

SUPPORTING STATEMENT FOR PAPERWORK REDUCTION ACT SUBMISSION

Loan Verification Certificate for Special Direct Consolidation Loans OMB Control No. 1845-0111

A. Justification

- 1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a hard copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information, or you may provide a valid URL link or paste the applicable section. Specify the review type of the collection (new, revision, extension, reinstatement with change, reinstatement without change). If revised, briefly specify the changes. If a rulemaking is involved, make note of the sections or changed sections, if applicable.**

The Student Loan Reform Act of 1993, enacted on August 10, 1993, established the William D. Ford Federal Direct Loan (Direct Loan) Program under Title IV, Part D, of the Higher Education Act of 1965, as amended (the HEA). The authorization to make loans under the Direct Loan Program is in section 451 of the HEA. Section 455(a) of the HEA provides for loans made under the Direct Loan Program to have the same terms and conditions as loans made through the Federal Family Education Loan (FFEL) Program prior to July 1, 2010 under sections 428 (Subsidized Federal Stafford Loans), 428B (Federal PLUS Loans), 428C (Federal Consolidation Loans), and 428H (Unsubsidized Federal Stafford Loans) of the HEA, unless otherwise specified in Part D. In accordance with section 455(a)(2)(C) of the HEA, Direct Loan Program loans with the same terms and conditions as Federal Consolidation Loans made under section 428C of the HEA prior to July 1, 2010 are known as Federal Direct Consolidation Loans (Direct Consolidation Loans). The relevant statutory authorities are as follows:

“SEC. 451. [20 U.S.C. 1087a] PROGRAM AUTHORITY.

“(a) IN GENERAL.—There are hereby made available, in accordance with the provisions of this part, such sums as may be necessary

“(1) to make loans to all eligible students (and the eligible parents of such students) in attendance at participating institutions of higher education selected by the Secretary, to enable such students to pursue their courses of study at such institutions during the period beginning July 1, 1994; and

“(2) for purchasing loans under section 459A. Loans made under this part shall be made by participating institutions, or consortia thereof, that have agreements with the Secretary to originate loans, or by alternative originators designated by the Secretary to make loans for students in attendance at participating institutions (and their parents).

“(b) DESIGNATION.—

“(1) PROGRAM.—The program established under this part shall be referred to as the ‘William D. Ford Federal Direct Loan Program’.

“(2) DIRECT LOANS.—Notwithstanding any other provision of this part, loans made to borrowers under this part that, except as otherwise specified in this part, have the same

terms, conditions, and benefits as loans made to borrowers under section 428, shall be known as 'Federal Direct Stafford/Ford Loans'."

"SEC. 455. [20 U.S.C. 1087e] TERMS AND CONDITIONS OF LOANS.

"(a) IN GENERAL.—

"(1) PARALLEL TERMS, CONDITIONS, BENEFITS, AND AMOUNTS.—Unless otherwise specified in this part, loans made to borrowers under this part shall have the same terms, conditions, and benefits, and be available in the same amounts, as loans made to borrowers, and first disbursed on June 30, 2010, under sections 428, 428B, 428C, and 428H of this title.

"(2) DESIGNATION OF LOANS.—Loans made to borrowers under this part that, except as otherwise specified in this part, have the same terms, conditions, and benefits as loans made to borrowers under—

"(A) section 428 shall be known as 'Federal Direct Stafford Loans';

"(B) section 428B shall be known as 'Federal Direct PLUS Loans';

"(C) section 428C shall be known as 'Federal Direct Consolidation Loans'; and

"(D) section 428H shall be known as 'Federal Direct Unsubsidized Stafford Loans'."

Eligible borrowers may consolidate certain federal education loans into a Direct Consolidation Loan. The regulations governing Direct Consolidation Loans are contained in [34 CFR 685.220](#). In accordance with 34 CFR 685.220(e), a borrower who wishes to receive a Direct Consolidation Loan must submit a completed application to the U.S. Department of Education (the Department). The holder(s) of the eligible federal education loan(s) that a borrower wishes to consolidate into a Direct Consolidation Loan are required by 34 CFR 685.220(f)(1) to complete and return the Department's request for certification of certain information about the loans(s) to be consolidated within 10 business days of receipt of the Department's request. The Loan Verification Certificate (LVC) for Special Direct Consolidation Loans serves as the means by which the Department obtains the payoff amount and other required information related to the loans that a borrower wishes to consolidate into the Direct Loan Program under the special consolidation initiative described below.

The LVC for Special Direct Consolidation Loans is used in connection with a borrower's application to receive a special type of Direct Consolidation Loan under an initiative announced by the White House in an [October 25, 2011 fact sheet](#) titled "Help Americans Manage Student Loan Debt." The intent of the special consolidation initiative is to make repayment easier for certain borrowers who have both commercially-held FFEL Program loans (i.e., loans held by a private FFEL Program lender and serviced by an entity under contract with the lender) and Department-held loans (i.e., Direct Loan Program loans and/or FFEL Program loans previously sold to the Department by a FFEL Program lender and serviced by one of Department's federal loan servicers). Currently, these so-called "split" borrowers have more than one servicer, receive more than one bill, and must make at least two monthly student loan payments, one to the servicer(s) of their commercially-held FFEL Program loans and another to their federal loan servicer. As a result, these borrowers are at greater risk of becoming delinquent on their student

loans and ultimately defaulting on those loans. Under the special consolidation initiative, split borrowers may consolidate their eligible commercially-held FFEL Program loans into a Direct Consolidation Loan with certain terms and conditions that differ from traditional Direct Consolidation Loans. Direct Consolidation Loans made under this initiative are known as Special Direct Consolidation Loans. Split borrowers who consolidate their commercially-held FFEL Program loans into a Special Direct Consolidation loans will have just one student loan servicer, receive just one bill, and will be required to make only one monthly payment as opposed to two or more payments. This will greatly simplify the repayment process and reduce the likelihood of default. The special consolidation initiative began in January 2012 and will end on June 30, 2012.

The Department is providing several incentives for split borrowers to consolidate their commercially-held FFEL Program loans into a Special Direct Consolidation Loan:

- The interest rate on a traditional Direct Consolidation Loan is the weighted average of the interest rates of the loans being consolidated, rounded up to the next higher 1/8th of one percent. Under the special consolidation initiative, the current interest rate of each loan that is consolidated (including loans that currently have a variable rate) will be retained as a fixed rate, without being rounded up.
- The interest rate on each loan that is consolidated will be reduced by 0.25%. Special Direct Consolidation Loan borrowers may also receive an additional 0.25% reduction in the interest rate on each loan that is consolidated if they agree to have their monthly loan payments electronically debited from their bank accounts. (The interest rate discount for electronic debiting is also available to all other Direct Loan borrowers.)
- The repayment period for each loan that is consolidated into a Special Direct Consolidation Loan will remain the same after consolidation as it was when the loan was held by the FFEL Program commercial lender, instead of being “reset” as with a traditional Direct Consolidation Loan. That is, the maximum repayment period for a Special Direct Consolidation Loan includes time already spent in repayment on the loans being consolidated prior to consolidation. This means that Special Direct Consolidation Loan borrowers will pay less interest in total over the life of the loan than would be the case with a traditional Direct Consolidation Loan. With a traditional Direct Consolidation Loan, a new repayment period starts upon consolidation. This may result in a lower monthly payment amount, but the borrower will generally pay more interest over the life of the loan.

The Department has the authority to offer the repayment incentives described above under section 455(b)(8)(A) of the HEA:

“SEC. 455. [20 U.S.C. 1087e] TERMS AND CONDITIONS OF LOANS

“(b) INTEREST RATE.—

“(8) REPAYMENT INCENTIVES.—

“(A) INCENTIVES FOR LOANS DISBURSED BEFORE JULY 1, 2012—Notwithstanding any other provision of this part, with respect to loans for which the first disbursement of principal is made before July 1, 2012, the Secretary is authorized to prescribe by regulation such reductions in the interest rate or origination fee paid by a borrower of a

loan made under this part as the Secretary determines appropriate to encourage on-time repayment of the loan. Such reductions may be offered only if the Secretary determines the reductions are cost neutral and in the best financial interest of the Federal Government. Any increase in subsidy costs resulting from such reductions shall be completely offset by corresponding savings in funds available for the William D. Ford Federal Direct Loan Program in that fiscal year from section 458 and other administrative accounts.”

The LVC for Special Direct Consolidation Loans is a modified version of the LVC approved under Office of Management and Budget (OMB) Control Number 1845-0053 that is used in making traditional Direct Consolidation Loans. The Special Direct Consolidation Loan LVC collects most of the same information that is collected on the traditional Direct Consolidation Loan LVC, plus certain additional information that is required only for purposes of making and servicing Special Direct Consolidation Loans.

The Department previously requested and received emergency approval of the LVC for Special Direct Consolidation Loans through June 30, 2012 so that the Department’s federal loan servicers would have sufficient time to operationalize the LVC by January 2012, the beginning date announced by the White House for the special consolidation initiative. The regular clearance process would not have allowed the Department to have an approved LVC by January 2012 and would have shortened the already limited period during which the Department has the authority to offer borrowers incentives to consolidate under the special initiative. The Budget Control Act of 2011 (Pub. L. 112-25) amended section 455(b)(8) of the HEA by adding a new paragraph (C) that eliminates the Department’s authority to offer most Direct Loan borrower repayment incentives, effective for loans first disbursed on or after July 1, 2012:

“(C) NO REPAYMENT INCENTIVES FOR NEW LOANS DISBURSED ON OR AFTER JULY 1, 2012- Notwithstanding any other provision of this part, the Secretary is prohibited from authorizing or providing any repayment incentive not otherwise authorized under this part to encourage on-time repayment of a loan under this part for which the first disbursement of principal is made on or after July 1, 2012, including any reduction in the interest or origination fee rate paid by a borrower of such a loan, except that the Secretary may provide for an interest rate reduction for a borrower who agrees to have payments on such a loan automatically electronically debited from a bank account.”

The Department is now requesting an extension of the currently approved LVC for Special Direct Consolidation Loans through June 30, 2013. Although the latest date that a borrower may submit an application for a Special Direct Consolidation Loan is June 30, 2012, the LVC will continue to be needed for a limited period after that date to process Special Direct Consolidation Loan applications submitted by borrowers through June 30, 2012, and to process borrower requests to add eligible loans to an existing Special Direct Consolidation Loan in accordance with 34 CFR 685.220(e). This provision allows a borrower to add eligible loans to an existing Direct Consolidation Loan by submitting a request to the Department within 180 days of the date on which the existing Direct Consolidation Loan was originated, and applies to both traditional Direct Consolidation Loans and Special Direct Consolidation Loans. The Department believes that the LVC for Special Direct Consolidation Loans will continue to be needed for a period not to exceed 12 months after June 30, 2012.

- 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.**

After a borrower applies for a Special Direct Consolidation Loan to his or her federal loan servicer, the servicer sends an LVC (pre-populated with the borrower's identifiers and certain information obtained from the Department's National Student Loan Data System) to each holder or servicer of a loan that the borrower wishes to consolidate. The holder/servicer then provides the information requested on the LVC for each loan and returns the completed LVC to the Department's federal servicer. The LVC may be completed through either an electronic or paper process, depending on the capabilities of the loan holder or servicer.

The completed LVC is used by the federal loan servicer to confirm that the borrower's loans are eligible for consolidation into a Special Direct Consolidation Loan, to verify the current payoff amount of each loan, and to provide other information needed by the federal loan servicer to properly service the Special Direct Consolidation Loan under the terms of the special consolidation initiative. The need for each data element included on the LVC is explained in an attachment at the end of this supporting statement.

- 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 given to using technology to reduce burden.**

Loan holders/servicers have the option of receiving, completing, and submitting the LVC through either an electronic or paper process. We expect that approximately 95% of LVCs will be completed and submitted electronically.

- 4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.**

There is no information available from other sources that can be used as an alternative to the LVC. The Department's National Student Loan Data System does not contain all of the information about a borrower's loans that is needed by the Department to make a Special Direct Consolidation Loan.

- 5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden. A small entity may be (1) a small business which is deemed to be one that is independently owned and operated and that is not dominant in its field of operation; (2) a small organization that is any not-for-profit enterprise that is independently owned and operated and is not dominant in its field; or (3) a small government jurisdiction, which is a government of a city, county, town, township, school district, or special district with a population of less than 50,000.**

No small businesses are affected by this information collection.

- 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.**

The LVC is completed once by each holder/servicer of a loan that a borrower wants to consolidate into a Special Direct Consolidation Loan. If the information requested on the LVC were not collected, borrowers would not be able to receive the benefits offered by Special Direct Consolidation Loans,

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 that 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.

This collection of information does not involve any of the circumstances listed above, except that the LVC must be completed and returned by the loan holder/servicer within 10 business days of the date received. This deadline is established in 34 CFR 685.220(f)(1)(i).

8. As applicable, state that the Department has published the 60 and 30 Federal Register notices as 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.

Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instruction and record keeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years - even if the collection of

information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

A notice was published in the Federal Register on November 28, 2011 (76 FR 72917) announcing the request for emergency clearance and the 60-day public comment period for the regular clearance process. In response to this notice, the Student Loan Servicing Alliance (SLSA) submitted 11 comments on the LVC for Special Direct Consolidation Loans and asked that these comments be considered prior to OMB's approval of the Department's emergency clearance request. The Department made several changes to the LVC in response to the comments to SLSA and those changes were reflected in the LVC that was approved by OMB on December 19, 2011 in response to the Department's emergency clearance request. The comments from SLSA and the Department's responses are contained in a separate document included with this submission. No other public comments were received during the 60-day comment period and the Department is not making any further changes to the LVC for Special Direct Consolidation Loans.

When developing the LVC, the Department worked closely with its four federal loan servicers who are making and servicing Special Direct Consolidation Loans. These are four of the largest servicers in the student loan industry.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees with meaningful justification.

No gifts or payments will be provided to respondents.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy. If personally identifiable information (PII) is being collected, a Privacy Act statement should be included on the instrument. Please provide a citation for the Systems of Record Notice and the date a Privacy Impact Assessment was completed as indicated on the IC Data Form. A confidentiality statement with a legal citation that authorizes the pledge of confidentiality should be provided.¹ If the collection is subject to the Privacy Act, the Privacy Act statement is deemed sufficient with respect to confidentiality. If there is no expectation of confidentiality, simply state that the Department makes no pledge about the confidentiality of the data.

The LVC does not require a Privacy Act Statement. However, the application for a Special Direct Consolidation Loan includes a Privacy Act Notice that (1) informs the applicant of the statutory authority for the information collection; (2) explains that disclosure of the requested information is voluntary, but is required in order for the Department to process the request for a Direct Consolidation Loan; and (3) identifies the third parties to whom the information may be disclosed, and explains the circumstances under which such disclosures may occur.

¹ Requests for this information are in accordance with the following ED and OMB policies: Privacy Act of 1974, OMB Circular A-108 – Privacy Act Implementation – Guidelines and Responsibilities, OMB Circular A-130 Appendix I – Federal Agency Responsibilities for Maintaining Records About Individuals, OMB M-03-22 – OMB Guidance for Implementing the Privacy Provisions of the E-Government Act of 2002, OMB M-06-15 – Safeguarding Personally Identifiable Information, OM:6-104 – Privacy Act of 1974 (Collection, Use and Protection of Personally Identifiable Information)

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 justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

The LVC does not request any information of a sensitive nature.

12. Provide estimates of the hour burden of the collection of information. The statement should:

- **Indicate the number of respondents by affected public type (federal government, individuals or households, private sector – businesses or other for-profit, private sector – not-for-profit institutions, farms, state, local or tribal governments), frequency of response, annual hour burden, and an explanation of how the burden was estimated, including identification of burden type: recordkeeping, reporting or third party disclosure. All narrative should be included in item 12. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.**
- **If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in the ROCIS IC Burden Analysis Table. (The table should at minimum include Respondent types, IC activity, Respondent and Responses, Hours/Response, and Total Hours.)**
- **Provide estimates of annualized cost to respondents of the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in Item 14.**

The total estimated annual reporting hour burden for this collection is approximately 3,131,650 hours, calculated as shown below. An IC Burden Analysis table is included with this submission.

Respondents (see Note)	100
Responses (average # of responses – see Note)	x 62,633
Hours per response	x 0.5 hours (30 minutes)
Annual reporting burden	3,131,650 hours

NOTE: The estimated number of applicants for Special Direct Consolidation Loans is 2,087,758. Each Special Direct Consolidation Loan application averages 3 different loan holders/servicers. This means that an average of 3 LVCs will be generated for each Direct Consolidation Loan, for a total of 6,263,274 responses (3 x 2,087,758= 6,263,274). There are approximately 100 loan holders/servicers. The average number of responses was obtained by dividing the total number of responses by the number of respondents:

6,263,274 ÷ 100 = 62,633

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 acquiring and maintaining record storage facilities. 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 acquiring and maintaining 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. Also, these estimates should not include the hourly costs (i.e., the monetization of the hours) captured above in Item 12.

Total Annualized Capital/Startup Cost:

Total Annual Costs (O&M):

Total Annualized Costs Requested:

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

- 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.**

The total estimated annual cost to the Federal government for this collection is \$9,968,801.00. Federal costs associated with developing, producing, and processing the LVC are included in the unit cost rates paid to the Title IV Additional Servicers (TIVAS) that are largely responsible for implementing the Special Direct Consolidation Loan initiative. Given that we expect the overwhelming majority of processed LVC's to be electronic, once the form has been developed these costs will largely involve pre-populating the electronic form with borrower level data, sending the forms to loan holders/servicers, and processing responses to determine pay-off amounts on individual underlying loans.

The cost shown above was derived by multiplying the total number of potentially eligible borrowers at the Department's servicers (that is, borrowers who have one or more Department-held loans and one or more commercially-held FFEL Program loans) by 40% (the estimated percentage of eligible borrowers who will apply for Special Direct Consolidation Loans), and then applying the result to the agreed-upon pricing table under the Department's contract with the TIVAS. This produced an estimate of total overall costs associated with the Special Direct Consolidation Loan initiative. Activities specifically associated with the LVC, as described in the preceding paragraph, are estimated to account for 10% of overall TIVAS activities related to the special consolidation initiative. The total overall cost was multiplied by 10% to produce the estimated cost associated with the LVC.

There are no additional expenses that would not have been incurred without this collection of information. Because of the short duration of the Special Direct Consolidation Loan initiative, there should be little if any cost after the initial year.

- 15. Explain the reasons for any program changes or adjustments. Generally, adjustments in burden result from re-estimating burden and/or from economic phenomenon outside of an agency's control (e.g., correcting a burden estimate or an organic increase in the size of the reporting universe). Program changes result from a deliberate action that materially changes a collection of information and generally are result of new statute or an agency action (e.g., changing a form, revising regulations, redefining the respondent universe, etc.). Burden changes should be disaggregated by type of change (i.e., adjustment, program change due to new statute, and/or program change due to agency discretion), type of collection (new, revision, extension, reinstatement with change, reinstatement without change) and include totals for changes in burden hours, responses and costs (if applicable).**

There are no changes or adjustments to the currently approved collection.

- 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.**

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

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.

The Department is not seeking this approval.

18. Explain each exception to the certification statement identified in the Certification of Paperwork Reduction Act.

There are no exceptions.

JUSTIFICATION OF DATA ELEMENTS

LOAN VERIFICATION CERTIFICATE (LVC) FOR SPECIAL DIRECT CONSOLIDATION LOANS

Data Element	Purpose
(1) Holder/Servicer Information	Identification of the holder/servicer of loans that are to be consolidated; required for correspondence/communication with the holder/servicer.
(2) Institution and Address to which payoff amount should be sent	Needed to provide the name/address of the entity to which the consolidation payoff should be sent, if different from (1).
(3) Borrower Information	Identifies the borrower who has requested consolidation of the loans held by the entity identified in (1).
(4) Certification Date	Provides the date as of which the entity identified in (1) has certified that all of the information requested on the LVC is current/accurate.
(5) Holder/Servicer Certification	Collects the holder/servicer's certification that all information provided on the LVC is accurate and complete. Also collects contact information for the certifying official.
(6) Account Number	Provides a unique identifier for each loan that is to be consolidated.
(7) Loan Type	Identifies the type of loan to be consolidated; required because eligibility for certain benefits on the consolidation loan is dependent on the type of loans that were consolidated.
(8) Interest Rate	Required to determine the interest rate for the consolidation loan.

(9) Principal Balance Outstanding	Required to determine the amount that must be paid to the holder/servicer and included in the consolidation loan that must be repaid by the borrower.
(10) Unpaid Accrued Interest through Certification Date	See (9).
(11) Fees and Late Charges	See (9).
(12) Total Amount Due through Certification Date	Provides the total amount that must be paid to the holder/servicer and that must be repaid by the borrower who receives the consolidation loan.
(13) First/Only Disbursement Date	Required to determine eligibility for certain loan benefits that are available only for loans first disbursed on/after a specified date.
(14) Loan Status Code	Required to establish the eligibility of a loan for consolidation, and to determine the initial status of the consolidation loan (if the loans being consolidated are in deferment/forbearance at the time of consolidation).
(15) Repayment Plan Information	Collects information needed to determine the repayment period for the Special Direct Consolidation Loan.
(15a) Plan Type	Identifies the repayment plan under which the borrower's loans are currently being repaid; used to determine the remaining portion of the repayment period if the borrower chooses the same plan for the Special Direct Consolidation Loan.
(15b) Plan Start Date	Needed to determine the remaining portion of the repayment period.
(15c) Loan Term Remaining	Needed to determine the remaining portion of the repayment period.
(15d) Monthly Payment Amount	Needed to determine the borrower's required monthly payment if the borrower remains on the same repayment plan for the Special Direct Consolidation Loan.

(16) IBR Information	Items in this section are required only for loans that are eligible for repayment under IBR, and only if those loans are currently being repaid under IBR or have been repaid under IBR in the past. These items collect certain information that will be needed if a borrower wants to repay the Direct Consolidation Loan under the Income-Based Repayment (IBR) Plan.
(16a) IBR Start Date	Identifies the date the loan entered repayment under IBR. Required because the IBR interest subsidy benefit under 34 CFR 685.221(b)(3) is available only for the first three consecutive years after the IBR start date, including periods of repayment under IBR prior to consolidation. Needed to determine remaining eligibility for IBR interest subsidy benefit.
(16b) Days of Economic Hardship Deferment	Needed to determine a borrower's remaining eligibility for the IBR interest subsidy benefit (see 16a). Time spent in economic hardship deferment is excluded from the consecutive 3-year interest subsidy period.
(16c) Standard Payment Amount Used to Determine PFH	Needed to determine whether a borrower has a partial financial hardship (PFH) as determined in accordance with 34 CFR 685.221(a)(4). For Special Direct Consolidation Loans, the Standard Payment Amount used to determine whether a borrower has a PHF is established by holder/servicer of the loans being consolidated and must be provided to the Department for future use if the borrower repays the new consolidation loan under IBR.
(16d) PFH Payment Amount	Needed to establish the borrower's monthly payment under the IBR plan during a period of partial financial hardship.
(16e) Non-PFH IBR Payment Amount	Needed to establish the borrower's monthly payment under the IBR plan during a period when the borrower does not have a partial financial hardship.
(16f) Number of Qualifying IBR Payments	Needed to establish the number of payments made prior to consolidation that count toward the 25-year IBR repayment period in accordance with 34 CFR 685.221(f).

(16g) Begin Date of Qualifying IBR Payments	Needed to establish the beginning date of the IBR repayment period in accordance with 34 CFR 685.221(f).
(16h) PFH Renewal Date	In accordance with 34 CFR 685.221(e), borrowers repaying under IBR must be evaluated annually to determine whether they continue to have a partial financial hardship. The original date of PFH determination is established by the holder/servicer of the loans being consolidated; this data element provides the Department with the date the borrower is due to be reevaluated.
(17) Number of Days Past Due	Needed to determine eligibility for consolidation. Loans that are in default (270 or more days past due) are not eligible for consolidation into a Special Direct Consolidation Loan. Loan holders may not always report the status of a loan as Default, even if the loan is 270 days delinquent.
(18) Deferment/Forbearance Information	Collects information related to loans that are in deferment or forbearance status at the time of consolidation.
(18a) Deferment/Forbearance Type	If a loan is in deferment/forbearance status at the time of consolidation into a Special Direct Consolidation Loan, the consolidation loan will be placed in that same status. The deferment/forbearance type tells the Department which type of deferment/forbearance to apply.
(18b) Deferment/Forbearance End Date	Provides the Department with the date the current period of deferment/forbearance (which carries over to the new Special Direct Consolidation Loan from the loans being consolidated) is scheduled to end.
(19) Parent PLUS Loan Information	Collects information related to PLUS loans that were obtained by a parent to help pay for the cost of a dependent student's education.

(19a) Student's Name	Identifies the student for whom the loan was obtained; assists the Department in confirming the correct loan to be consolidated, in cases when a parent may have obtained PLUS loans for more than one student.
(19b) Student's Social Security Number	Identifies the student for whom the loan was obtained; assists the Department in confirming the correct loan to be consolidated, in cases when a parent may have obtained PLUS loans for more than one student.
(20) Additional Comments	Provides space for the holder/servicer to enter additional pertinent information related to any of the loans that are to be consolidated (e.g., an explanation as to why the holder/servicer is unable to provide information for a particular loan).