

Sections 682.212 and 682.603 – Preferred Lender.

The proposed regulations in §682.212 would require that any school’s list of recommended lenders contain at least three unaffiliated lenders to provide borrower choice. The Department expects a school to collect and retain a statement certifying to this fact, upon which the school can rely, from each of the lenders they propose to include on their list. The proposed regulations also require the disclosure of supporting information and data with the list is the most efficient and effective method to ensure that borrowers make informed consumer decisions. The provision of comparative interest rate and benefit information, in addition to describing the method and criteria used to select lenders for the list, will involve additional efforts for schools in preparing and providing a preferred lender list. We estimate that burden will increase by 141,625 hours for institutions of higher education. The increased burden associated with these proposed changes will be reflected under a new OMB Control Number 1845-XXXX, upon publication of the NPRM. The proposed 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 proposed changes do not change the certification process or the data collection requirements associated with the certification process. The proposed 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.

Projected # of Institutions with Preferred Lenders Lists:

# of institutions	5,665
projected % with Preferred Lenders Lists	<u>X</u> .25
# of institutions w/ Preferred Lenders Lists	1,416

Burden Hours Increase:

# of hours of increased burden/affected institution	<u>X</u> 100
projected # of burden hours	141,625 hours

Affected Entities:

INSTITUTIONS:	141,625	
For-profit		46,736
Not-for-profit		46,736
Public		<u>48,153</u>

141,625

Respondents, Responses and Burden Hours:

# of Respondents	# of Responses	# Hrs/Response	#Hrs Burden
1,416	1,416	100 =	141,625