

This is a request for the revision of the OMB approval for the reporting and recordkeeping requirements contained in 34 CFR 601.10, 601.11, 601.20, 601.21, 601.30 and 601.40 related to the administration of the Institution and Lender Requirements Relating to Education Loans. The information collections in these regulations are necessary to determine eligibility to receive program benefits and to prevent fraud and abuse of program funds.

Section 601.10 – Preferred lender arrangement disclosures.

The regulations require that a covered institution or an institution-affiliated organization of a covered institution that participates in a preferred lender arrangement must provide a variety of disclosures identified on the model disclosure form developed by the Secretary for each type of education loan that is offered pursuant to a preferred lender arrangement.

We estimate that on average, there will be 1 hour of additional burden per institution for the continued distribution of the Department’s model disclosure form. We estimate that each institution with a preferred lender list for which it compiles, maintains, and makes available the list and where the institution explains the terms and conditions of the loans, as well as the selection methodology and criterion of their selection to average 4 hours of burden.

1,757 institutions X 5 hours = 8,785 hours
Proprietary Institutions: .05 X 8,785 hours = 439 hours

Section 601.11 – Private education loan disclosures and self-certification form.

The regulations require a covered institution, or an institution-affiliated organization of a covered institution, to provide to a prospective borrower private education loan disclosures. The information regarding private education loans must be presented in such a manner as to be distinct from information regarding Title IV, HEA program loans.

TILA Disclosures:
Burden to use the model disclosure form: 3 hours

1,757 institutions X 3 hours = 5,271 hours
Proprietary Institutions: .05 X 5,271 hours = 263 hours

Completion and Distribution of TILA Disclosures:

3,666,960 private education loans X .33 hours = 1,210,097 hours
Proprietary Institutions: .05 X 1,210,097 hours = 60,505 hours

Section 601.20 – Annual report.

The regulations require a covered institution, and an institution-affiliated organization that participates in a preferred lender arrangement to prepare and submit to the Secretary an annual report.

1,757 institutions X .25 hour = 439 hours
Proprietary Institutions: .05 X 439 hours = 22 hours

Section 601.21 – Code of conduct.

The regulations require a covered institution that participates in a preferred lender arrangement to develop a code of conduct with respect to private education loans with which the institution’s agents must comply to prohibit a conflict of interest with the responsibilities of an agent of an institution with respect to private education loans.

We estimate that the average amount of time to maintain the required code of conduct to be 1.5 hours per institution.

1,757 institutions X 1.5 hours = 2,636 hours
Proprietary Institutions: .05 X 2,636 = 132 hours

Section 601.30 – Duties of institutions.

The regulations require a covered institution participating in the William D. Ford Direct Loan Program to make the information identified in the model disclosure form developed by the Secretary available to students attending or planning to attend the institution, or the families of such students.

This section of the regulations deals with Direct Loan schools exclusively. The figures provided in this information collection are for Direct Loan schools as FFEL program loans are no longer being originated.

Section 601.40 – Lender responsibilities.

The regulations require FFEL lenders to provide borrowers the disclosures required under current sections 682.205(a) and (b). The regulations set forth the information the lenders will have to provide to the Secretary on an annual basis regarding any reasonable expenses paid or provided to any agent of a covered institution who is employed in the financial aid office or has responsibilities with respect to education loans or other financial aid of the institution for service by the employee on an advisory board, commission or group established by a lender or a group of lenders. The regulations require any FFEL lender participating in one or more preferred lender arrangements to annually certify to the Secretary, its compliance with the HEA.

We estimate that the required TILA compliant disclosures will increase burden on the lender by .17 hours (10 minutes) per borrower. We estimate that the annual report to the Secretary by FFEL lenders offering private education loans will average .33 hours (20 minutes). We estimate that the annual audit requirements will not increase burden as the burden associated with the audit requirements are contained in OMB 1845-0020.

Burden on Lenders for TILA Compliant Disclosures
3,666,960 X .17 hours/borrower = 623,383 hours

of Lenders 884 X .33 hours to report on reasonable expenses paid to an agent of a covered institution = 292 hours

TOTALS

Responses 3,851,544

Respondents 972
Burden Hours 685,036