

## SUPPORTING STATEMENT

### Lender's Application for Payment of Insurance Claims ED Form 1207

1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.

1. The Department of Education (ED) is submitting for continual approval.

ED Form 1207, Lender's Application for Payment of Insurance Claim, is completed for each borrower for whom the lender is filing a Federal claim. Lenders must file for payment within 90 days of the default, depending on the type of claim filed. ED uses the information on the ED Form 1207 to match disbursement data already on file for claim payment validation.

The legal authority for this information is contained in the Higher Education Act of 1965, as amended and 34 CFR Part 682 Federal Family Education Loan (FFEL) Program Subpart E Federal Guaranteed Student Loan Programs.

2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.

2. The collection of this information is necessary so that ED can determine how much is to be paid to a lender for a claim which falls under one of the following categories: default, bankruptcy, death, permanent or total disability, false certification, or closed schools. The document provides ED with specific types of information that is required for claim payment validation. The ED Form 1207 is used by lenders to request payment of a claim for the Federal Insured Student Loan Program (FISL) or for the Federal Stafford, Federal Plus, Federal SLS, Federal Consolidation, or Federal Unsubsidized Programs when a guaranty agency no longer exists and ED becomes the guarantor.

ED uses the information on the ED Form 1207 to match disbursement data already on file for claim payment validation. This data is used to calculate the claim payment amount, and forms the basis to be used in the collection of defaulted loans by ED. If the information were not collected payments to lenders for FFEL and FISL claims would be delayed.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or forms of information technology, e.g. permitting electronic submission of responses, and the basis for the decision of adopting this means of collection. Also describe any consideration of using information technology to reduce burden.

3. Information on the form is the minimum required by ED to properly process and pay a FFEL or FISL claim. The FISL program is being phased out (no loans have been made since 1984). In addition, guaranty agency functions have been transferred to ED.

ED has considered use of electronic submission of the ED Form 1207 which will reduce the burden to the community, but determined that while an electronic format could be developed, the necessary supporting loan documentation that accompanies the form is unavailable electronically.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use of the purposes described in Item 2 above.
4. The information collected on the ED Form 1207 is ED's first notification of the reason for the claim and is unavailable elsewhere in the format needed to pay a FFEL or FISL claim.
5. If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-1), describe any methods used to minimize burden.
5. Collection of this information does not involve small businesses.
6. Describe the consequences to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.
6. Lenders submit the ED Form 1207 only when necessary. There are time limitations for the lender to submit the claim. If the information were collected less frequently, it would impact on ED's collection activities on defaulted loans by extending the time between default and assumption efforts by ED.
7. Explain any special circumstances that would cause an information collection to be conducted in a manner:
  - requiring respondents to report information to the agency more often than quarterly;
  - requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;
  - requiring respondents to submit more than an original and two copies of any document;
  - requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;
  - in connection with a statistical survey, that is not designed to produce valid and reliable results than can be generalized to the universe of study;

- requiring the use of a statistical data classification that has not been reviewed and approved by OMB;
  - that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or
  - requiring respondents to submit proprietary trade secrets, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.
7. The collection of this information will be conducted in accordance with the guidelines in 5CFR 1320.5(d)(2).
  8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.
  8. The collection of this information will be conducted in accordance with the guidelines in 5CFR 1320.8. A 60 day notice was published in the Federal Register on November 12, 2010, Vol. 75, and page 69425. No public comments were received. A 30 day notice seeking public comment was published.
  9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.
  9. There are no plans to provide any payment or gift to respondents.
  10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.
  10. The Department of Education's disclosure policies adhere to the provisions of the Privacy Act of 1974 (P.L. 93-579, 5 U.S.C. 552a) Higher Education Act of 1965, as amended and 34 CFR Part 682 Federal Family Education Loan (FFEL) Program Subpart E. The Department receives and maintains personal information on participants in the Federal Family Education Loan Program. The principal purpose for collecting this information is to administer the program, including the payment of lender claims. Providing the information on the form, including a social security number is voluntary; failure to disclose a SSN will not result in the denial of any right, benefit or privilege to which the participant is entitled.
  11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. The



13. Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14.)
- The cost estimate should be split into two components: (a) a total capital and start-up cost component (annualized over its expected useful life); and (b) a total operation and maintenance and purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and record storage facilities.
  - If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of contracting out information collection services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.
  - Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government, or (4) as part of customary and usual business or private practices.

Total Annualized Capital/Startup Cost	: \$0
Total Annual Costs (O&M)	: \$0
Total Annualized Costs Requested	: \$0

13. There is no annual cost burden to respondents or record keepers resulting from the collection of information.
14. Provide estimates of annualized cost to the Federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies also may aggregate cost estimates from Items 12, 13, and 14 in a single table.
14. An ED contractor will process this form. It is estimated that the annual cost to the Federal Government of operating the computer system will be \$ 8,000.00.

15. Explain the reasons for any program changes or adjustments to #16f of the IC Data Part 1 Form.
15. The total annual burden of 3 hours and 12 responses for this extension of a currently approved collection has decreased by 11 hours. This is an adjustment due to a decrease of 39 respondents as a result of a decreased volume of rehabilitated loan claim requests.
16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.
16. ED does not plan to publish for statistical use the results of the information to be collected. Management reports, however, will be prepared.
17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.
17. The expiration date for OMB approval of the information collection will be displayed.
18. Explain each exception to the certification statement identified in the “Certification for Paperwork Reduction Act Submissions.”
18. The collection of information complies with 5 CFR 1320.9.