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ED Announces MPN

Beginning in the fall of 1999, a new promissory note will change the way Federal Stafford loan borrowers under both the Federal Family Education Loan Program (FFELP) and the Federal Direct Loan Program apply for funds and obtain loans.

The Master Promissory Note (MPN) is the result of over three years of study and planning among schools, students, lenders, guarantors, and the Department of Education (ED). In a September 1998 *Dear Colleague Letter* (DCL) — ANN-98-10 — ED introduced the MPN and announced that it will be available for use in the 1999-2000 academic year.

At the time the DCL was published, the Higher Education Amendments of 1998 (the Amendments) had not yet passed. Because statutory authority for the MPN was included in the Amendments, ED issued the DCL only as preliminary guidance to make schools and lenders aware of the changes they will need to make to accommodate the MPN process. The Amendments, passed on October 7, do include authority for the MPN and require ED to implement it *no later* than for periods of enrollment beginning July 1, 2000.

At this time, it is not anticipated that the direction of the MPN outlined in the DCL will change as a result of the Amendments. In fact, both the FFELP and Direct Loan MPNs are currently in the formal clearance process.

Serial Loan Process

The MPN is designed to function either as an annual or multi-year note. Initially, most four-year colleges and graduate schools will be authorized to use the MPN as a multi-year note, since those schools are most likely to serve students with borrowing needs that encompass multiple academic years.

Most two-year colleges, and institutions with shorter programs, will use the MPN as an annual note.

Students attending a school participating in the “serial,” or multi-year, note process will only fill out the promissory note for the first year of borrowing. The same note will then accommodate Stafford loans taken out by the same student in subsequent academic years. The student will also be able to obtain Stafford loans through different schools, or loans backed by different guarantors, using the same MPN, provided the borrower does not change lenders. A change of lender will require a new MPN. However, the MPN advances the one lender, holder, servicer, guarantor concept by creating a single note that facilitates the student’s borrowing over several years. The risks associated with accidentally switching loan providers are reduced.

Students attending schools using the MPN as an annual note will fill out the MPN in much the same way as the current Common Application/Promissory Note. Those schools will benefit from the reduced data requirements of the MPN discussed below. Borrowers at all schools should realize the benefits of the MPN’s disclosure language, which is written in new, clearer, and easier-to-understand terms.

Reduced Data Elements

For most borrowers, schools, and lenders, the MPN will streamline the Stafford loan delivery process.

The data collection on the MPN is reduced from the current Common Application/ Promissory Note. Questions on the Common Application requesting borrower permission are presented on the MPN as blanket certifications. The authorization to disburse funds through electronic funds transfer or master check, the lender’s option to capitalize unsubsidized loan interest

See MPN on page 3.



CLOSED SCHOOL CORNER

NEWLY REPORTED CLOSURES

TG SCHOOL ID#	SCHOOL NAME	SCHOOL ADDRESS	UNOFFICIAL CLOSURE DATE	ED'S OFFICIAL CLOSURE DATE
030534000	Business Skills Training Center	1310 South Stemmons Fwy. #110 Lewisville, TX 75067-6308	N/A	07/29/98
025499000	Consumer Electronics Training Center	6239-41 South Western Ave. Chicago, IL 60636-2023	N/A	11/17/97
023317000	Franklin College	2400 Louisiana Blvd. NE Albuquerque, NM 87110-4304	N/A	08/13/98
011122000	Sawyer College	441 West Trimble Rd. San Jose, CA 95131-1012	N/A	06/07/98

ED CLOSED DATE REVISIONS

TG SCHOOL ID#	SCHOOL NAME	SCHOOL ADDRESS	PREVIOUS ED CLOSURE DATE	REVISED OFFICIAL ED CLOSURE DATE
024989000	National Business School Automotive Division	20 L St. SW Washington, DC 20024	04/30/90	02/05/90
007944001	Watterson College	18 Forsyth St. Atlanta, GA 30303	04/01/88	01/12/90

ED Releases FY 1996 Cohort Default Rates

The U.S. Department of Education (ED) mailed official fiscal year 1996 (FY 1996) cohort default rate notifications to schools on October 26, 1998. Schools with FY 1996 cohort rates equal to or greater than 11.0 percent will also receive a report listing the Federal Family Education Loan Program (FFELP) and/or Federal Direct Loan Program loans included in the default rate calculation.

Consequences of Cohort Rates

Schools with an official cohort default rate of 25 percent or higher for the three most recent fiscal years (FY 1994, FY 1995, and FY 1996) will lose FFELP and Direct Loan eligibility unless those schools successfully appeal the eligibility loss.

Schools with official FY 1996 cohort rates that exceed 40 percent are also subject to possible loss of eligibility to participate in all Title IV programs unless the schools successfully appeal the eligibility loss.

Cohort Rate Appeals

Schools may appeal official FY 1996 cohort rates based on allegations of erroneous data, improper loan servicing and collection, and/or exceptional mitigating circumstances. As in the past, appeals based on erroneous data and improper loan servicing and collection of FFELP loans must be submitted to the school's guarantor(s) within specified time frames to permit the school's continued eligibility while the

appeal is pending. Schools must submit appeals regarding exceptional mitigating circumstances directly to ED. Appeals of Direct loans must also be submitted directly to ED. Please note that the Higher Education Amendments of 1998 (Amendments) change the definition of "exceptional mitigating circumstances" slightly from the definition found in regulations at §668.17(c)(1)(ii). Also, the Amendments require a school to repay all interest, special allowance, and other fees that ED is required to pay on FFELP loans that the school delivers to students or prospective students during a period that a school appeals its loss of eligibility based on high cohort default rates for which the appeal is unsuccessful. Whereas the general effective date of Amendment changes is October 1, 1998, it is not yet clear if these changes will affect FY 1996 cohort rates and appeals.

Schools are advised to send cohort appeals to TG's Compliance Administrative Operations at the corporate mailing or overnight shipping address as appropriate.

TG mailing address:

Texas Guaranteed Student Loan Corporation
Compliance Administrative Operations
P. O. Box 201725
Austin, Texas 78720-1725

Address for overnight delivery services:

TG Mail Center
Attn: CAO
2929 Longhorn Blvd., Suite 106
Austin, Texas 78758

Questions

For questions about the FY 1996 cohort default rates, contact ED's Default Management Division hotline at (202) 708-9396 or TG's Compliance Administrative Operations at (800) 252-9743. ★

Common Manual — Electronic Version

Customers that have ordered the electronic version of the 1998 *Common Manual* should have received their copies in August. If you have not yet received your copy or if you would like to order copies of the electronic version of the 1998 *Common Manual*, please call TG Customer Support at (800) 252-9743, ext. 4444, or send e-mail to customer.services@tgscl.org. ★

MPN (Continued from page 1)

during the in-school period, and the lender's ability to defer any previous loans held by that same lender are all actionable by the borrower's signature alone. Such changes have been designed to reduce the number of errors resulting from borrower oversight in completing the application. An optional check box is provided for borrowers who wish to pay unsubsidized interest while in school.

The MPN also reduces the number of data elements required of schools and lenders in transmitting loan information. Both the school and lender sections have been completely eliminated on the note itself. Schools will be required to inform the lender (or guarantor) of the borrower's eligibility for the loan, but will do so on a separate form or through electronic processing. The MPN process only requires the school to submit the student's loan amount and a schedule of disbursements. The Higher Education Amendments of 1998 remove the requirement that a school provide Cost of Attendance, Expected Family Contribution, and Estimated Financial Assistance information in certifying a loan application.

The lender section, which is an optional section on the current Common Application, is eliminated entirely. As is the case now, the lender's disbursement of the loan is considered sufficient documentation of approval.

MPN Not an Application

The MPN is not a loan application, as is the Common Application/Promissory Note. Under the MPN process, the borrower will apply for a loan through alternative means, either through the Free Application for Federal Student Aid or through a school-developed application process.

Schools will have great flexibility in the way they package Stafford loans under the MPN. There will also be flexibility in the delivery methods involving the flow of information between schools, lenders, and guarantors.

Schools using the multi-year feature of the MPN will be required to develop a way to track a student's application for Stafford loan funds each year and

communicate eligibility with the student. The school will be able to set up a process where it simply notifies the student of his or her loan eligibility and provides the student the chance to withdraw the loan application or amend the loan request, but only if the student desires a change in the application; otherwise, the loan will be processed within a given time frame. As an alternative method, the school will be able to require the student to take active steps to confirm the approved loan amount before the loan approval data is transmitted to the lender.

Lenders will need to develop a process of confirming the existence of the borrower's previous MPN for use in the serial loan process. Lenders will also need to develop a process of accommodating loan sales with respect to the MPN, since loans made under a single MPN can be sold and assigned in various ways, depending on the lender's preference.

Other processes and data collection changes will be required of both schools and lenders. Initially, these changes may require changes to systems, procedures, and consumer information. However, the ultimate outcome of the process should be greater simplicity and flexibility in the loan delivery process, which was the goal in designing the MPN.

MPN and TG's Solutions and Tools

Throughout the fall of 1998 and the spring of 1999, Texas Guaranteed Student Loan Corporation (TG) will be conducting training on AdvanTG™, TG's new loan processing tool, at regional training sites throughout Texas. At this time, TG expects to facilitate use of the new MPN form for fall 1999 loan applications.

For the 1998-99 academic year, AdvanTG, as well as Application Printing and Processing Services (APPS), Loans by Phone, and Loans by Web, will continue to accommodate the current Common Application/Promissory Note processing requirements.

TG will be working on MPN updates to AdvanTG and other solutions and tools throughout the 1998-99 year and will inform customers of implementation plans as they become available. At this time, TG

expects to release an MPN process in the late spring of 1999.

MPN Training

TG will be offering training for lenders on the Common Claims Initiative (CCI) in December. The CCI training will include a short session on the MPN (see announcement of training on page 5). General MPN training for all TG customers will be announced at a future date.

Questions

For questions about the MPN, the lender training on CCI and MPN, or the rollout of AdvanTG, call TG Customer Support at (800) 252-9743, ext. 4444, or send e-mail to customer.services@tgslc.org. ★

AdvanTG is a trademark of the Texas Guaranteed Student Loan Corporation.

New Consolidation Loan Addendum

The Department of Education (ED) approved a revised Consolidation Loan Addendum on October 26, 1998. This addendum reflects changes made in the Federal Family Education Loan Program by the recent passage of the Higher Education Amendments of 1998 and is effective for applications received on or after October 1, 1998. The revised Consolidation Addendum is to be used in conjunction with the existing Federal Consolidation Loan forms until ED approves a revised Federal Consolidation Loan form.

For your convenience, a copy of the Addendum is inserted in this edition of *Shoptalk* and you may download a copy from *TGWorks Online* under "Resources for Schools and Lenders" at www.tgslc.org. ★

Regional Training for AdvanTG

In early October, Texas Guaranteed Student Loan Corporation (TG) successfully launched its first series of AdvanTG™ and Business Network™ (BNet) installations for schools in the Austin area.

AdvanTG is TG's new loan management tool that integrates the functionality currently available in LINC and the TexNet® family of tools. BNet, a Windows-based, software package, replaces Business Talk for receiving EFT reports, exchanging e-mail, and accessing bulletin boards.

AdvanTG has been designed as part of TG's Year 2000 Readiness Plan. BNet is advertised by its owner, General Electric Information Services, to be year 2000 compliant. Schools and lenders currently using LINC, EFT, or the Disbursement Change and School Refund system (DCSR) need to replace those tools with AdvanTG.

Installation and Training

Schools that attended the Austin area training site included the University of Texas at Austin, St. Edward's University, Concordia University, Austin Community College, Southwestern University, University of Mary Hardin Baylor, Texas State Technical College (Waco), McClennan Community College, Blinn College, and Texas A&M University. Training sessions for schools were also held in Houston and Dallas. Four more are scheduled for November and December. Sessions held in January through March will focus on both school and lender needs.

Due to seating limitations, the first round of AdvanTG training sessions are being held on an invitational basis. Schools who have met the hardware and software prerequisites outlined below and have committed to installing AdvanTG and BNet within 10 days of their training session will be invited to attend this first round of training.

Scheduled Regional Training Sites and Dates (First Round)

Prior to scheduling training and installation Customer Services will confirm customers' ability to install AdvanTG. Customers that have technical staff available to expedite the installation of AdvanTG and BNet should plan to have their technical staff attend the installation portion of their training. A TG team will be available to assist

customers with the installation process at each school site. Additional training sites and dates include:

Edinburg Area	November 10
Dallas Area (Denton)	December 1
San Antonio Area	December 8
Lubbock Area	December 9

Hardware/Software Prerequisites

In order to be approved to attend AdvanTG training, users must complete and return a Hardware/Software Checklist, which is available through TG Customer Services. The following hardware and software are required to run AdvanTG:

- Windows 95 or NT
- Pentium processor
 - 166 MHz or greater
 - 32 MB or greater of memory
- Hard disk space of 50 MB or greater
- Dial-up or LAN-based connection to the Internet

Other Considerations

To ensure successful installation, operational and systemic needs must be thoroughly communicated prior to installation. Such considerations include LAN or Network connections, the number of PCs on which software will be installed, the configuration of those PCs, and successful completion of import file

testing. Also it would be helpful for schools to ensure the availability of their LAN or Internet administrators on the date of installation, in the event that they are needed for assistance.

Questions

For questions about the rollout of AdvanTG or BNet, please contact your TG Regional Consultant at (800) 252-9743, call Customer Support at the same number (ext. 4444), or send e-mail to customer.services@tgscl.org. ★

Texas Disasters

Shoptalk 86 contained an updated list of disaster areas, including several in Texas. Flooding caused by Tropical Storm Charley affected six Texas counties prompting the Federal Emergency Management Agency (FEMA) to designate these counties as disaster areas.

Guaranty agencies and lenders are authorized to use the Department of Education's disaster-related forbearance policies to assist FFELP borrowers residing in the following counties: Kinney, Maverick, Real, Uvalde, Val Verde, and Webb. ★

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	98-87	Iowa	Severe weather
August 27, 1998	98-89	North Carolina	Storm damage
August 5, 1998	98-91	Wisconsin	Flooding
August 27, 1998	98-93	North Carolina	Storm damage
August 28, 1998	98-94	Virginia	Storm damage
September 3, 1998	98-95	Florida	Storm damage
September 7, 1998	98-96	New York	Severe weather
September 7, 1998	98-97	New York	Severe weather
September 9, 1998	98-99	Louisiana	Severe weather ★

IRS Extends 1998 Reporting Requirements for Schools

In August 1998, the Internal Revenue Service (IRS) issued Notice 98-46 to alert schools that the 1998 reporting requirements for the Hope Scholarship Credit and the Lifetime Learning Credit have been extended to the 1999 tax year. These tax credits are included in the Taxpayer Relief Act of 1997 (TRA), which was signed into law on August 5, 1997.

Previously, interim guidance described in Notice 97-73, issued on December 3, 1997, specified information that schools must provide the IRS for the 1998 tax year so that the IRS will be able to determine which students are eligible for the new tax breaks (see *Shoptalk* 79). The IRS intends to issue regulations soon on the information reporting requirements for schools. However, in light of recent statutory changes indicating Congress' intent that Notice 97-73 remain in effect until these regulations are issued, the IRS is extending the information reporting requirements for an additional year.

Statutory Changes

Recent amendments to the TRA clarified or changed certain information reporting requirements for the Hope Scholarship Credit and the Lifetime Learning Credit. The following amendments are included:

- Clarify that schools are required to report the aggregate amount of payments received from each student for qualified tuition and related expenses, without any amounts being subtracted for qualified scholarships or other tax-free educational assistance received by the student;
- Require that the amount of any grant received by the student for payment of costs of attendance and processed by the school be reported as a separate item;

- Clarify that a school must report only the aggregate amount of reimbursements and refunds of qualified tuition and related expenses paid to a student by the school (and not by any other party); and
- Clarify that only eligible schools and persons engaged in a trade or business of making payments to individuals under insurance arrangements are required to report information under the TRA.

In all other aspects, the reporting requirements for schools remain the same as described in Notice 97-73.

Information Required for 1999

For the 1999 tax year, schools must follow the rules provided in Notice 97-73 for reporting information required under the TRA. For example, an eligible school that receives payments of qualified tuition and related expenses in 1999 must file Form 1098-T, "Tuition Payments," that includes the same information that was required by Notice 97-73 for 1998.

Form 1098-T must be filed with the IRS by February 28, 2000, if filed on paper or by magnetic media, by March 31, 2000, if filed electronically. A statement containing the same information provided to the IRS also must be provided to each student by January 31, 2000.

Non-compliance Penalties

Notice 97-73 also informs schools about penalties to be administered relating to 1999 tax-year reporting requirements. Until regulations are issued providing additional guidance on school compliance with the requirements of the TRA, the IRS will not impose penalties on schools for failure to file correct Forms 1098-T or failure to furnish correct statements to

students. Even after the final regulations are issued, schools will not be assessed penalties if the schools made a good faith effort to comply with reporting requirements.

Questions

For a copy of IRS Notice 98-46 and Notice 97-73, contact TG Customer Support at (800) 252-9742, ext. 4444, or send e-mail to customer.services@tgsic.org. ★

PENCIL ME IN

DATES TO REMEMBER IN 1998

Texas Migrant Education Conference El Paso, Texas	Nov. 11-13
TG User Group Meeting	Nov. 12
SWASFAA Conference Little Rock, Arkansas	Nov. 18-20
TASFAA Hotline	Dec. 5-6

DATES TO REMEMBER IN 1999

TACAC Hotline Bryan, Texas	Jan. 16-17
TG FAFSA Teleconference	Feb. 4
NCHELP Debt Management Conference Lake Buena Vista, Florida	Feb. 25-28
TG Annual Conference Austin, Texas	Apr. 7-9
TACAC Spring Conference Houston, Texas	Apr. 25-27

COMMON MANUAL UPDATE INDEX

THE FOLLOWING INDEX INCLUDES *COMMON MANUAL* UPDATES FROM MAY 1998 THROUGH SEPTEMBER 1998

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4.3	Financial Responsibility Standards	Edition 82
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5.2.A., 5.2.B., 5.2.C., 5.2.D., 5.2.E., 5.2.F.	Reorganization of Subsections on FFELP Eligibility Requirements	Edition 86
5.2.C.	Noncitizen Eligibility Requirements	Edition 85
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8.1.E., 8.2.A., 8.2.C., 8.2.D., 8.2.F., 8.2.G., 8.2.H., 8.3.B., 8.3.C., 8.6.A., 8.8.C., 8.8.E., 8.8.H., 8.8.K., 8.10	Policies to Implement the <i>Claim Form</i> and Instructions	SE*, September
8.6.D.	New Provisions for Supplemental Claim Submission	SE*, September
8.8.F.	Cure Procedures	Edition 83
8.11, 8.12	Critical Data Collection Requirements for New Loans	Edition 83
8.11, 8.12, Appendix F	Information to be Provided for <i>Preclaim Request Form</i> or Equivalent Electronic Format	SE*, September
8.13, Appendix F	<i>Supplemental Claim Form</i> Adopted by Guarantors	SE*, September
Appendix G	Definition of Annual Loan Limit	Edition 86
Appendix G	Definition of Guarantee Disclosure	Edition 86

*Special Edition

ThinkBIG Encourages Big Ideas

ThinkBIG, Texas Guaranteed Student Loan Corporation's (TG) initiative to encourage a continuous flow of ideas from its customers, has received over 80 creative ideas over the last six months. The Business Innovation Group (BIG), which facilitates the ThinkBIG program, has been actively researching and pursuing these ideas.

About one-fourth of the inventive suggestions for new or enhanced TG solutions were either already in development at TG or were developed as a result of ThinkBIG and made available to customers this summer. Some of these include:

- Providing historical comments through TexNet® OnLine Access,
- Selective disclosure printing and export of guarantee records by time of day in the AdvanTG™ tool,
- More commercials and materials about financial aid in Spanish and English,
- Brochures and literature for customers explaining guarantor/servicer relationships,
- Documentation on TG's Solutions and Tools on the Web in text format for customer download,
- More of TG's software available on the Web for download,
- Addition of accurate consolidated loan information on TG's Student Loan Inquiry web site, and
- Exit counseling on the Web (available through *Mapping Your Future*).

More than 30 additional ideas are in the research or development phase, including several ideas for Web-based learning modules, enhancements to the AdvanTG and RRD products, and extensive outreach efforts to high school students and their families.

The Business Innovation Group (BIG) meets regularly to research ideas and respond back to

customers. Comprised of members from the student, school, lender, and servicer community, as well as TG staff, each idea is evaluated based on customer need and regulatory viability. After the evaluation process, BIG places the idea either in a short-term or long-term category, which fits into our three- to five-year planning process.

ThinkBIG encourages all customers to continue sharing their thoughts. TG's efforts to develop solutions and tools that meet customer needs depends in part on *your* input. Please visit ThinkBIG today at www.tgslc.org. Select "About TG" and look for ThinkBIG. Your idea could make a difference! ★

TexNet is a registered trademark of Texas Guaranteed Student Loan Corporation.
AdvanTG is a trademark of Texas Guaranteed Student Loan Corporation.

TG Adopts NSLDS Edit Criteria for Application Reject Processing

Name and date-of-birth discrepancies represent the highest volume of application rejects processed through Texas Guaranteed Student Loan Corporation (TG). These rejects occur primarily due to data entry errors, last name changes, and use of nicknames (e.g., Larry for Lawrence). In TG's continuing effort to improve customer service and decrease application rejects, effective September 1, 1998, Loan Guarantee Operations (LGO) began applying the National Student Loan Data System (NSLDS) edit criteria to resolve manually existing and future application rejects for all loan types. The Loan Guarantee Processing System mainframe enhancement that will use the NSLDS edit criteria for the name and

date-of-birth (DOB) field edits will be installed late this year or early next year due to other Year 2000 system considerations.

The manual application of the NSLDS edit criteria enables TG to provide better reject resolution by reducing the need for documentation from schools, lenders, and borrowers. In most instances TG is able to resolve applications rejected for the following edit codes using the new NSLDS edit criteria:

- G02 Inconsistent Borrower Name
- G03 Inconsistent Borrower DOB
- G05 Inconsistent Student Name
- G06 Inconsistent Student DOB

For federal Consolidation loans only:

- N11 Inconsistent Co-Borrower Name
- N47 Inconsistent Borrower DOB
- N49 Inconsistent Co-Borrower DOB

Those rejects that do not meet the NSLDS name and date-of-birth edit criteria will still require the customary documentation for reject resolution.

Questions

For questions concerning this new edit process, contact Nancy Miller, Assistant Manager of LGO, at (800) 252-9743, extension 4774, or send an e-mail to lgo.helps@tgslc.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.

Questions about the articles in *Shoptalk* should be addressed to:

Customer Services

Texas Guaranteed Student Loan Corporation

P.O. Box 201725, Austin, Texas 78720-1725
(800) 252-9743 • (512) 219-5700
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www.tgslc.org

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Edited and designed by TG Communications.

MONEY MATTERS

The average of the bond equivalent rates of 91-day Treasury bills auctioned during the quarter ending September 30, 1998 is 4.97%.

SPECIAL ALLOWANCE RATES

Eligible Loans	Applicable Interest Rate (%)	Annual Special Allowance Rate	Special Allowance for Quarter Ending 9/30/98
Loans made prior to 10/1/81	7	.015	.00375
Tax exempt loans made on or after 10/1/80, but prior to 10/1/81	7 9	.025 .005	.00625 .00125
Loans made on or after 10/1/81, but prior to 11/16/86	7 8	.0147 .0047	.003675 .001175
Tax exempt loans made on or after 10/1/81	6 6.86 (Var.) 7 7.46 (Var.) 7.66 (Var.) 8 8.25 (Var.) 8.26 (Var.) 8.41 (Var.) 8.53 (Var.) 9	.035 .0264 .025 .0204 .0184 .015 .0125 .0124 .0109 .0097 .005	.00875 .0066 .00625 .0051 .0046 .00375 .003125 .0031 .002725 .002425 .00125
Subsidized Stafford loans made on or after 10/17/86, but prior to 10/1/92, and Unsubsidized Stafford loans made prior to 10/1/92, for periods of enrollment on or after 10/1/92, and Consolidation loans made on or after 11/16/86, but prior to 10/1/92	7 8 8.26 (Var.) 8.41 (Var.)	.0122 .0022 .00 .00	.00305 .00055 .00 .00
Subsidized and unsubsidized Stafford, and Consolidation loans made on or after 10/1/92	6 7 8 8.25 (Var.) 8.26 (Var.)	.0207 .0107 .0007 .00 .00	.005175 .002675 .000175 .00 .00
Subsidized Stafford loans and Unsubsidized Stafford loans made on or after 7/1/95, but prior to 7/1/98, only during the in-school, grace, and deferment periods.	7.66 (Var.)	.00	.00
Subsidized Stafford loans and Unsubsidized Stafford loans made on or after 7/1/98, but prior to 10/1/98, only during the in-school, grace, and deferment periods.	6.86 (Var.)	.0031	.000775
Subsidized Stafford loans and Unsubsidized Stafford loans made on or after 7/1/98, but prior to 10/1/98, except during the in-school, grace, and deferment periods.	7.46 (Var.)	.0031	.000775

Addendum to Loan Consolidation Application and Promissory Note

Effective for Applications Received on or after October 1, 1998

Some of the terms of the Federal Family Education Loan Program (FFELP) Consolidation Loan described in the promissory note and application have been changed by federal laws and regulations. The new terms are described in this Addendum and supersede any contrary provisions in the Loan Consolidation Application and Promissory Note. These new terms apply to your loan as described below.

You are receiving a loan that must be repaid.

Changes Affecting Federal Consolidation Loans

Borrower Eligibility

1. If you and your spouse each hold eligible loans and if you agree to be held jointly and severally liable for repayment without regard to the amount of your individual indebtedness and any future change in your marital status, your eligible individual loans can be consolidated into a single Federal Consolidation Loan. If you and your spouse want to consolidate loans, a "Spouse Addendum" must be completed. Contact the Consolidation Lender for more information.
2. Any loans made prior to the date this Consolidation Loan is made, but not originally included in the Consolidation Loan may be added by making a request during the 180 days immediately following the date of consolidation. Any loans made within 180 days following the date of the consolidation may also be added to the consolidation loan at your request. After that 180 day period, you may not request that additional loans be added to this Consolidation Loan. However, if you obtain new loans after the date of consolidation, you may include those loans along with any other outstanding eligible loans in a new Consolidation Loan, whether or not they are made within 180 days of the consolidation.
3. If you have loans in default status on which a court has issued a judgment against you or upon which a wage garnishment order has been issued, you are not eligible for consolidation.

Eligible Loans

4. You may consolidate the loans detailed in the Promissory Note with eligible Federal PLUS (Parent) Loans, Federal Nursing Student Loans, Health Education Assistance (HEAL) Loans, and loans made under the Federal Direct Loan Program.
5. If any of the loans you plan to consolidate are in default, contact your Consolidation Lender. If you are in default on a loan you wish to consolidate, you must have made satisfactory payment arrangements with the holder of that loan or agree to repay the Consolidation Loan under an income-sensitive repayment schedule. If you have any defaulted loans you do not plan to consolidate, you must notify your Consolidation Lender.

Repayment Terms

6. The maximum length of the Consolidation Loan repayment period, as determined by the combined total amount of your Federal Consolidation Loan and other education loan debts (public or private higher education loan programs; personal loans cannot be considered), is:

Less than \$7,500.00	= 10 years
\$ 7,500.00 to \$ 9,999.99	= 12 years
\$10,000.00 to \$19,999.99	= 15 years
\$20,000.00 to \$39,999.99	= 20 years
\$40,000.00 to \$59,999.99	= 25 years
\$60,000.00 and above	= 30 years

Continued

Loan Consolidation Addendum, continued

7. Your Consolidation Lender must offer you the choice of repaying the loan under a graduated, or income-sensitive repayment schedule. If you do not select a plan, the lender will require you to repay the loan under a standard repayment plan. If all of your loans are with the same holder, and that holder is unable to provide you with an income-sensitive repayment schedule on the Federal Consolidation Loan (you must have sought and certify that you have been unable to secure such a repayment schedule), you may obtain a Federal Consolidation Loan from another lender. If your FFELP loans are with multiple holders, you may request a Federal Consolidation Loan from any eligible lender.

Alternatively, if you are a FFELP borrower and have not borrowed under the Federal Direct Loan Program and you are unable to secure a Consolidation Loan from an eligible lender or cannot secure a Consolidation Loan with income-sensitive terms acceptable to you, you may obtain a Consolidation Loan from the U.S. Department of Education.

Interest Rates

8. Except for the portion of the Federal Consolidation Loan attributable to HEAL, the interest rate on your Consolidation Loan is a fixed rate for the term of the loan and is based on the weighted average of the interest rates of the loans being consolidated (excluding any HEAL loans), rounded up to the nearest 1/8th percent or 8.25 percent, whichever is less.

For the portion of the Federal Consolidation Loan attributable to HEAL (if applicable), the interest rate is a variable interest rate and is adjusted annually on July 1. The variable rate for each 12 month period will be equal to the average of the bond equivalent rates of the 91-day Treasury Bills auctioned for the quarter ending June 30, plus 3.0 percent. The 8.25% interest rate cap does not apply.

Deferments

9. If on the date your Consolidation Loan is made, you have no other outstanding Federal Family Education Loans, deferments are available for the following situations:
- Enrollment of at least half-time in a course of study as determined by an eligible school.
 - Pursuing a graduate fellowship program or a rehabilitation training program for individuals with disabilities, provided the program is approved by the U.S. Department of Education.
 - Up to three years, if seeking and unable to find full-time employment.
 - Up to three years, for any reason that your lender determines (in accordance with regulations) has caused or will cause an economic hardship.
10. If on the date your Consolidation Loan is made, you have outstanding Federal Family Education Loans, the deferment options available to you for the Consolidation Loan will be based on the deferment provisions which are in effect for the oldest outstanding FFELP loan. Contact your Consolidation Lender for more information on this point.
11. The Federal government will pay interest that accrues during deferment on that portion of the Consolidation Loan that repays subsidized Federal Stafford Loans, or subsidized Federal Direct Stafford Loans. You will be responsible for interest that accrues during deferment on the portion of the Consolidation Loan that repays other loan types.

NOTE: If you have any questions regarding these provisions contact:



Texas Guaranteed Student Loan Corporation Common Claim Initiative and Master Promissory Note Training Workshops

Details of two fall training workshops have been finalized. Both workshops will cover details of the Common Claim Initiative (CCI) recently incorporated into the *Common Manual*, and the Master Promissory Note (MPN) process included in Reauthorization and recently announced by the Department of Education. The CCI portion will cover the new Preclaim, Claim, and Supplemental Claim forms and will include exercises to help participants better understand and apply the concepts. Registrants are encouraged to attend one or both segments of the workshops.

December 3, 1998 CCI and MPN Workshop at Texas Guaranteed Student Loan Corporation, Austin, TX
 December 10, 1998 CCI and MPN Workshop at North Texas Higher Education Authority, Arlington, TX

Agenda

8:30	Registration and Continental Breakfast
8:45 – 10:30	MPN Session
10:30 – 10:45	Break
10:45 – 12:00	CCI Session (Introduction and Overview)
12:00 – 1:30	Lunch (on your own)
1:30 – 2:45	CCI (continued)
2:45 – 3:00	Break
3:00 – 4:30	CCI (continued)

Name of Registrant _____

Organization _____

Telephone Number or e-mail address _____

Street Address or P. O. Box _____

City, State and ZIP _____

I will attend the Austin Workshop
 Arlington Workshop

Please send a separate registration form for each individual who will attend. FAX responses to Rinn Harper at (512) 219-4514. If you must later change your plans, please notify Rinn by FAX or at (512) 219-4612. Space may be limited.

Workshop Locations and Travel

Texas Guaranteed Student Loan Corporation
 Tower of the Hills
 13809 North Highway 183
 Austin, TX
 (512) 252-9743

North Texas Higher Education Authority
 201 E. Abram
 Arlington, TX
 (817) 265-9158
(Note: Please use this number only to reach someone on workshop day or for directions. Registration information for both workshops is available through TG.)

If you will be staying overnight in Austin, the following hotels are nearby:
 Renaissance Hotels and Resorts at the Arboretum, 9721 Arboretum Boulevard, (800) 833-4747
 Holiday Inn Northwest Plaza, Mopac, (512) 343-0888.

DFW Airport is closest to North Texas Higher Education Authority offices. If you will be staying overnight in the Arlington area, the following hotels are nearby:
 Courtyard Marriott, 1500 Nolan Ryan Expressway, Arlington, (817) 277-2774
 Arlington Marriott, 1500 Convention Center, Arlington, (817) 261-8200
 La Quinta, 825 N. Watson Road, Arlington, (817) 640-4142

Austin Directions

From Austin's Robert Mueller Airport to Holiday Inn Northwest Plaza on Mopac (Loop 1):

Exit right onto Manor Road. Turn right at the first light (38½ Street). Turn right onto Airport Boulevard and follow it to IH-35. Take IH-35 north to U.S. 183. Stay on U.S. 183 north (although it's really going west at this point) for several miles. Take the Capitol of Texas Highway (360) exit. From the frontage road, turn left onto 360 and go over the 360 overpass to the 183 frontage road. Turn left onto the frontage road. The Holiday Inn Express is located on the right on the frontage road.

From Austin's Robert Mueller Airport to Renaissance Hotels and Resorts at the Arboretum, 9721 Arboretum Boulevard:

Exit right onto Manor Road. Turn right at the first light (38½ Street). Turn right onto Airport Boulevard and follow it to IH-35. Take IH-35 north to U.S. 183. Stay on U.S. 183 north (although it's really going west at this point) for several miles. Take the Capitol of Texas Highway (360) exit. Proceed along the frontage road past the 360 intersection to Great Hills Trail. Turn left onto Great Hills Trail and then left onto Arboretum Boulevard.

From Austin's Robert Mueller Airport to Texas Guaranteed Student Loan Corporation, Tower of the Hills, 13809 North Highway 183:

Exit right onto Manor Road. Turn right at the first light (38½ Street). Turn right onto Airport Boulevard and follow it to IH-35. Take IH-35 north to U.S. 183. Stay on U.S. 183 north (although it's really going west at this point) for about 14 miles. TG is located in the 10-story Bank One building located between Lake Creek Parkway and 620. TG's reception area is on the first floor of the building in Suite 100.

Dallas Directions

From DFW Airport to North Texas Higher Education Authority (NTHEA), 201 E. Abram:

Take the south exit from DFW. Stay on the access lane there to go to Arlington via south Highway 360 (also known as Watson Road). Go south a few miles and take the Division Street exit going west (that is a right turn for those who lose their sense of direction in the Metroplex). Turn left onto Mesquite. NTHEA is the eight-story building on the left in the second block. The meeting will be on the second floor.

From Love Field Airport to North Texas Higher Education Authority (NTHEA), 201 E. Abram:

Take Mockingbird west to get onto south IH-35. Once on IH-35, begin moving toward the far left lane; this lane will lead into the exit for I-30 west to Fort Worth. Take I-30 west for a number of miles. When in Arlington city limits (around Six Flags), begin to look for Collins Street exit. Take Collins Street south to Abram Street. Turn right on Abram and go a few blocks. NTHEA is the eight-story building on the right. The meeting will be on the second floor.