lender submit a certification regarding the creation and maintenance of the electronic MPN or promissory note, including the lender’s authentication and signature process, to the guaranty agency as part of the default claim process. The certification would have then been submitted to the Department when the guaranty agency assigned a FFEL loan under the mandatory assignment provisions in §682.409(c). The addition of §682.409(c)(4)(vii), requiring a guaranty agency to submit a record of the lender’s disbursement records upon assigning an FFEL loan to the Department, would accomplish the same enforcement goals. Lastly, the Department originally proposed to require that the guaranty agency, upon assignment of a FFEL loan to the Department, submit a record of the school’s delivery of loan disbursements to the borrower. Currently, guarantors submit loans for assignment in an automated format. Since the burden associated with the submission of defaulted loans for assignment had not previously been included in this collection, that analysis is being added at this time and provided below. The additional requirement to provide the Secretary the name and location of the entity in possession of the originals of electronically signed MPNs that have been assigned to the Department does not represent any additional burden to the guarantors, rather these changes to the data sent to the Department will be a part of the annual systems changes that guarantors make to their systems on a periodic and regular basis.

<u>Projected # of loans assigned per year:</u>	250,000
X amt. of time to prepare the file for submission per loan	<u>X .33 hours (20 minutes)</u>
Annual amount of burden:	82,500 hours

Affected Entity:
 GUARANTORS: 82,500 burden hours = 2,357 hours per GA
 35 guarantors

Respondents, Responses and Burden Hours:

# of Respondents	# of Responses	# Hrs/Response	=	#Hrs Burden
35	250,000	.33	=	82,500

Sections 682.603, 682.604, 685.301, and 685.304 – Entrance Counseling for Graduate/Professional PLUS Borrowers

The changes to §§682.603 and 682.604 require institutions to provide entrance counseling to students as a part of the process for certifying a FFEL Grad/PLUS loan. Institutions have automated the loan counseling process to a high degree therefore the burden increase to the institution is small.

of FFEL Grad/PLUS Loans:

July, 2006 – April, 2007	X	Additional % of loans April through June, 2007	=	Total # loans
101,504		1.33		135,000

Amount of increased burden per Grad/PLUS loan = .5 hours (30 minutes)

Affected Entities:

	# of loans	X	Time to complete entrance counseling	=	Hours of increased burden
BORROWERS:	135,000		.5 hours (30 minutes)		67,500
INSTITUTIONS:	135,000		.017 hours (1 minute)		<u>2,295</u>

Total Increase in Burden Hours: 69,795

Respondents, Responses and Burden Hours:

# of Respondents	# of Responses	# Hrs/Response	=	#Hrs Burden
Individuals 135,000	135,000	.5	=	67,500
Institutions 1,510	135,000	.017	=	2,295

Sections 682.603 – Preferred Lender

The changes in §682.603 provide that a school must certify Stafford and PLUS loans expeditiously regardless of the lender chosen by a borrower, that a school cannot assign a lender to a first-time borrower, and that a school may not engage in practices that deny a borrower access to FFEL loans based on the borrower’s selection of a lender or guaranty agency. These changes do not change the certification process or

the data collection requirements associated with the certification process. These changes are intended to act as a deterrent against actions that a school may take to steer borrowers to preferred lenders or pre-select or package a lender for student and parents, or deny a borrower's access to FFEL loans.

13. Annual Cost Burden to Respondents

There are no additional costs.

14. Estimated Annual Cost to the Federal Government

There are no additional costs to the Federal government as a result of the final regulations.

15. Reasons for Changes to Burden Hour Estimated

The implementation of these regulations as a result of the Negotiated Rulemaking process created additional information collections burden. A summary below is provided:

Respondents, Responses and Burden Hours:

NPRM Revisions to Inventory:

	# of Respondents	# of Responses	# Hrs/Response	=	#Hrs Burden
Section 682.200 and 682.602 – Eligible Lender Trustee	143	143	1000	=	143,000
					[Note: See OMB 1845-0020 Table – Section C.8.]
Section 682.210 – Deferment	32,526	32,526	.25	=	- 8,132
					[Note: See OMB 1845-0020 Table – Section C.1.]
Sections 682.401, 682.603 and 685.301 – Maximum Length of a loan period	8,767	1,149,600	.5	=	- 574,800
					[Note: See OMB 1845-0020 Table – Section C.6.]
Section 682.402 – Loan Discharge for Death	34,021	55,410	.08	=	- 4,433
					[Note: See OMB 1845-0020 Table – Section C.2.]
Section 682.406 and 682.409 – Certification of Electronic Signature on Title IV Loan Program Master Promissory Notes (MPNs) Assigned to the Department	716	716	.5	=	358
	35	35	36	=	1,260

Sub-total	751	751		1,618
-----------	-----	-----	--	-------

[Note: See OMB 1845-0020 Table – Section C.3.]

Section 682.409 – Retention of Disbursement Records Supporting MPNs

35	250,000	.33	=	82,500
----	---------	-----	---	--------

[Note: See OMB 1845-0020 Table – Section C.10.]

Sections 682.603, 682.604, 685.301, and 685.304 – Entrance Counseling for Graduate/Professional PLUS Borrowers

Individuals	135,000	135,000	.5	=	67,500
-------------	---------	---------	----	---	--------

Institutions	1,510	135,000	.017	=	2,295
--------------	-------	---------	------	---	-------

[Note: See OMB 1845-0020 Table – Section C.5.]

Sub-total of NPRM Revisions to Inventory:

# of Respondents	# of Responses	#Hrs Burden
212,754	1,758,430	- 290,452

Current

<u>Inventory:</u>	# of Respondents	# of Responses	#Hrs Burden
-------------------	------------------	----------------	-------------

Section 682.200 and 682.602 – Eligible Lender Trustee

143	143	1000	=	143,000
-----	-----	------	---	---------

[Note: See OMB 1845-0020 Table – Section C.8.]

Section 682.210 – Deferment

32,526	32,526	.25	=	- 8,132
--------	--------	-----	---	---------

[Note: See OMB 1845-0020 Table – Section C.1.]

Sections 682.401, 682.603 and 685.301 – Maximum Length of a loan period

8,767	1,149,600	.5	=	- 574,800
-------	-----------	----	---	-----------

[Note: See OMB 1845-0020 Table – Section C.6.]

Section 682.402 – Loan Discharge for Death

34,021	55,410	.08	=	- 4,433
--------	--------	-----	---	---------

[Note: See OMB 1845-0020 Table – Section C.2.]

Section 682.406 and 682.409 – Certification of Electronic Signature on Title IV Loan Program Master Promissory Notes (MPNs) Assigned to the Department

716	716	.5	=	358
-----	-----	----	---	-----

35	35	36	=	1,260
----	----	----	---	-------

[Note: See OMB 1845-0020 Table – Section C.3.]

Section 682.409 – Retention of Disbursement Records Supporting MPNs

35	250,000	.33	=	82,500
----	---------	-----	---	--------

[Note: See OMB 1845-0020 Table – Section C.10.]

Sections 682.603, 682.604, 685.301, and 685.304 – Entrance Counseling for Graduate/Professional PLUS Borrowers

Individuals	135,000	135,000	.5	=	67,500
Institutions	1,510	135,000	.017	=	2,295

[Note: See OMB 1845-0020 Table – Section C.5.]

Sub-total	# of Respondents	# of Responses	#Hrs Burden
	899,872	899,872	10,180,676
Revised Inventory:	# of Respondents	# of Responses	#Hrs Burden
	1,112,626	2,658,302	9,890,224

16. Collection of Information with Published Results

The results of the collection of information will not be published.

17. Approval to Not Display Expiration Date

ED is not seeking this approval.

18. Exception to the Certification Statement

ED is not requesting any exceptions to the "Certification for Paperwork Reduction Act Submissions" of OMB Form 83-1.