

ED Updates Timeline for Third Party Servicer Guidance

March 1, 2023

The Department of Education has extended the timeline for implementation of its February 15 [Dear Colleague Letter](#), which substantially expanded the “third-party servicer” definition under the Title IV regulations.

As noted in our [overview](#) last week, ED’s guidance indicated it was immediately effective but, unlike most ED guidance, also included a 30-day comment period. Citing the need for clarity and time to come into compliance with the updated guidance, ED announced on February 28 that the new guidance – including the obligation to report any service providers newly covered by the regulations – will not take effect until September 1, 2023. ED has also reset the 30-day timeline for comments on the Dear Colleague Letter, to begin on February 28.

The update also encourages the public to submit comments on the guidance, noting that ED is particularly interested in comments on the impact of the prohibition on contracting with foreign or foreign-owned third-party servicers, and how to address the Department of Education’s concerns about the ability to hold such servicers liable. The update does not provide insight into the ED’s concerns on this issue, which is expected to impact a significant number of providers that will be newly covered by the expansive guidance.

We will continue to monitor developments and will provide updates as they become available. If you have questions about the TPS guidance, please reach out to us.

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