

**U.S. Department of Education
Title IV Negotiated Rulemaking
Loans Committee
December 12-14, 2006**

Welcome

Dan Madzellan, Director of Forecasting and Policy Analysis Staff, welcomed negotiators to this round of negotiated rulemaking and introduced Department of Education staff including Brian Siegel, Program Attorney, Office of the General Counsel who accompanied Mr. Madzellan at the table.

Introductions of Negotiators and Alternates

Negotiators, Alternates and Facilitators introduced themselves.

Review and Finalize Protocols

The Committee reviewed the draft organizational protocols. Negotiators required clarification in regards to language used in the preamble to the NPRM that will be published as a result of these negotiations. Negotiators were informed that protocols are binding at the table and open for further discussion. Concerns with certain provisions specified in Sections 4B, 4C, 6B, 6C and 6D of the draft protocols were raised with respect to language binding the organizations represented by negotiators to any consensus agreements reached by the negotiators. Edits were made accordingly, and the amended protocols were accepted without dissent.

Petitions for Membership

Committee members petitioned for the inclusion of their colleagues as alternates, including Alys Cohen for Legal Assistance Organizations, Sarah Bauder for Public Four-year Institutions of Higher Education, and Patricia Smith for HEA Titles III and V Institutions. In response to questions on the nominations, the Department stated that outside experts would be permitted to participate in discussions to provide technical insight on a particular topic. All membership petitions were granted.

Review and Finalize Agenda

The Department initially identified 15 issues for discussion and negotiation during this Negotiated Rulemaking session via the December 8, 2006, Federal Register Notice. The Federal Negotiator stated the Department's intention to move one of the items identified in the Federal register Notice—"FFEL loan certification and Direct Loan origination for non-standard term programs"—to a potential Student Aid General Provisions negotiating committee. Members identified and the Committee added, by consensus, 8 additional items to the negotiating agenda. The Committee reached final consensus on its agenda for negotiation that includes 22 items.

Workshop Style Discussion of Agenda Items

The Committee discussed each agenda item in a workshop format that provided for the Federal Negotiator to identify the issue, describe the Department's understanding of the issue, and then solicit the interests, concerns, and advice of the Committee members with

respect to the issue. The Committee first discussed the 14 items identified by the Department on the original draft of the agenda:

1. Student loan discharge for the crime of identity theft
2. Entrance counseling for Graduate /Professional PLUS borrowers
3. Eligible lender trustee relationships between FFEL lenders and schools or school-affiliated organizations
4. Use of lists of FFEL preferred lenders
5. Prohibited inducements in the FFEL program
6. Use of true and exact copies of death certificates for discharges of student loans
7. “Retroactive” conditional disability periods for total and permanent disability loan discharges
8. Modifications to the Economic Hardship Deferment provisions and Income Contingent Repayment Formula to improve consideration of family size
9. National Student Loan Data System reporting timeframes for lenders
10. Retention of disbursement records supporting Master Promissory Notes (MPNs)
11. Documentation of e-signature standards on MPNs assigned to the Department
12. Eligibility requirements for the Perkins Loan Program Child or Family Service Cancellation
13. Definition of “reasonable and affordable” collection costs in the Perkins Loan Program
14. Assignment of defaulted Perkins Loans

The Committee next discussed the 8 items added to the agenda by consensus:

15. Maximum length of loan period for non-term programs
16. Additional information on repayment options for borrowers already in repayment
17. Reasonable and affordable payments for rehabilitation of defaulted student loans
18. Cease ordinary collection activity during rehabilitation of defaulted student loans
19. Standardize appeal process for Federal Offset Program/Administrative Wage Garnishment
20. Allow one lender to determine borrower deferment eligibility for all holders of loans made to that borrower
21. Frequency of capitalization for Consolidation Loan borrowers in an in-school deferment status
22. Align repayment for borrowers with both Stafford and Graduate/Professional Plus loans

Public Comment

Facilitators opened the discussion floor to the public at the end of each meeting day. No substantive comments were provided from the public in attendance.

Next Meeting

The Department will provide draft regulatory language for issues at least seven days prior to the next meeting. The next meeting will be held no sooner than January 29, 2007, during which the Committee will undertake a thorough review of each issue in an attempt to reach tentative agreements on each item.