

**LENDER'S APPLICATION PROCESS (LAP)
SUPPORTING STATEMENT**

A. Justification

1. The Department of Education (ED) is submitting a request for an extension of a currently approved collection; the Lender's Application Process (LAP).

The Department of Education maintains information on lenders participating in the Federal Family Education Loan program (i.e. Federal Stafford, Federal Consolidation, and Federal PLUS/SLS loans); the FFEL Loan Participation Purchase Program; and the FFEL Loan Purchase Commitment Program. The LAP is necessary so ED can maintain a current lender database for all lenders in the program.

The legal authority for collecting this information is contained in Part B of Title IV of the Higher Education Act of 1965, as amended.

2. The LAP will be submitted by lenders prior to beginning participation in the program. Lenders must complete and return the questionnaire in order to participate in the program.

The information is used by ED to maintain a database of eligible and non-eligible lenders. If the information is not collected, lender payments could be delayed due to incorrect or insufficient information.

3. The data can be submitted to the Financial Management System (FMS) via on-line data entry or a paper format. ED anticipates about 95% of the LAP will be submitted on-line.
4. This information is also maintained by Guaranty Agencies and/or Servicers. New lenders must complete this questionnaire in order to participate in the program and to process their Lender's Request and Special Allowance Request (ED Form 799).
5. The collection of this information does not involve small business.
6. The collection of this information is being conducted, in order for ED to update its lender participation file, to improve program monitoring and to improve service to lenders (i.e. processing of the Lender's Interest and Special Allowance Request ED Form 799). Lenders may be asked to verify the information on an

annual basis. Failure to update the system will reduce the effectiveness of program monitoring.

7. There are not special circumstances. The collection of information will be conducted in accordance with the guidelines in 5 CFR 1320.6.

8. Copies of the original LAP were sent to EduServ Technologies, Incorporated (EduServ) and the Education Loan Servicing Center (ELSC) for comments. These organizations were consulted because of the large volume of lenders they service. Since the previous approved collection, no feedback has been received.

The appropriate 60-day and 30-day Federal Register notice will be available to the public for public comment.

9. There is no decision to provide any payment or gift to respondents.
10. No assurance of confidentiality has been provided to respondents. The information collected here is available to the public as provided under the Privacy Act of 1974 and the Freedom of Information Act.
11. There are no questions of a sensitive or private nature in this information collection activity.
12. The total annual burden has been determined to be approximately 5 hours. The requested breakdown is as follows:

Respondents	30
Responses	<u>x1</u>
Total Annual Responses	30
Hours per Responses	<u>x 10</u> (10 minutes)
Total Burden Hours	5

The estimated cost to the public will be approximately \$ 60.00. This was determined by multiplying the number of respondent (30) times the amount of time it takes to complete, review and submit the form (10 minutes), times an average hourly wage of \$12 per hour to prepare and review the information for accuracy.

13. There is no additional annual cost burden to respondents or record keepers resulting from the collection of information.
14. It is estimated that the annual cost to the Federal Government of operating the computer system will be \$94.00.

15. The total number of burden hours has decreased from 9 hours to 5 hours. This decrease is due to a decrease in the number of respondents.
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. The expiration date for OMB approval of the information collection will be displayed.
18. The collection of information complies with 5 CFR 1320.9.

B. Collections of Information Employing Statistical Methods

None