The Department of Education (Department) recently held a series of Negotiated Rulemaking meetings to discuss with members of the affected communities and the public the need for changes to the current regulations on a variety of topics. These negotiations led to proposed changes to 34 CFR 682.405. The Department is requesting a revision of the current information collection as follows.

These Federal Family Education Loan (FFEL) Program regulations revise the current regulations. The proposed regulations would require a guaranty agency to engage in outreach to a borrower with whom it has entered into a rehabilitation agreement to ensure that the borrower understands the repayment options that will be available to the borrower after the borrower has successfully rehabilitated the defaulted loan.

Under 34 CFR 682.405, guaranty agencies will be required to communicate with borrowers with whom they have entered into a rehabilitation agreement to ensure that borrowers are fully aware of the repayment options that are available to them upon successfully completing their loan rehabilitation and to help the borrower choose a plan prior to rehabilitating the defaulted FFEL Program loan.

There are approximately 1,811,600 have loans held by 14 not-for-profit guaranty agencies. Of those borrowers, approximately 4.79 percent of those borrowers enter into a rehabilitation agreement with a guaranty agency to rehabilitate their default FFEL Program loans. Therefore, not-for-profit guaranty agencies administer rehabilitation agreements with 86,776 borrowers.

We estimate that it will take a guaranty agency 10 minutes (0.17 hours) per borrower to send the required communication to a borrower and respond to borrower inquiries generated by the communication.

Under §682.405, for the 14 not-for-profit guaranty agencies, we estimate that this regulation will increase burden by 14,752 hours per year (86,776 borrowers multiplied by 0.17 hours per borrower).

TOTALS

Responses	86,776
Respondents	14
Burden Hours	14,752