

On October 1, 2023, the Department of Education (the Department) convened a negotiated rulemaking committee, the Student Debt Relief Committee, to consider proposed regulations for the Federal Student Aid programs authorized under title IV of the Higher Education Act of 1965, as amended, (HEA). Through the Notice of Proposed Rulemaking (NPRM), (docket number ED-2023-OPE-0123, published April 17, 2024) the Secretary proposes to amend the regulations to provide for the waiver of certain student loan debts.

The Department proposes to amend 34 CFR 682 by adding a new § 682.403. The Department proposed regulations in the NPRM would, in accordance with the Secretary's authority to waive repayment of a loan provided by the HEA, provide targeted debt relief as part of efforts to address the burden of student loan debt. The proposed regulations would allow the Secretary to waive specific Federal Family Education Loan (FFEL) Program loans held by private lenders or managed by guaranty agencies.

In the case of FFEL Program loans held by a private loan holder or a guaranty agency, under proposed § 682.403(a) the Secretary may waive the outstanding balance of a FFEL Program loan when a loan first entered into repayment on or before July 1, 2000; when the borrower is otherwise eligible for, but has not successfully applied for, a closed school discharge; or when the borrower attended an institution that lost its title IV eligibility due to a high CDR, if the borrower was included in the cohort whose debt was used to calculate the CDR or rates that were the basis for the institution's loss of eligibility. If the Secretary exercises his discretion under this section, the Secretary would notify the lender that a loan qualifies for a waiver and the lender would be instructed to submit a claim to the guaranty agency. The guaranty agency would pay the claim, be reimbursed by the Secretary, and assign the loan to the Secretary. After the loan is assigned, the Secretary would grant the waiver.

The proposed regulations in § 682.403(d)(1) *Claim Procedures* would require the guaranty agencies to establish and enforce standard procedures of timely waiver filing by affected lenders. We estimate that these procedures would follow the current discharge processes that guaranty agencies utilize, therefore minimizing development of the new procedures.

We estimate that it would take the 6 not-for-profit guaranty agencies two hours to draft the required standard procedures for a total of 12 hours (6 guaranty agencies x 2 hours).

The proposed regulations in §§ 682.403(d)(2), (3), and (4) *Claim Procedures* would require affected lenders to submit claims to the guaranty agencies based on the notification received from the Department as established in § 682.403(c) within seventy-five days of receiving the notification. The documentation includes the original or a true and exact copy of the promissory note, and the notification received from the Department. If a lender does not have the original or true and exact copy of the promissory note, it may submit alternate documentation acceptable to the Secretary.

We are estimating that each of the 46 not-for-profit lenders would require three hours per borrower to gather the required documentation together and prepare to submit the documentation to the appropriate guaranty agency for a total of 270,000 hours (90,000 borrowers x 3 hours).

The proposed regulations in § 682.403(d)(5) *Claim Procedures* would require affected guaranty agencies to review the waiver claim and supporting documentation from the lenders to determine that the document meets the requirements of §§ 682.403(d)(3), and (4).

We estimate that it would take the 6 not-for-profit guaranty agencies one hour to review the incoming documentation for a total of 480,000 hours (480,000 borrower documentation files x 1 hour).

The proposed regulations in § 682.403(d)(6) *Claim Procedures* would require affected guaranty agencies, after determining waiver claims submitted by the lender meet the regulatory requirements, to pay the waiver claim to the lenders within 30 days of receipt of the waiver claim.

We estimate that it would take the 6 not-for-profit guaranty agencies 20 minutes to prepare and submit the payment for a total of 158,400 hours (480,000 borrower waiver claim payment x .33 hours).

The proposed regulations in § 682.403(d)(9) *Claim Procedures* would require affected guaranty agencies to assign a loan that it paid through the waiver claim process within 75 days of the date that it pays the waiver claim to the lender or the date of notification from the Department if the guaranty agency is the lender.

We estimate that it would take the 6 not-for-profit guaranty agencies one hour to assign the loans which have been paid through the waiver claim process or that was otherwise already at the guarantor for a total of 720,000 hours (720,000 borrower documentation files x 1 hour).

TOTALS

Responses	1,770,006
Respondents	52
Burden Hours	1,628,412