

Supporting Statement

Information Collection for the Documents Associated with the Notice of Terms and Conditions of Purchase of Loans under the “Ensuring Continued Access to Student Loans Act of 2008”

A. Justification

1. Necessity of Information Collection

The Ensuring Continued Access to Student Loans Act of 2008 (Pub. L. No. 110-227) (the ECASLA), which was signed into law on May 7, 2008, amended the Higher Education Act of 1965, as amended (the HEA) by adding a new Section 459A that provides the U.S. Department of Education (the Department) with temporary authority to purchase student loans from Federal Family Education Loan (FFEL) Program lenders. This is one of several authorities that the ECASLA provided to the Department in order to address concerns about the availability of student loans under the FFEL Program for the 2008-2009 academic year. New section 459A of the HEA further provides that the Secretary of Education, the Secretary of the Treasury, and the Director of the Office of Management and Budget must jointly determine the terms and conditions of the loan purchase program.

The documents included with this submission explain the terms and conditions of the program and collect the information from FFEL Program lenders related to their interest in participating in the loan purchase programs.

Additionally, collection of information to specifically support a lender’s request that the Department purchase FFEL loans or participation interests in loan facilities is required. Such information will include details of the lender’s funding request and the loans that provide support for the request.

2. Purpose and Use of Information Collected

The documents associated with this collection are as follows:

1. **Notice of Intent to Participate** - Submitted to the Department’s Federal Student Aid office (ED/FSA) by FFEL lenders that wish to establish eligibility to participate in the loan purchase program. The submission will be used by ED/FSA to establish the lender’s loan purchase eligibility date. The Notice of Intent to Participate is included as Exhibit H in the Master Participation Agreement and as Exhibit F in the Master Loan Sale Agreement (the Master Participation Agreement and the Master Loan Sale Agreement are described below).
2. **Master Participation Agreement** – Submitted by FFEL lenders to ED/FSA to establish the legal relationships and contractual conditions of the lenders’ participation in the “Loan Participation Purchase Program”.
3. **Master Loan Sale Agreement** - Submitted by FFEL lenders to ED/FSA to establish the legal relationships and contractual conditions of the lenders’ participation in the “Loan Purchase Program”.
4. **Operational Documents** – Submitted by FFEL lenders to ED/FSA to request funding under the loan purchase program and to provide loan level documentation to support such requests. These documents are described in an attachment to this Supporting Statement

3. Consideration of Improved Information Technology

The information will be submitted as follows:

1. **Notice of Intent to Participate** - Submitted electronically as a PDF attachment to an email to ED/FSA by FFEL lenders that wish to establish eligibility to participate in the loan purchase program. (As noted in Item 2, the Notice of Intent to Participate is included as Exhibit H in the Master Participation Agreement and as Exhibit F in the Master Loan Sale Agreement.)
2. **Master Participation Agreement** – Submitted in paper form by FFEL lenders and participation custodians to ED/FSA. Since the Agreement is a multi-page contract between the Department and two other parties – the lender sponsor and the participation custodian – it must be executed with “pen and ink” signatures.
3. **Master Loan Sale Agreement** - Submitted in paper form by FFEL lenders to ED/FSA. Since the Agreement is a multi-page contract between the Department and the FFEL lender, it must be executed with “pen and ink” signatures.
4. **Operational Documents** – Submitted by FFEL lenders and participating custodians to ED/FSA. Requests for funds will be in paper format because of the need for signatures. Back-up supporting information will be submitted on secure electronic spreadsheets.

4. Efforts to Identify Duplication

There is no information available from other sources that could be used for the purposes described in Item 2.

5. Burden Minimization as Applied to Small Businesses

No small businesses are affected by this information collection.

6. Consequences of Less Frequent Data Collection

Without this collection of information, it would not be possible for the Department to administer the loan purchase program described in Item 1.

7. Special Circumstances Governing Data Collection

With two exceptions, this information collection does not involve any of the conditions listed in 5 CFR 1320.5(d)(2). Respondents may be required to report information more than quarterly in order to document ongoing student loan activity related to the loan purchase program. In addition, record retention requirements may exceed three years in some cases based on FFEL Program regulatory requirements.

8. Consultations Outside the Agency

In developing the documents associated with this collection, the Department worked closely with the Department of the Treasury, the Office of Management and Budget, and FFEL Program lenders.

9. Payments or Gifts to Respondents

No payments or gifts will be provided to respondents.

10. Assurance of Confidentiality

Not applicable. Only loan level data will be collected.

11. Questions of a Sensitive Nature

The documents associated with this collection do not require respondents to provide any information that would be considered sensitive.

12. Annual Hour Burden for Respondents/Recordkeepers

The total estimated number of respondents for this information collection is 500. The total estimated annual reporting hour burden is approximately 18,500 hours, calculated as follows:

Notice of Notice of Intent to Participate –

Estimated Number of respondents = 500 FFEL lenders (expected number of FFEL lenders who will choose to submit intent. Estimate based upon community input and other indicators of the number of lenders who have loan liquidity problems.)

Annual Frequency of Responses = 1 time only (Notice of Intent only needs to be filed once for the duration of the program)

Response Burden Time = 1 hour (includes time for lender review, internal consultation, form completion, and submittal)

Annual Hour Burden = 500 hours

2. Master Participation Agreement –

Estimated Number of respondents = 100 FFEL lenders (only FFEL lenders that will place at least \$50 million can participate)

Annual Frequency of Responses = One time only (Agreement only needs to be executed once for the duration of the program)

Response Burden Time = 12 hours (includes time for lender review, including senior management and counsel, internal consultation, form completion, and submittal)

Annual Hour Burden = 1200 hours

3. Master Loan Sale Agreement –

Estimated Number of respondents = 300 FFEL lenders (expected number of FFEL lenders who will actually choose to sell loans to the Department. Estimate based upon community input and other indicators of the number of lenders who have loan liquidity problems that can be resolved through the selling of loans to the Department)

Annual Frequency of Responses = One time only (Agreement only needs to be executed once for the duration of the program)

Response Burden Time = 12 hours (includes time for lender review, including senior management and counsel, internal consultation, form completion, and submittal)

Annual Hour Burden = 3600 hours

4. Operational Documents –

Funding Request/Loan Detail Schedule for Participation Sale

Estimated Number of respondents = 75 FFEL lenders

Expected number of FFEL lenders who will sell participation interests to the Department. Estimate based upon minimum activity requirement (no less than \$50 million), community input and other indicators of the number of lenders who have loan liquidity problems that can be resolved through the participation purchase program.

Average Annual Frequency of Responses = 25

Frequency depends upon lender need for funding, its business processes, and its internal capacities related to how long it can carry loan financing without ED support.

Response Burden Time = 2.0 hours

Assumes that, after initial start-up, the lender has developed an automated (or at least a standard process) for these reports.

Annual Hour Burden = 3,750 hours

Monthly Settlement Report for Participation Sale

Estimated Number of respondents = 75 FFEL lenders

Expected number of FFEL lenders who will sell participation interests to the Department. Estimate based upon minimum activity requirement (no less than \$50 million), community input and other indicators of the number of lenders who have loan liquidity problems that can be resolved through the participation purchase program.

Average Annual Frequency of Responses = 12

One submission for each month.

Response Burden Time = .50 hours

Since this report is just a variation of the funding request schedules the custodian will only need to make minor adjustments to the process that it uses for those reports.

Annual Hour Burden = 450 hours

Funding Request/Loan Detail Schedule for Loan Sale

Estimated Number of respondents = 300 FFEL lenders

Expected number of FFEL lenders who will actually choose to sell loans to the Department, either directly or in closing a participation interest facility. Estimate based upon community input and other indicators of the number of lenders who have loan liquidity problems that can be resolved through the selling of loans to the Department.

Average Annual Frequency of Responses = 15

Frequency depends upon lender need for funding, its business processes, the 45 day notice requirement, and the lender's internal capacities related to how long it can carry loan financing without ED support.

Response Burden Time = 2.0 hours

Assumes that, after initial start-up, the lender has developed an automated (or at least a standard process) for these reports.

Annual Hour Burden = 9,000 hours

13. Annual Cost Burden to Respondents

There are no annual capital/startup costs to respondents, nor are there any annual costs to respondents associated with operating or maintaining systems or purchasing services.

14. Estimated Annual Cost to the Federal Government

See ED/OMB costs estimates included in other documents related to these programs.

15. Reasons for Program Changes/Adjustments Reported in Items 13 or 14 of OMB Form 83-I.

This is a new collection.

16. Collection of Information with Published Results

The results of this information collection will not be published.

17. Approval Not to Display Expiration Date

The Department is not seeking this approval.

18. Exceptions to the Certification Statement

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

B. Collection of Information Employing Statistical Methods

This information collection does not employ statistical methods.