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External Interfaces for PCC2K and LG2K

The Year 2000 is fast approaching and with it comes the threat that computer applications might not function correctly when processing next century dates. Computer applications often interpret dates using only the two-digit year format (i.e., "98" rather than "1998"). Thus, the year "00" may be interpreted as "1900" or "2000," causing the ambiguity that is the source of the Year 2000 bug. Texas Guaranteed Student Loan Corporation (TG) has established a series of three projects designed to deal with the issues.

Internal Readiness

The first project is the corporate-wide Year 2000 effort (Y2K). Y2K is the focal point of all TG Year 2000 correspondence, issues, and projects. The Y2K project is responsible for developing TG Year 2000 readiness standards and serving as TG's point of contact for customer inquiries and responses. Y2K is currently coordinating the installation and testing of all TG products and services.

The second effort is the Preclaims/Claims/Collections Year 2000 (PCC2K) project. While TG's back-end systems will ultimately be replaced by the Default Management System (DMS), PCC2K was developed as a contingency plan in the event DMS is delayed.

Loan Guarantee Year 2000 (LG2K) is the third Year 2000 effort at TG. LG2K was initiated to address the Y2K readiness of TG's front-end systems.

Both the PCC2K and Y2K project teams are working diligently toward Year 2000 readiness. PCC2K procured the services of an outside contractor, CTA, who currently is close to completing the remediation of Collection Management System applications. From there, CTA will address the Preclaims, Claims, and remaining Collections applications. LG2K is, at this time, approximately 60 percent complete on the renovation of front-end systems including COBOL, SAS, and Natural applications.

External Interfaces Check

Addressing internal readiness is not the only objective of TG's projects, however. The next step is the daunting task of checking interfaces to and from TG's external business partners for their ability to process such data.

To undertake this task, all external interfaces must first be identified. PCC2K and LG2K team members, working with the appropriate business areas, have finalized the inventory of front-end and back-end external interfaces. The inventory contains the interface names, the applicable mediums, the jobs involved, and the types of TG business partners.

Next, all internal applications are checked for their ability to process the interfaces. The ultimate goal is for internal applications to process the incoming data and transmit the

See YEAR 2000 on page 3.



CLOSED SCHOOL CORNER

NEWLY REPORTED CLOSURES

TG SCHOOL ID#	SCHOOL NAME	SCHOOL ADDRESS	UNOFFICIAL CLOSURE DATE	ED'S OFFICIAL CLOSURE DATE
026179000	Le Hair Design College	1125 E. Seminary Dr. Fort Worth, TX 76115	N/A	09/30/97
022056004	Palm Beach Beauty & Barber School AKA Roffler Hair Design College	1551 S. Buckner Blvd. Ste. 217 Dallas, TX 75217	N/A	11/30/97
022056005	Palm Beach Beauty & Barber School AKA Roffler Hair Design College	2410 West Walnut Garland, TX 75042	N/A	02/21/98
022056006	Palm Beach Beauty & Barber School AKA Le Hair Design College	3145 Denton Hwy. Halhthom City, TX 76117	N/A	02/28/98
022056007	Palm Beach Beauty & Barber School AKA Roffler Hair Design College	505 Golden Triangle Dallas, TX 75224	N/A	10/25/97
001837000	St. Meinrad College	One Hill Dr. St. Meinrad, IN 47577-1004	N/A	06/30/98
022964000	Tyler School of Secretarial Sciences	8030 S. Kedzie Chicago, IL 60652-2603	N/A	06/30/98

LGO's New Fax Processing Goals

In an increasing effort to exceed customer expectations and make the delivery of Federal Family Education Loan Program loans faster and more efficient, Texas Guaranteed Student Loan Corporation (TG) is pleased to announce new fax request turnaround performance goals for Loan Guarantee Operations (LGO) for FY 1999.

Steady Improvement of Response Turnaround

TG customers enjoy the convenience of sending loan adjustment forms, correction notices, reallocation requests, and other correspondence to LGO for immediate processing via fax. Since the fall of 1997, LGO has tracked fax turnaround time and has included fax response times as part of its annual plan to improve customer service. During FY 1997, the LGO fax turnaround goal was five days, though the average response time was only 2.41 days.

In FY 1998, LGO steadily improved its response turnaround time. The response time goal for the "peak" processing season was three days, though the average turnaround time was only one day. The "non-peak" goal was two days with an average response time of 1.25 days.

FY 1999 Fax Response Goals

TG will always strive to provide a same day response to fax requests, whenever possible. The following are the new performance goals for FY 1999 (October 1, 1998, through September 30, 1999):

	Fax Turnaround Target
Non-Peak Guarantee Season	1 day
Peak Guarantee Season (6/1/1999 - 9/30/1999)	2 days

New Fax Response Feature

LGO is committed to delivering fast and accurate resolutions to all fax requests. With

this in mind, LGO added a response feature to customer fax requests, effective July 1, 1998. Each time a customer sends a fax request to LGO, the customer receives a confirmation of completion of the customer's request from an LGO Service Representative either by telephone or e-mail.

Contacting LGO

Customers may send faxes to LGO at (512) 219-4641. To speak to an LGO Service Representative, customers may call LGO's direct toll-free number at (800) 446-5616.

Questions

For questions about the services of LGO, contact Kyle Smith, Assistant Vice President for Loan Guarantee Operations, at (800) 252-9743, ext. 4894, or send e-mail to kyle.smith@tgslc.org ★

YEAR 2000 (Continued from page 1)

outgoing data while processing the dates correctly.

Then the current interface edits will be examined for their ability to sufficiently handle next century dates. Interface edits are program logic units that interpret the date being transmitted and determine if it is valid or not.

External Interface Testing

External communication is the next task. Internet and paper publications are both scheduled to provide on-going information to TG's external customers.

The final step is to process external interface testing. At this time, the appropriate business partners who will require or should require external testing are being identified. Once this list is finalized, TG will send a letter to all partners asking if they would like to be involved in Year 2000 interface testing with TG. This testing will require resources from TG and its customers to establish the testing configurations, develop the test plans, and evaluate results. The letter should be distributed in the coming weeks.

Questions

For questions about the external interface testing, please contact the Year 2000 Project Manager, Melissa Rayburn, at (800) 252-9743, ext. 4688. ★

TG Welcomes Schools Back to the FFELP

Texas Guaranteed Student Loan Corporation (TG) is pleased to welcome Collin County Community College, Prairie View A&M University, and the University of Texas at Tyler back to the Texas community of Federal Family Education Loan Program (FFELP) participating schools.

TG looks forward to seeing these schools join the Texas FFELP community in the TG Users Group (TUG), the TG annual conference, regional training, and other initiatives that distinguish the strong commitment of Texas FFELP participants to the higher education goals of families and students.

TG also looks forward to continuing to serve all Texas FFELP participants, with solutions and tools to make the student loan delivery process faster, easier, and more cost effective.

This fall, TG is busy working on the rollout of AdvanTG™, which is TG's new integrated FFELP management tool, combining the services of both LINC and TexNet®. AdvanTG is being released to coincide with larger system upgrade efforts at Texas schools as they review all of their administrative systems for Year 2000 readiness to meet the Department of Education's January 1, 1999, deadline (for more information, see *Shoptalk* 85). The TG Regional Consultants are coordinating and scheduling AdvanTG regional training and installations that will begin in October 1998.

For questions about the rollout of AdvanTG or other solutions and tools, call Customer Support at (800) 252-9743, ext. 4444, or send e-mail to customer.services@tgscl.org. ★

AdvanTG is a trademark of Texas Guaranteed Student Loan Corporation.

TexNet is a registered trademark and service mark of Texas Guaranteed Student Loan Corporation.

FFELP Cure Limitation Reminder

Texas Guaranteed Student Loan Corporation (TG) would like to remind lenders that *June 30, 1999*, is the deadline to cure loans that lost their TG guarantee prior to July 1, 1996.

Shoptalk 57 (April 1996) addresses TG's handling of the three-year cure limit for loans that lost their guarantee prior to July 1, 1996. Because TG did not require participating lenders and servicers to implement the three-year cure provision prior to July 1, 1996, the three-year cure

limit for loans that lost guarantee before July 1, 1996, expires on June 30, 1999.

Loans that lose their guarantee on or after July 1, 1996, are eligible for cure for a period of three years from the date of loss of guarantee.

Questions

For questions regarding cure timeframes, call TG Customer Support at (800) 252-9743, ext. 4444, or send e-mail to customer.services@tgscl.org. ★

COMMON MANUAL UPDATES

INFORMATION ON REVISIONS TO THE COMMON MANUAL

Reorganization of Subsections on FFELP Eligibility Requirements

Section 5.2. of the *Common Manual* currently combines the enrollment eligibility requirements and the exceptions to those requirements with other eligibility requirements for Stafford and PLUS loans. Because many users have found the current organization of section 5.2. difficult to follow, subsections 5.2.A., 5.2.B., 5.2.C., 5.2.D., 5.2.E. and 5.2.F. are being revised and rearranged to improve the flow of the applicable eligibility and enrollment requirements. The revised organization is effective retroactively to the effective date of the *Common Manual*.

Ineligibility of Medical Interns and Residents

Current *Common Manual* policy states only that a student may not receive a Stafford loan while serving in a medical (excluding dental) internship or residency program. The *Common Manual* is being revised to reflect statutory requirements noted in *Dear Colleague Letter* GEN-90-33, which clarifies that a student may not receive a Stafford loan while serving in a medical internship or residency program required of doctors of medicine, osteopathy, and optometry. In addition, a parent may not receive a PLUS loan on behalf of a student serving in such a medical internship or residency program. However, students who are serving in an internship as part of any other degree program (e.g., a dental or veterinary internship) are considered eligible students for purposes of Stafford loans and PLUS loans, as applicable.

Subsection 5.2.L. of the *Common Manual* is being revised to incorporate these changes, which are effective retroactively to the effective date of the *Common Manual*.

Verification Requirements

Current *Common Manual* policy lists the steps a school should take in verifying data for each selected application and promissory note. The *Common Manual* is being revised

to clarify that a school may require aid applicants to document the data used in determining a student's expected family contribution (EFC). A school is required to use such documentation to verify the EFC if the student aid applicant is selected by the Central Processing System (CPS) according to criteria established by the Department, or if the school has reason to believe that any incorrect information was provided on a student aid application used to calculate the EFC. Schools are reminded that unless they have reason to believe that the information provided in the application is incorrect, verification is not required if the student has no need—even if the student's aid application is selected for verification. PLUS borrowers are not subject to verification, although PLUS loan eligibility may be affected by the verification process.

In addition, the *Common Manual* has been revised to specify that if the EFC certified on any FFELP loan application and promissory note changes as a result of the verification process, the school must make the necessary corrections and adjust the borrower's loan eligibility. No tolerance is permitted on any FFELP loan when determining whether a loan should be decreased. The school is responsible for eliminating any overaward resulting from corrections necessitated by the verification process. A school must develop and apply an adequate system to identify and resolve discrepancies in the information provided by the aid applicant. The school must reconcile all conflicting information before disbursing any funds, whether or not the student's application was selected for verification.

Section 5.6 of the *Common Manual* is being modified to reflect these changes, which are effective retroactively to the effective date of the *Common Manual*.

Loan Certification and Delivery Restrictions for Certain Schools

Under the terms of the financial responsibility standards, issued in the *Federal Register* on November 25, 1997, a school

must receive approval from the Department before certifying or delivering Stafford or PLUS funds if required by the Department under the reimbursement payment method provisions, the cash monitoring payment method provisions, or if the school participates solely in the FFELP and the Department has determined that there is a need to monitor the school's participation in that program.

Section 5.8 and subsection 6.3.E. of the *Common Manual* are being revised to provide a brief summary of these provisions and to refer affected schools to the Department for additional guidance. These changes are effective for loan periods beginning on or after July 1, 1998.

Initial Disclosure Requirements for Lenders

The Department of Education has removed the interest rate formula language from the *Borrower Rights and Responsibilities* section of the common Federal Stafford and PLUS loan application materials. Lenders are now required to provide this information to borrowers in a disclosure statement. Subsection 6.1.I. of the *Common Manual* is being revised to require the lender to provide the borrower with the actual interest rate, *including information as to how the interest rate is calculated*, in the initial disclosure to the borrower at or before the time of the first disbursement of a Stafford or PLUS loan.

This change is effective for Stafford and PLUS loans first disbursed on or after January 1, 1999, unless implemented earlier.

Refund Requirements for Less Than Half-time Status

The *Common Manual* is being revised to correct requirements for the calculation of a refund if the student drops below half-time status. Subsection 6.3.G. is being revised to specify that if a student drops to less than half-time enrollment status, but is still

See *COMMON MANUAL UPDATES* on page 5.

enrolled, the school need not calculate a refund.

This correction is effective retroactively to the effective date of the *Common Manual*.

Consolidation Loan Nondiscrimination and Permissible Practices

Current *Common Manual* policy states that lenders must make Consolidation loans without discriminating against an applicant based on the number or type of eligible student loans the borrower wishes to consolidate, the type or category of school the borrower attended, the interest rate that will be charged to the borrower on the Consolidation loan, or the types of repayment schedules offered to the borrower. Subsection 9.1.A. of the *Common Manual* is being revised to state that these items are examples and not a complete list of actions that are considered to be discriminatory.

In addition, subsection 9.1.A. of the *Common Manual* is being revised to include guidance regarding specific lender policies and practices that the Department considers *not* to violate the statutory nondiscrimination provisions when making a Consolidation loan. A lender may do any of the following:

- Require the Consolidation loan applicant to have at least one loan currently held by the lender.
- Counsel borrowers on the consequences of consolidating certain types of loans (e.g., Perkins loans).
- Refuse to consolidate defaulted loans. Lenders are authorized to consolidate defaulted loans if the borrower has made satisfactory arrangements with the loan holder to repay the defaulted loan, or if the borrower agrees to repay the loan under an income-sensitive repayment plan.
- Refuse to make a single Consolidation loan to a married couple. However, a lender must ensure that it does not deny a loan based solely on marital

status. For example, a lender, in establishing its policies, might choose not to make a single Consolidation loan to a married couple but would permit each eligible spouse to consolidate his or her loans separately.

- Refuse to make Consolidation loans below a predetermined minimum amount, provided the policy does not have the effect of discriminating against borrowers based on a prohibited reason.
- Require credit checks of Consolidation loan applicants.
- Decline to make a Consolidation loan if the lender is unable to obtain a guarantee.

These provisions are effective for Consolidation loan applications received by the lender on or after November 13, 1997, including loans added within the 180-day add-on period after November 13, 1997, to a Consolidation loan first disbursed before November 13, 1997.

Definition of Annual Loan Limit

The definition of "Annual Loan Limit" has been updated by removing references to SLS and PLUS loans. The new definition is as follows:

Annual Loan Limit: The maximum loan amount a student may borrow for each academic year of study under the Federal Stafford Loan Program.

This correction is effective retroactively to the effective date of the *Common Manual*.

Definition of Guarantee Disclosure

The current *Common Manual* definition of "Guarantee Disclosure" notes that some lenders use their own forms and that others use a guarantor's form to disclose guarantee information. This procedural language and language which explains the purpose of a guarantee will be deleted. The new definition of "Guarantee Disclosure" is as follows:

Guarantee Disclosure: The form used by the guarantor that serves as evidence that the loan identified on the form has been insured (guaranteed) under the guarantor's program (see also **Guarantee**). The form also provides relevant loan data, which may include the loan amount, interest rate, guarantee and origination fees (if applicable), and projected maturity date. See subsection 6.1.G.

This change is effective retroactively to the effective date of the *Common Manual*. ★

TG Conference in April 1999

Set aside the date now for the 1999 Texas Guaranteed Student Loan Corporation (TG) annual conference to be held on April 7-9, 1999, at the DoubleTree Hotel in Austin.

The 1998-99 academic year should bring some exciting changes in the Federal Family Education Loan Program, both nationally and in Texas. With Reauthorization, Year 2000 changes, the rollout of AdvanTG, the Master Promissory Note, and other issues, the TG conference promises to be a time for important updates and a celebration of the year's important milestones.

More details will be forthcoming closer to the conference date. In the meantime, customers are encouraged to submit ideas for sessions through their TG Regional Consultants by calling TG Customer Support at (800) 252-9743, ext. 4444, or sending e-mail to customer.services@tgsc.org. ★

Proposed Revisions to Economic Hardship Deferment Form

The Department of Education (ED) recently issued Dear Colleague Letter (DCL) GEN-98-16 announcing proposed regulatory changes to the Federal Family Education Loan Program (FFELP) that would provide Peace Corps volunteers more opportunity to apply for an economic hardship deferment. The proposed changes will not affect borrowers who are currently eligible for categorical loan deferments based on Peace Corps service.

Low Income Qualifies Volunteers for Economic Hardship Deferment

Certain borrowers who received FFELP loans prior to July 1, 1993, are eligible for a specific Peace Corps service deferment. Peace Corps volunteers that are ineligible for the Peace Corps deferment may qualify for an economic hardship deferment because of the extremely modest level of monthly allowances received by Peace Corps volunteers. Due to the unique circumstances of their assignments, volunteers often find it difficult to apply for the deferment under the current regulatory requirements and established procedures.

Peace Corps volunteers currently receive monthly living stipends and other smaller allowances that vary according to the country to which they are assigned. Based on an analysis of data provided by the Peace Corps and current minimum wage rate and poverty line amounts, ED has determined that Peace Corps volunteers qualify for an economic hardship deferment based on income criteria.

Borrowers are eligible for an economic hardship deferment if they are working full-time and earning a total monthly gross income that does not exceed the greater of the minimum wage rate or 100 percent of the poverty line for a family of two.

Current Regulations Too Cumbersome for Volunteers

Under current regulations, borrowers who apply for economic hardship deferments are required to submit evidence showing their most recent total monthly gross income and are limited to economic hardship deferment periods up to only one year at a time. Peace Corps volunteers usually do not have documentation of the amount of their monthly allowance for living expenses prior to beginning their volunteer service. In addition, because Peace Corps volunteers serve overseas—often in remote areas of underdeveloped countries—the current requirement that borrowers submit documentation of their most recent monthly gross income when applying for economic hardship deferments presents significant logistical difficulties for many volunteers.

At the same time, provisions in current regulations that limit individual economic hardship deferments to periods of one year at a time is burdensome for Peace Corps volunteers who normally serve for a period of 27 months. According to the DCL, Peace Corps volunteers meet the requirements for the economic hardship deferment. Therefore, ED deems it appropriate and in the national interest to amend current regulatory requirements to assist Peace Corps volunteers who want to apply for and maintain economic hardship deferment on their eligible federal student loans.

Interim Procedures

Until proposed changes are finalized and become effective, ED waives enforcement of the current economic hardship deferment regulations and provides interim procedures to be used by FFELP loan holders in granting economic hardship deferments to Peace Corps volunteers. Effective immediately,

Peace Corps volunteers who want to apply for an economic hardship deferment are required only to provide the loan holder with a signed and dated *Economic Hardship Deferment Request* form and documentation from the Peace Corps showing that the borrower will be serving as a Peace Corps volunteer.

ED established that acceptable documentation of Peace Corps service will be provided by a properly completed form from the Peace Corps that certifies a borrower's period of service, including beginning and anticipated ending dates. This form must be signed and dated by a Peace Corps official. ED will continue working with the Peace Corps and FFELP loan holders to refine the form and to develop other certification processes. Because this documentation will be available to volunteers at their pre-departure Peace Corps orientation sessions, volunteers will be able to apply for economic hardship deferments while still in the United States.

Until a revised economic hardship deferment form is developed that allows borrowers to specifically request economic hardship deferments based on Peace Corps service, these borrowers need only sign and date the current form. If the information is not already printed on the form, borrowers must provide their name, social security number, address, and phone number. Therefore, the submission of an economic hardship deferment request form together with a properly completed certification of Peace Corps service form will be considered sufficient documentation for a loan holder to grant an economic hardship deferment to a Peace Corps volunteer.

See **HARDSHIP DEFERMENT** on page 7.

1998-99 Teacher Shortage Areas

The Texas Education Agency (TEA) recently forwarded to Texas Guaranteed Student Loan Corporation (TG) a letter announcing the Department of Education's (ED) approval of the proposed teacher shortage areas for Texas. Teachers may be eligible to defer student loan repayment for teaching in a designated shortage area. The 1998-99 designated teacher shortage areas (Pre-K through 12th grade) for Texas include Bilingual/ESL, Science, Special Education, Mathematics, and Foreign Language.

Borrower Eligibility

The federal designation of teacher shortage areas under 34 CFR 682.210(q) enables borrowers who had no outstanding Federal Family Education Loan Program (FFELP) loans made before July 1, 1987, but who had

an outstanding FFELP loan prior to July 1, 1993, to qualify for the teacher-shortage deferment of loan repayment under the Federal Stafford and Federal Supplemental Loans for Students (SLS) programs anytime within the life of the borrower's loan(s). PLUS and Consolidation loan borrowers are not eligible for the Teacher Shortage Area deferment.

A teacher may apply for a loan deferment each year that the teacher remains eligible, up to a cumulative total of three years. To be eligible, a teacher must be teaching full time in a public or private nonprofit elementary or secondary school in one or more of the designated subject areas or must be continuing to teach full-time in a subject, grade, or discipline for which a deferment of a student loan was previously received.

Certification

TEA authorizes school principals to act on behalf of the Chief State School Officer and certify the teacher's deferment request form for Federal Stafford or Federal SLS loans. Some teachers also may be eligible for a reduction of their Paul Douglas Teacher Scholarship obligations by teaching in a designated shortage area [34 CFR 653.50 (a) (2) (ii)]. For information on this benefit, Douglas Scholars should contact the state agency that awarded the scholarship.

Questions

For a copy of the Texas Teacher Shortage Area letter and questions regarding the related deferment, call TG Customer Support at (800) 252-9743, ext. 4444, or send e-mail to customer.services@tgsllc.org. ★

HARDSHIP DEFERMENT (Continued from page 6)

Term of Deferment

The proposed regulations authorize loan holders to grant an economic hardship deferment to a Peace Corps volunteer for the full term of Peace Corps service shown on the Peace Corps certification form, up to the allowed mandated maximum of three years. Because Peace Corps volunteers normally serve for a period of 27 months, this modification of the current provision limiting individual deferments to periods of one year at a time will allow Peace Corps

volunteers to receive economic hardship deferments for their full term of service without having to reapply each year from remote parts of the world.

Volunteers whose service extends beyond the normal 27-month term may apply for an additional period of deferment to cover the balance of the three-year economic hardship deferment period authorized by law. In instances when a borrower who received a previous economic hardship deferment is not eligible to receive a subsequent economic

hardship deferment for the full term of Peace Corps service, loan holders are encouraged to offer a forbearance for the time needed for the completion of the Peace Corps term of service.

Questions

For questions, or a copy of DCL GEN-98-16 and the Peace Corps service certification form, call TG Customer Support at (800) 252-9743, ext. 4444, or send e-mail to customer.services@tgsllc.org. ★

Sending Mail to TG

In an effort to make the process of distributing mail to Texas Guaranteed Student Loan Corporation (TG) team members and offices faster and more efficient, TG has instituted a series of internal mailstops that help TG's distribution center deliver correspondence accurately and quickly.

Although all mail will reach the appropriate TG team member without an official mailstop, the use of the mailstop may expedite delivery. Customers are encouraged to use the following guidelines when addressing mail to TG team members and offices.

Two Addresses

Customers should note that TG uses two different mailing addresses for different types of incoming mail—one address for regular letters and correspondence through the United States Post Office and another for parcels and overnight packages from other carriers such as Federal Express, United Parcel Service, Airborne, and others.

Regular correspondence and letters:

Person and/or Mailstop
P.O. Box 201725
Austin, TX 78720-1725

Parcels, freight, and overnight packages that require a street address:

Person and/or Mailstop
2929 Longhorn Boulevard, Suite 106
Austin, TX 78758

Customers and Vendors in Austin

Sometimes customers or vendors in Austin require immediate delivery to TG offices using a courier service. This form of delivery is an exception to standard mail distribution, however TG does accept courier deliveries at 13809 N. Highway 183, Suite 100, Austin, TX 78750-1240. Standard and overnight

mail should not be sent to the N. Highway 183 address, as that address is not equipped to handle regular daily distribution.

Questions

For questions about sending mail to TG, please call the TG Distribution Center at (512) 836-1850, or send e-mail to distribution.center@tgslc.org.

TG Mailstops

The following mailstops have been established for TG offices to help make the distribution of incoming mail faster:

Accounting	ACCT/T4-1
Compliance Administrative Operations	CAO/T7-2
Customer Focus	CF/T10-1
Claims	CLMS/T5-2
Counsel/Legal	CNSL/T10-2
Collections	COLL/A-1
Communications	COMM/A-3
Customer Services	CS/T2-1
Customer Assistance	CUST/T7-4
Default Prevention	DPRV/A-2
Electronic Services	ES/T2-2
Governmental Affairs	GA/T10-1
Human Resources	HR/T1-1
Information Systems Claims/Default Prevention	ISCD/T3-2
Data Systems & Telephony	ISDT/T3-2,T8-2
Loan Guarantee Operations	LGO/T7-1
Ombudsman	OMBD/T10-2
Office of the President	OTP/T10-1
Policy and Regulatory Affairs	PRAF/T7-3
Program Review/Fraud Investigation	PRFI/T7-2
Technology Development and Support	TDAS/T8-1 ★

Declared Disaster Data

The Department of Education (ED) published several notices about areas that the Federal Emergency Management Agency has declared to be natural disaster areas. ED's current disaster-related forbearance policy should be applied to certain borrowers who reside in counties in the following areas:

Date of Disaster	Disaster Letter #	Disaster Area	Reason
June 13, 1998	98-85	Iowa	Severe weather
August 5, 1998	98-86	Wisconsin	Flooding
August 22, 1998	98-88	Texas	Flooding
August 22, 1998	98-90	Texas	Flooding
August 22, 1998	98-92	Texas	Flooding ★

Extension of Increased Unsubsidized Limits for Health Professions Students

Dear Colleague Letter (DCL) GEN-98-18, issued by the Department of Education (ED) in August 1998, provides an extension of eligibility for increased unsubsidized loan amounts for certain health professions students due to the phase-out of the Health Education Assistance Loan (HEAL) Program. The DCL also provides information on aggregate limits for undergraduate pharmacy students in five-year pharmacology programs.

To assist health professions students who cannot borrow under the HEAL Program because of budgetary reductions to that program, ED extended the authority of certain eligible schools to award increased annual loan amounts of unsubsidized Stafford loans into the 1998-99 academic year.

Eligible schools may award increased unsubsidized Stafford funds to all otherwise eligible health professions students without regard to the earlier eligibility of those students for HEAL. This is a change from previous guidance published by ED in a DCL dated August 1996 (GEN-96-14).

Under the previous guidance, which is also reflected in the *1998-99 Federal Student Financial Aid Handbook*, students who remain eligible for a HEAL Program loan (i.e., those that borrowed under HEAL before October 1, 1995) may not receive unsubsidized Stafford loans above the current annual maximum (see *Shoptalk 62*), since those students were expected to continue to borrow from the HEAL Program.

However, the budgetary plan for the phase-out of HEAL included funding levels only through federal fiscal year 1998 (FY 1998), which ends on September 30, 1998. In addition, the Department of Health and Human Services informed ED that most, if not all, of the funding for FY 1998 has already been depleted. Therefore, many

health professions students who previously participated in HEAL will not be able to receive HEAL loans for the 1998-99 academic year.

Expanded Student Eligibility

In order to ensure the availability of loan funds for health professions students who no longer have access to HEAL Program loans, the eligibility requirements for students to receive additional unsubsidized Stafford loans have been expanded.

For loan periods beginning on or after May 15, 1998, eligible schools may award the increased amount of unsubsidized loans to all otherwise eligible health professions students, even if those students had previously participated in the HEAL Program. However, students may not receive the additional unsubsidized funding if they receive a HEAL loan for the same, or any portion of the same, loan period.

Increased School Eligibility Requirements

The requirement issued in the August 1996 DCL that identifies the HEAL-eligible schools that qualify for increased Stafford annual loan limits remains in effect. Only those schools that made disbursements of HEAL funds during FY 1995 are eligible to award and certify unsubsidized Stafford loans in excess of current Stafford maximums to eligible students.

The August 1998 DCL modifies previous guidance and now provides that the school must *not* have withdrawn from the HEAL Program since FY 1995. The increased unsubsidized loan limits are intended to assist health professions students who are ineligible for HEAL loans solely because of the budgetary restrictions placed on that program. If a school did not participate in HEAL during FY 1995 or has withdrawn

from HEAL participation since FY 1995, its students are not eligible for HEAL because of its withdrawal from the program and not because of the phase-out.

Annual Loan Limits

Schools must use the current HEAL loan limits when determining the amount of additional unsubsidized loans that an eligible student may receive. The additional unsubsidized loan amount that an eligible health professions student may receive because of the reductions to the HEAL program is over and above the current annual loan limit (minus subsidized loan amounts borrowed).

Aggregate Loan Limits

A December 1997 DCL (GEN-97-14) established the aggregate loan limit for unsubsidized loans for eligible graduate and professional health professions students. The limit is \$189,125, less the aggregate amount of any subsidized loans made to the student (see *Shoptalk 79*).

The 1998 DCL establishes additional aggregate loan limits for pharmacy undergraduate students. The five-year Bachelor of Pharmacology program is the only undergraduate program that is eligible for HEAL Program loans. The aggregate unsubsidized loan limit on Stafford loans is \$70,625, less the aggregate amount of any subsidized loans, for those undergraduate pharmacy students who are eligible to receive increased amounts of unsubsidized loans because of the phase-out of HEAL.

Questions

For questions or to receive a copy of the DCLs, call TG Customer Support at (800) 252-9743, ext. 4444, or send e-mail to customer.services@tgsdc.org. ★

Shoptalk is published by Texas Guaranteed Student Loan Corporation (TG). Unless specifically noted, the policies and procedures outlined in *Shoptalk* apply only to loans made under TG's guarantee and not to loans underwritten by other guarantors.

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ED's SFA Information Distribution Change

The Department of Education (ED) has taken another major step forward in its endeavor to use electronic means to disseminate Student Financial Aid (SFA) Program information. Earlier this summer, ED announced the movement of electronic postings of SFA documents from the Bulletin Board Service (BBS) to the Information for Financial Aid Professionals (IFAP) web site (see *Shoptalk* 85).

Dear Colleague Letter (DCL) GEN-98-17 announces that ED intends to cease mailing *Federal Registers* and most Action Letters and DCLs as of August 1, 1998. Schools, lenders, and guarantors will now receive this information by accessing IFAP at ifap.ed.gov. ED will continue to print and mail a DCL or other document if it is lengthy or if it contains pages that would be difficult to replicate on the web site, such as the Student Aid Report. ED will continue to print and distribute publications and

manuals, such as the *Federal Student Financial Aid Handbook*.

Reasons for Change

As the ability to transmit information electronically has improved, efforts have been made by the student financial aid industry to utilize this technology as a communications vehicle. ED and financial aid participants as a whole are moving in the direction of interaction by use of electronic means in lieu of paper mailings.

Federal regulations effective July 1, 1998, require schools to be able to electronically access ED's web site. This set the stage for ED to change its method of information distribution for most SFA documents.

Benefits of Electronic Dissemination on IFAP

The IFAP site offers several major advantages over the printed page:

- Same day availability of program updates,
- Complete archive of *Dear Colleague Letters* and *Federal Registers* from 1995 to the present,
- Information available online 24 hours a day,
- Sophisticated search capability,
- Direct links to other ED web sites, and
- Availability to everyone with web access.

Questions

For comments, questions, or suggestions about IFAP, contact ED's SFA Customer Support Branch at csb@ed.gov or fax to (202) 260-4199. ★