regulation that allows servicers 30 days after receipt to respond to any inquiry from a borrower. (34 CFR 682.208(c).) Deadlines for notifying borrowers of loan transfers between servicers similarly conflict with Federal statutes and regulations that allow for 45 days for notification. (20 U.S.C. 1078(b)(2)(F); 34 CFR 682.208(o)(1).) These deadlines are set after careful consideration of the need for timely responses and notifications to borrowers balanced against the time the servicer needs to ensure an accurate response and the costs of doing so. A uniform response time is also vital given the congressional purpose to ensure borrowers are treated equally in the administration of the program.

The imposition of required dispute resolution procedures under State law would also conflict with the specific Federal regulations that govern the resolution of disputes raised by borrowers. (See 34 CFR 682.208(c)(3)(i) and (ii).) State laws that require servicers to communicate directly with the authorized representatives of a borrower could conflict with Federal regulations that mandate direct communications with borrowers and provide for specific exceptions when a FFEL Program participant such as a servicer is authorized to communicate with a borrower’s representative. (See, e.g., 20 U.S.C. 1083(a); 1092c; 1077(a)(2)(H); 34 CFR 682.205(a)(1) and (b); 682.209(a)(6)(iii); 682.402; 682.210.) Finally, the State servicing laws may conflict with two express preemption provisions applicable to FFEL Program Loans. Federal regulations “preempt any State law, including State statutes, regulations, or rules, that would conflict with or hinder satisfaction” of certain requirements regarding guaranty agency imposition of collection charges, reporting to consumer reporting agencies, and collection efforts on defaulted loans. (34 CFR 682.410(b)(8).) Federal regulations also preempt State laws that would conflict with or hinder the efforts of lenders or their servicers to satisfy and comply with the due diligence requirements for loan collection included in those regulations. (34 CFR 682.411(o)(1).) Recently enacted State servicing laws appear to conflict with these preemption provisions.

E. Existing Borrower Protections

The Secretary emphasizes that the Department continues to oversee loan servicers to ensure that borrowers receive exemplary customer service and are protected from substandard practices. First, the Department monitors servicer compliance with the Department’s contracts, which include requirements related to customer service. These oversight efforts include, but are not limited to, call monitoring, process monitoring, and servicer auditing, conducted both remotely and on-site by the Department’s office of Federal Student Aid (FSA). FSA has dedicated staff with the responsibility to ensure that servicers are adhering to regulatory and contractual requirements for servicing loans. For example, FSA reviews interactions between servicers and borrowers and compares the servicers’ performance against a detailed Department checklist. FSA provides its performance evaluations to servicers through written reports and meetings and requires servicers to alter their practices when needed to correct deficiencies. FSA also maintains direct access to servicer systems and therefore can review individual borrower accounts to evaluate the servicers’ treatment of those accounts against regulatory and contractual requirements.

Second, the Department’s procurement and contracting requirements incentivize improved customer service by allocating more loans to servicers that meet performance metrics such as high levels of customer satisfaction and by paying servicers higher rates for loans that are in a non-delinquent status such as those enrolled in an income-driven repayment plan. Poor-performing servicers lose loans in their portfolio to better-performing servicers.

Third, FSA maintains a Feedback System, which includes a formal process for borrowers to report issues or file complaints about their loan experiences, including problems with servicing. Borrowers may also elevate complaints to the FSA Ombudsman Group—a neutral and confidential resource available to borrowers to resolve disputes related to their loans. The Department seeks to promote exemplary customer service for student loan borrowers, consistent with the framework Congress established for the Federal student loan programs.

Accessible Format: Individuals with disabilities can obtain this document and a copy of the application package in an accessible format (e.g., braille, large print, audiotape, or compact disc) on request to the person listed under FOR FURTHER INFORMATION CONTACT.

Electronic Access to This Document: The official version of this document is the document published in the Federal Register. You may access the official edition of the Federal Register and the Code of Federal Regulations via the Federal Digital System at: www.gpo.gov/fdsys. At this site you can view this document, as well as all other documents of this Department published in the Federal Register, in text or Portable Document Format (PDF). To use PDF you must have Adobe Acrobat Reader, which is available free at the site.

You may also access documents of the Department published in the Federal Register by using the article search feature at: www.federalregister.gov. Specifically, through the advanced search feature at this site, you can limit your search to documents published by the Department.

Dated: March 7, 2018.

Betsy DeVos,
Secretary of Education.

Electronic Submission of Certain Servicemembers’ Group Life Insurance, Family Servicemembers’ Group Life Insurance, and Veterans’ Group Life Insurance Forms

AGENCY: Department of Veterans Affairs.

ACTION: Final rule.

SUMMARY: The Department of Veterans Affairs (VA) in this final rule amends its regulations governing the Servicemembers’ and Veterans’ Group Life Insurance programs to provide that certain Servicemembers’ Group Life insurance (SGLI), Family SGLI (FSGLI), and Veterans’ Group Life Insurance (VGLI) applications, elections, and beneficiary designations, required by statute to be “written” or “in writing,” would include those that are digitally or electronically signed and submitted via an agency-approved electronic means. This document adopts as a final rule, with minor changes, the proposed rule published in the Federal Register on September 6, 2017.

DATES: This rule is effective March 12, 2018.

FOR FURTHER INFORMATION CONTACT: Ruth Berkheimer, Insurance Specialist, Department of Veterans Affairs Insurance Center, 5000 Wissahickon Avenue, Philadelphia, PA 19144, (215) 842–2000, ext. 4275 (this is not a toll-free number).

SUPPLEMENTARY INFORMATION: On September 6, 2017, VA published a proposed rule in the Federal Register.
approaches that maximize net benefits necessary, to select regulatory alternatives and, when regulation is planned by another agency; (3) Interfere with an action taken or planned by another agency; (4) Materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or (4) Raise novel legal or policy issues arising out of legal mandates, the President’s priorities, or the principles set forth in this Executive Order.

The economic, interagency, budgetary, legal, and policy implications of this regulatory action have been examined, and it has been determined not to be a significant regulatory action under Executive Order 12866. VA’s impact analysis can be found as a supporting document at http://www.regulations.gov, usually within 48 hours after the rulemaking document is published. Additionally, a copy of the rulemaking and its impact analysis are available on VA’s website at http://www.va.gov/orpm by following the link for “VA Regulations Published.” This rule is not an E.O. 13771 regulatory action because this rule is not significant under E.O. 12866.

Regulatory Flexibility Act

The Secretary hereby certifies that the adoption of this final rule will not have a significant economic impact on a substantial number of small entities as they are defined in the Regulatory Flexibility Act, 5 U.S.C. 601–612. This final rule will directly affect only individuals and will not directly affect any small entities. Therefore, pursuant to 5 U.S.C. 605(b), this final rule is exempt from the initial and final regulatory flexibility analysis requirements of sections 603 and 604.

Environmental, public health and safety effects, and other advantages; distributive impacts; and equity. Executive Order 13563 (Improving Regulation and Regulatory Review) emphasizes the importance of quantifying both costs and benefits, reducing costs, harmonizing rules, and promoting flexibility. Executive Order 12866 (Regulatory Planning and Review) defines a “significant regulatory action,” requiring review by OMB, unless OMB waives such review, as “any regulatory action that is likely to result in a rule that may: (1) Have an annual effect on the economy of $100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities; (2) Create a serious inconsistency or otherwise interfere with an action taken or planned by another agency; (3) Materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or (4) Raise novel legal or policy issues arising out of legal mandates, the President’s priorities, or the principles set forth in this Executive Order.”

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The Postal Service received 3 formal responses on the proposed rule, all of which included multiple comments. Comments from the first responder are as follows:

**Mailer Comment**
Clarification needed on deducting deficiencies directly from a trust account.

**USPS Response**
Action by the Postal Service to deduct funds from a mailer’s trust account or any other funds in USPS possession would be a last resort effort to collect revenue due after the appeal process has been exhausted and the mailer has not made an appropriate payment arrangement.

**Mailer Comment**
Clarification needed on the timing and handling of due process notification on appeals.

**USPS Response**
The 30 day time frame listed in 3.2.1 is the time for a mailer to respond to the notification of a revenue deficiency assessment. Reasonable extensions for appeal will continue to be entertained for mailers that request such time to review documentation and data to formulate their response.

Comments from the second responder are as follows:

**Mailer Comment**
Clarification needed on the expansion of liability, written notification, and due process.

**USPS Response**
The clarification of “mailer” contained in new section 3.1.1 is intended to ensure that the identification and responsibility of any error in preparation is assessed to the appropriate party(ies), mail owner, mail preparer, and/or list provider. It is not intended as an effort to collect more than what is owed. The definition of “Revenue Deficiency” in new 3.1.1(a) specifically states that a written notification to the mailer citing the amount of the deficiency and the circumstances is required. Accordingly, a policy requiring written notification of the deficiency to the assessed mailer is still in existence.

**Mailer Comment**
Clarification needed on the interest charge.

**USPS Response**
The 6% interest charge is per annum after a final agency decision is rendered by the Pricing and Classification Service Center (PCSC) when the mailer is in default.

**Mailer Comment**
Clarification needed on the collection process.

**USPS Response**
The possible actions that the USPS may choose to enforce would only be applied if an assessed mailer, after a final agency decision has been rendered, fails to make payment, enter into a payment agreement, or otherwise fails to negotiate a settlement of the debt.

**List of Subjects in 39 CFR Part 111**
Administrative practice and procedure, Postal Service.

The Postal Service adopts the following changes to the Mailing Standards of the United States Postal Service, Domestic Mail Manual (DMM), incorporated by reference in the Code of Federal Regulations. See 39 CFR 111.1. Accordingly, 39 CFR part 111 is amended as follows:

**PART 111—[AMENDED]**

1. The authority citation for 39 CFR part 111 continues to read as follows:


2. Revise the following sections of the Mailing Standards of the United States Postal Service, Domestic Mail Manual (DMM) as follows:

   **Mailing Standards of the United States Postal Service, Domestic Mail Manual (DMM)**

   - 600 Basic Standards for All Mailing Services
   - 604 Postage Payment Methods and Refunds

   [Delete 10.0, Revenue Deficiency, in its entirety and renumber 11.0 and 12.0 as 10.0 and 11.0.]

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