

The Department is requesting a new information collection to reflect the changes to the adverse credit history regulations in 34 CFR §685.200 (b) and (c) and the burden these changes would create for Federal PLUS loan borrowers, both parent and graduate/professional students. Specifically, an applicant for a PLUS loan who is determined to have an adverse credit history but who documents to the Secretary of Education's satisfaction that extenuating circumstances exist must complete loan counseling offered by the Secretary before receiving the Federal PLUS loan.

The current regulations allow PLUS applicants (parents and graduate/professional students) that have been denied a PLUS loan due to adverse credit history determination to submit documentation of extenuating circumstances to the Secretary and request reconsideration of the loan application. The proposed regulations would require that a PLUS applicant who is determined to be eligible for a PLUS loan after reconsideration complete loan counseling offered by the Secretary.

We estimate that during the 2013-14 award year there were 785,734 PLUS loan denials. Our records indicate that of those PLUS loan denials, 147,400 PLUS loans were approved after reconsideration based on extenuating circumstances. While the total number of submissions for extenuating circumstance reconsideration (approved and disapproved) is not available at this time, we estimate that the total number of approved extenuating circumstances reconsideration requests divided by 90 percent approximates the total number ( $147,400/90\% = 163,778$ ).

We estimate that on average, each borrower's (parent or graduate/professional student) submission of documentation for the Secretary's consideration would take 1 hour per submission for a total of 163,778 hours of burden under OMB Control Number 1845-NEW1 (163,778 PLUS loan extenuating circumstance reconsiderations submitted times 1 hour = 163,778 hours).

We separately estimate the burden associated with improving consumer information for PLUS borrowers who request reconsideration of the adverse credit determination using extenuating circumstances.

Our records indicate that during the 2013-14 award year there were 43,186 graduate/professional PLUS loans initially denied but approved through the extenuating circumstances reconsideration. Since all graduate/professional students are currently required to undergo loan entrance counseling, we estimate that the augmentation of current counseling requirements to add the expanded consumer information component as a part of the reconsideration process would, on average, increase loan counseling by .17 hours (10 minutes) for each effected graduate/professional PLUS loan applicant for a total of 7,342 hours of burden under OMB Control Number 1845-NEW1 (43,186 graduate/professional PLUS loan applicant times .17 hours = 7,342 hours).

Our records indicate that during the 2013-14 award year there were 104,214 parent PLUS loans initially denied but approved through the extenuating circumstances reconsideration. There is no equivalent entrance counseling for parent PLUS borrowers. Therefore, we estimate that the burden for the parent PLUS loan counseling would be much more extensive under this new regulatory requirement. We estimate on average that it would take each parent PLUS

borrower .75 hours (45 minutes) to complete the loan counseling component of the extenuating circumstances reconsideration process for a total of 78,161 hours of burden under OMB Control Number 1845-NEW1 (104,214 parent PLUS loan borrowers times .75 hours = 78,161 hours).

Overall, burden would increase by 249,281 hours under Control Number 1845-NEW1.

**Repeat as needed for all sections**

TOTALS

|              |         |
|--------------|---------|
| Responses    | 311,178 |
| Respondents  | 311,178 |
| Burden Hours | 249,281 |