

The Department of Education (the Department) proposes to amend the William D. Ford Federal Direct Loan (Direct Loan) Program regulations issued under the Higher Education Act of 1965, as amended (HEA), to implement changes made to the regulations in §685.300 - Agreements between an eligible school and the Secretary for participation in the Direct Loan Program and to remove prior changes to §685.304 - Counseling borrowers. These proposed regulations are a result of negotiated rulemaking and would add new requirements and remove a requirement to the current regulations.

The Department proposes to reinstate prior regulations that barred institutions, as a condition of participating in the Direct Loan program, from requiring borrowers to accept pre-dispute arbitration agreements and class action waivers as they relate to borrower defense claims.

The proposed regulations would amend §685.300(e) to prohibit institutions from relying on a pre-dispute arbitration agreement, or any other pre-dispute agreement with a student who obtained or benefitted from a Direct Loan, in any aspect of a class action related to a borrower defense claim, until the presiding court rules that the case cannot proceed as a class action.

The proposed regulations would amend §685.300(f) to require that certain provisions relating to notices and the terms of the pre-dispute arbitration agreements be included in any agreement with a student who receives a Direct Loan to attend the school or for whom a Direct PLUS Loan was obtained.

The proposed regulations would amend §685.300(g) and (h) to require institutions to submit certain arbitral records and judicial records connected with any borrower defense claim filed against the school to the Secretary by certain deadlines.

These proposed regulations would remove §685.304(a)(6)(xiii) through (xv). The proposed regulations at §685.300 would state the conditions under which disclosures would be required and provide deadlines for such disclosures removing the need for this regulatory language.

Proprietary Institutions

Respondents	1,587
Responses	678,712 - 944 = 667,768
Burden Hours	121,486 - 2,832 = 118,654

We estimate the cost to respondents for the proposed changes to §685.300, based on \$46.59 for institutions per burden hour would be \$5,660,033 (121,486 x \$46.59).

We also remove the previously estimated costs for §685.304 based on \$44.41 for institutions per burden hour: \$ -125,769.12(2,832 x \$44.41).