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## Student Loan Professionals Celebrate Success

Texas Guaranteed Student Loan Corporation (TG) hosted its eighth annual conference for professionals participating in the Federal Family Education Loan Program (FFELP). According to preliminary feedback, the conference was a huge success. Approximately 450 enthusiastic FFELP community representatives filled Austin's Marriott at the Capitol from April 10-12 for informative lectures, panel discussions, demonstrations, and participatory activities.

Attendees took to heart the "Innovate. Educate. Celebrate!" theme of this year's conference. From June Cline's comical keynote look at lives both in and out of the financial aid industry to the amphibious duck adventurers and the lucky prize winners, the participants enjoyed the opportunity to share time with those with whom they work to bring higher educational opportunity to families and students.

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Central to all activities was an emphasis on TG's dedicated efforts to enhance quality service.

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Conference participants came from all over Texas and the U.S. to learn about topics central to the success of the FFELP community: innovations in technology, changes in regulations and processes, and

information and resources for schools, lenders, servicers, and students. Central to all activities was an emphasis on TG's dedicated efforts to enhance quality service.

### Focus on Technology

Sessions provided training and updates on recent and future upgrades to TG's Solutions and Tools, including AdvanTG™ 3.0 and AdvanTG Web, OnLine Access, Loans By Web™, Report Request/Distribution, and Electronic Funds Transfer. Other technology topics included recent and future changes to CommonLine, the National Student Loan Data System, ELM Resources and Laureate, *Mapping Your Future* Entrance and Exit Counseling, and Common Account Maintenance. TG also unveiled a new AdvanTG Online Tutorial and displayed its recently improved *TGWorks Online*.

### Focus on Learning and Awareness

With the rapidly approaching July 1, 2000, deadline for implementing many 1998 Amendments to the Higher Education Act, several sessions focused on regulatory issues. Those included sessions on the Master Promissory Note, Return of Title IV Funds, and a summary session titled "Are You J2K Ready?" which highlighted requirements from Reauthorization.

**See CONFERENCE on page 2.**



# CLOSED SCHOOL CORNER

## NEWLY REPORTED CLOSURES

TG SCHOOL ID#	SCHOOL NAME	SCHOOL ADDRESS	UNOFFICIAL CLOSURE DATE	ED'S OFFICIAL CLOSURE DATE
021874000	Parks College	1023 Tijeras Ave. NW Albuquerque, NM 87102-2909	N/A	02/05/2000
031513000	Success Institute of Business	10700 NW Freeway, Ste. 350 Houston, TX 77092	N/A	03/27/2000

## CONFERENCE (Continued from page 1)

Several new awareness and educational resources were also of interest during the conference. One session focused on the new Texas Financial Aid Information Center, a cooperative effort between the Texas Higher Education Coordinating Board (THECB), the Texas Association of Student Financial Aid Administrators, and TG. Don Brown, THECB Commissioner, and Milt Wright, TG President and CEO, shared the history of the Center and encouraged the attendees to promote awareness of the Center's value as a resource in helping to meet information needs. A Wednesday session showcased the Get Smart – Texas program, a high school awareness effort modeled after the Trailblazers program in Louisiana.

### Focus on Community and Service

In addition to technology, education, and awareness, all the conference sessions and activities had an underlying emphasis on the families and students served by the FFELP community and the service TG offers to support its partners. A Monday session shared the results of TG's recent Voice of the Customer focus group project which gained feedback from students across Texas regarding their financial aid wants and needs. Also included in the conference were updates to the status of the Department of Education's Voluntary Flexible Agreement process, recent federal and state financial aid related activity, the changing lender and servicer environment, and ThinkBIG.

The conference ended on an enthusiastic note during the Conference Wrap-Up where several attendees won door prizes.

Just some of the winners and prizes included

- Tina Chargois, University of Houston, \$100 Microsoft Network gift certificate;
- Elizabeth Garrett, North Texas Higher Education Authority, Palm5 Palm Pilot;
- Mark Harden, Texas Higher Education Coordinating Board, a DVD player; and
- Kim Willis, St. Edward's University, a digital camera.

*Through your continued dedication to and support of the efforts of the entire FFELP community, you help ensure that families and students have access to the higher education that makes such a difference in their lives.*

TG thanks you for helping to make the conference such a success. Through your continued dedication to and support of the efforts of the entire FFELP community, you help ensure that families and students have access to the higher education that makes such a difference in their lives.

### Questions

For questions about any of the session topics or information available at the TG Conference, contact your TG Customer Service Consultant, call Customer Services at (800) 252-9743, ext. 4444, or send an e-mail message to [customer.services@tgsic.org](mailto:customer.services@tgsic.org) ★

## TG Conference Sponsors

TG extends a special thank you to the sponsors of the FFELP community's 2000 Conference.

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Educaid

Key Education Resources

Regions Bank

### Bronze

ASAP/Union Bank & Trust

Bank of America

Brazos Higher Education

Service Corporation

First American Bank

Horizon Educational Resources, Inc.

The LoanSTAR Group

Nellie Mae

North Texas Higher

Education Authority

Panhandle Plains

PNB Financial Bank – Student

Loan Center

PNC Bank

Security Service Federal Credit Union

Sun Trust Bank

University Federal Credit Union

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# TG and the Council Offer New Servicer Guide

A new resource in default aversion was unveiled at Texas Guaranteed Student Loan Corporation's (TG) eighth annual conference earlier this month. *The Role of Servicers in Default Aversion: A Guide for Institutions of Higher Learning* is the second resource in a series aimed at curbing student loan default.

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**The Council believes the publication will promote communication between schools and loan servicers regarding their respective roles in default aversion.**

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The Guide, designed and produced by TG and the Council for the Management of Educational Finance (the Council), is an educational publication for institutions developing comprehensive institutional default management teams. The guide is intended for use by departments within a postsecondary institution, including the financial aid office, the office of the president, admissions, registrars/bursars,

faculty, counseling, and the job placement office, all of which play a critical role in an institution's default aversion efforts.

The guide provides an overview of the minimum due diligence requirements, suggestions on maximizing available technologies, and details on building relationships with loan servicers.

It discusses three categories of due diligence:

- Written correspondence,
- Telephone contacts, and
- Skip tracing.

This newly released publication follows the highly successful *Default Prevention: A Model for Institutions of Higher Learning*, which was unveiled at the 1999 TG Annual Conference. Since that time, the FFELP community has used the model as a guide for helping postsecondary institutions develop and improve on-campus default prevention plans, especially through TG's Achieving Systemic Default Aversion.

In recognition of its high quality, the Austin chapter of the International Association of Business Communicators

recently recognized the model through an Award of Merit. In addition, the Texas Association of Student Financial Aid Administrators has entered the model in the Service to Financial Aid Professions and the Service to Other Constituencies contests conducted by the National Association of Student Financial Aid Administrators (NASFAA). Winners in the NASFAA contest will be announced this summer.

The Council believes the Guide will promote communication between schools and loan servicers regarding their respective roles in default aversion.

## More Information

To request a copy of *The Role of Servicers in Default Aversion* or for questions or more information about the Council and the support they offer to the FFELP community, send an e-mail message to Vickie Reyes at [vickie.reyes@tgscl.org](mailto:vickie.reyes@tgscl.org) or contact TG's Educational Alliances and Partnerships at (800) 252-9743, ext. 4632. ★

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# Integrated Common Manual Reminder

An integrated version of the *Common Manual* is available at *TGWorks Online* under Schools and Lenders. The integrated version incorporates *Common Manual Updates* almost as soon as the *Common Manual's* Governing Board approves them (approximately monthly).

The integrated version is the most up-to-the-minute resource available for FFELP policy. It includes all Updates since the

July *Common Manual* publication. The integrated version provides a comparison of new and deleted policy language. New language, identified with underlined text, is inserted in the existing text. Deleted language appears in the text with strikeouts. Each page with updated policy has footnotes that contain the Governing Board's approval date, the policy proposal number, and the location of the update.

When using the integrated version of the *Common Manual*, TG recommends that you download the portable document file (PDF) to your desktop. With the PDF on your desktop, the search function quickly runs through the document. When searching the PDF online, the search function is slow and tedious due to the size of the file.

**See INTEGRATED REMINDER on page 4.**

Loans By Web™ (LBW) is a special processing product from TG that allows a student with access to the Internet and a printer to complete and print an application from a PC anywhere in the world.

**Q: How do AdvanTG™ and LBW work together?**

A: First, the school enters the loan certification information for each award and transmits it to TG via AdvanTG. TG routes the loan certification information to the LBW web server. Next, the student accesses his or her award information from the LBW web site. The student then completes the application/Master Promissory Note (MPN) by accepting or declining the loan, providing personal information, and choosing a lender. Finally, TG guarantees the accepted loan amount within minutes.

**Q: How quickly does the guarantee appear in AdvanTG?**

A: The guarantee is immediate but does not appear in AdvanTG until TG has completed a night processing and the school has completed a send/receive. For example, applications/MPNs completed by students in LBW on Saturday are part of the next scheduled TG night processing on Monday evening. In such cases, the guarantee would be available in AdvanTG after the school has transmitted send/receive on Tuesday.

**Q: Can the school send a complete application for guarantee to TG if it is using LBW processing?**

A: Yes, the school can transmit a non-LBW, complete application for TG to guarantee by deselecting the “Loans By Web” box in the Optional tab on the application/MPN on LBW.

**Q: Who prints the application?**

A: The school decides who should print the application: the student, the school, or TG. When a school decides to use LBW, a TG Consultant helps the financial aid officer or director make the appropriate decision for his or her school.

Testing is done between the school and TG to make sure the transition to LBW is as smooth as possible. TG recommends that the testing process take one to two weeks.

### Questions

Schools interested in LBW processing should contact their TG consultant or the Customer Support Group at (800) 252-9743, ext. 4444. ★

## INTEGRATED REMINDER (Continued from page 3)

### Download Instructions

Here's how to download the PDF to your desktop:

#### PC Users

1. Click on the Integrated Version of the *Common Manual* link.
2. Scroll down to the PDF for the “Integrated Version of the *Common Manual*.”
3. Place your cursor on the link and right click on your mouse.
4. A menu box will appear giving several options.
5. Select the “Save Target As” option.
6. A “Save As” box will appear.
7. Save the file to your desktop for easy access.

8. The download process will be complete when the message “Download Complete” appears.
9. Close the menu box.

#### Apple Users

1. Click on the Integrated Version of the *Common Manual* link.
2. Scroll down to the PDF for the “Integrated Version of the *Common Manual*.”
3. Place your cursor on the link and click on your mouse.
4. A menu box titled “Save this document as” will appear.
5. Save the file to your desktop for easy access.

### Electronic Notice of Updates

Texas Guaranteed Student Loan Corporation (TG) recommends that you download the integrated version to your desktop each time it is updated. For notification each time the integrated version is updated, you can join TG's electronic news service, *TG NetWorks*. To join *TG NetWorks*, log on to *TGWorks Online* ([www.tgslc.org](http://www.tgslc.org)) under “Subscribe” and complete the online form. ★

# COMMON MANUAL UPDATES

## INFORMATION ON REVISIONS TO THE COMMON MANUAL

**Note:** Current *Common Manual* Updates and an integrated version of the *Common Manual* are available at *TGWorks Online* under Schools and Lenders. By posting *Common Manual* updates and the integrated version of the *Common Manual* online, TG's customers can access new policies shortly after the *Common Manual* Governing Board approves them.

If you want to be notified each time *Common Manual* Updates and a revised integrated version of the *Common Manual* are posted online, you can join TG's electronic news service, *TG NetWorks*. To join, go to *TGWorks Online* at [www.tgslc.org](http://www.tgslc.org), click "Subscribe," and complete the online form.

### Minimum Period of Enrollment

The *Common Manual* has been updated to address the minimum period of enrollment for which a school may certify a loan for a defaulted borrower who has regained eligibility during the academic year under reinstatement provisions outlined in section 8.9. For schools that measure academic progress in credit hours and use a semester, trimester, or quarter system, the minimum period of enrollment for which the school may certify the loan is the academic year during which the borrower has regained eligibility unless the borrower was not enrolled at least half-time for the full academic year, or is ineligible for the full-year loan for other reasons.

**Affected Sections:** 5.7.C.

**Effective Date:** Loans certified by the school on or after April 16, 1999

**Basis:** §682.603(f)(1)(i)(B) – as updated by corrections and other technical changes in the *Federal Register* dated April 16, 1999

**Policy Information:** Reference #343

**Guarantor Comments:** None

### Skip Tracing Requirements Expanded

The *Common Manual* has been revised to incorporate the following expanded skip tracing requirements for lenders:

- In performing telephone skip tracing with the financial aid administrator or other school official, lenders must direct written or telephone contact to the school identified on the most recent school certification or the most recent loan application.
- In performing address skip tracing, lenders must contact the schools in the borrower's loan file. This contact should be with the financial aid administrator or other school official who may reasonably be expected to know the borrower's address.

**Affected Sections:** 8.1.H., 8.1.I., <sup>cc</sup>8.1.H., <sup>cc</sup>8.1.I.

**Effective Date:** Skip tracing initiated by the lender on or after July 1, 2000, unless implemented earlier by the guarantor

**Basis:** §682.411(h) & (m)(1)(iii) – as updated by final rules in the *Federal Register* dated October 29, 1999

**Policy Information:** Reference #382

**Guarantor Comments:** None

### Lender Record Retention Requirements Updated

The list of required records in *Common Manual* subsection 3.4.A. has been revised. New regulations require a lender to retain documentation of any MPN Confirmation or Notification process or processes. The lender must also retain the following items for each loan (in addition to the items already listed in subsection 3.4.A.):

- A copy of the loan application, if a separate application was provided to the lender.
- A copy of the signed promissory note. The original or a true and exact copy

of the promissory note must be retained until the loan is paid in full or assigned to the Department.

Note that a true and exact copy is now acceptable in lieu of an original promissory note.

**Affected Sections:** 3.4.A.

**Effective Date:** For loans made under a Master Promissory Note (MPN), these changes are effective upon disbursement. For all other loans, changes apply to the lender's retention of the application and promissory note on or after July 1, 2000

**Basis:** §682.414(a)(4)(ii)(A), (B), and (K); §682.414(a)(5)(ii) – as published in the *Federal Register* dated November 1, 1999

**Policy Information:** Reference #383

**Guarantor Comments:** None

### Lender Record Retention Requirements Modified

The *Common Manual* has been revised to incorporate new regulatory provisions regarding record retention time frames and acceptable methods of notifying a borrower that a loan has been paid in full by the borrower.

A lender must retain loan records for a period of not less than:

- 3 years after the date the loan is paid in full by the borrower.
- 5 years after the date the lender receives payment in full from any other source.

When a loan is paid in full by the borrower, the lender must either return the original promissory note or a true and exact copy of the promissory note to the borrower, or notify the borrower that the loan is paid in full. A copy of the promissory note must be retained for a period of not less than 3 years after the date the loan is paid in full by the borrower, or not less than 5 years after the date the lender is paid in full from any other source. Documentation of any

**See COMMON MANUAL on page 6.**

## COMMON MANUAL (Continued from page 5)

paid-in-full notice sent to the borrower also must be retained for a period of not less than 3 years after the date the loan is paid in full by the borrower. Revised policy deletes the requirement that any paid-in-full notification to the borrower be made by an alternative procedure acceptable under state law.

**Affected Sections:** 3.4.A., 7.13, 9.5.F.

**Effective Date:** Revisions regarding record retention time frames are effective for loan records retained by the lender on or after July 1, 2000. Revisions regarding lender notification that a loan has been paid in full by the borrower are effective for loans paid in full on or after July 1, 2000, unless the lender implements earlier for loans made under an MPN

**Basis:** §682.414(a)(4)(iii); §682.414(a)(5)(ii) – as updated in the *Federal Registers* dated October 29, 1999, and November 1, 1999

**Policy Information:** Reference #384

**Guarantor Comments:** None

### Initial Disclosure Requirements Outlined

The *Common Manual* has been revised to incorporate two new provisions regarding the initial disclosure of information a lender must provide, at no cost, to a borrower.

At or before the first disbursement of a Stafford or PLUS loan, the lender must provide the borrower, in a written or electronic format, the following information (in addition to that already required):

- Information on the availability of income-sensitive repayment. The lender must provide, together or separately, all of the following:
  - A statement that the borrower is eligible for income-sensitive repayment, including through loan consolidation.

- Procedures by which the borrower may choose income-sensitive repayment.
- Where and how the borrower may obtain more information on income-sensitive repayment.

The lender meets the preceding disclosure requirement by providing the borrower with the promissory note and associated materials approved by the Department.

- A telephone number, accessible at no cost from within the U.S., that the borrower can use to obtain more information. A lender may disclose its own toll-free number or an alternative number for borrowers to call for additional loan information, provided there is no cost to the borrower (for example, a lender may offer a toll number at which the borrower can call collect; or with the permission of the guarantor, arrange to provide the guarantor's toll-free number).

In addition, lenders are still required to provide a separate statement, written in plain English, that summarizes the borrower's rights and responsibilities with respect to the loan and the consequences of defaulting on the loan. The manual has been revised to clarify that this disclosure requirement is met if the lender provides the borrower with either the Borrower's Rights and Responsibilities statement or, in the case of a subsequent loan made using the multi-year feature of the Master Promissory Note, the plain language disclosure.

**Affected Sections:** 6.1.I.

**Effective Date:** Initial disclosure notifications issued by the lender to the borrower on or after July 1, 2000

**Basis:** §682.205(a), (b), and (f) through (h) – as updated in the *Federal Register* dated October 29, 1999

**Policy Information:** Reference #385

**Guarantor Comments:** None

### Repayment Options Available to All Borrowers

The *Common Manual* has been revised to incorporate the requirement that the lender offer all borrowers the choice of a standard, income-sensitive, graduated, or, if applicable, an extended repayment schedule. Previous guidance required that the lender offer a choice of standard, graduated, or income-sensitive repayment to only new borrowers who receive a first disbursement of a Stafford or SLS loan on or after July 1, 1993, and to borrowers whose Consolidation loan is made from an application and promissory note received on or after January 1, 1993.

In addition, the lender must inform the borrower through repayment notification that he or she is eligible for income-sensitive repayment, including through loan consolidation, the procedures by which the borrower can choose income-sensitive repayment, and where and how more information on income-sensitive repayment may be obtained.

**Affected Sections:** 7.5, 7.6.C., 9.5

**Effective Date:** Repayment disclosures issued by the lender on or after July 1, 2000

**Basis:** §682.205(h)(1) – as updated in the *Federal Register* dated October 29, 1999 §682.209(a)(7)(iii) – as updated in the *Federal Register* dated November 1, 1999

**Policy Information:** Reference #386

**Guarantor Comments:** None

### Default Aversion Assistance

Revised *Common Manual* policy eliminates the guarantor established preclaim request period and replaces it with the requirement that the lender must request default aversion assistance from the guarantor no earlier than the 60th day and no later than the 120th

**See COMMON MANUAL on page 7.**

## COMMON MANUAL (Continued from page 5)

paid-in-full notice sent to the borrower also must be retained for a period of not less than 3 years after the date the loan is paid in full by the borrower. Revised policy deletes the requirement that any paid-in-full notification to the borrower be made by an alternative procedure acceptable under state law.

**Affected Sections:** 3.4.A., 7.13, 9.5.F.

**Effective Date:** Revisions regarding record retention time frames are effective for loan records retained by the lender on or after July 1, 2000. Revisions regarding lender notification that a loan has been paid in full by the borrower are effective for loans paid in full on or after July 1, 2000, unless the lender implements earlier for loans made under an MPN

**Basis:** §682.414(a)(4)(iii); §682.414(a)(5)(ii) – as updated in the *Federal Registers* dated October 29, 1999, and November 1, 1999

**Policy Information:** Reference #384

**Guarantor Comments:** None

### Initial Disclosure Requirements Outlined

The *Common Manual* has been revised to incorporate two new provisions regarding the initial disclosure of information a lender must provide, at no cost, to a borrower.

At or before the first disbursement of a Stafford or PLUS loan, the lender must provide the borrower, in a written or electronic format, the following information (in addition to that already required):

- Information on the availability of income-sensitive repayment. The lender must provide, together or separately, all of the following:
  - A statement that the borrower is eligible for income-sensitive repayment, including through loan consolidation.

- Procedures by which the borrower may choose income-sensitive repayment.
- Where and how the borrower may obtain more information on income-sensitive repayment.

The lender meets the preceding disclosure requirement by providing the borrower with the promissory note and associated materials approved by the Department.

- A telephone number, accessible at no cost from within the U.S., that the borrower can use to obtain more information. A lender may disclose its own toll-free number or an alternative number for borrowers to call for additional loan information, provided there is no cost to the borrower (for example, a lender may offer a toll number at which the borrower can call collect; or with the permission of the guarantor, arrange to provide the guarantor's toll-free number).

In addition, lenders are still required to provide a separate statement, written in plain English, that summarizes the borrower's rights and responsibilities with respect to the loan and the consequences of defaulting on the loan. The manual has been revised to clarify that this disclosure requirement is met if the lender provides the borrower with either the Borrower's Rights and Responsibilities statement or, in the case of a subsequent loan made using the multi-year feature of the Master Promissory Note, the plain language disclosure.

**Affected Sections:** 6.1.I.

**Effective Date:** Initial disclosure notifications issued by the lender to the borrower on or after July 1, 2000

**Basis:** §682.205(a), (b), and (f) through (h) – as updated in the *Federal Register* dated October 29, 1999

**Policy Information:** Reference #385

**Guarantor Comments:** None

### Repayment Options Available to All Borrowers

The *Common Manual* has been revised to incorporate the requirement that the lender offer all borrowers the choice of a standard, income-sensitive, graduated, or, if applicable, an extended repayment schedule. Previous guidance required that the lender offer a choice of standard, graduated, or income-sensitive repayment to only new borrowers who receive a first disbursement of a Stafford or SLS loan on or after July 1, 1993, and to borrowers whose Consolidation loan is made from an application and promissory note received on or after January 1, 1993.

In addition, the lender must inform the borrower through repayment notification that he or she is eligible for income-sensitive repayment, including through loan consolidation, the procedures by which the borrower can choose income-sensitive repayment, and where and how more information on income-sensitive repayment may be obtained.

**Affected Sections:** 7.5, 7.6.C., 9.5

**Effective Date:** Repayment disclosures issued by the lender on or after July 1, 2000

**Basis:** §682.205(h)(1) – as updated in the *Federal Register* dated October 29, 1999 §682.209(a)(7)(iii) – as updated in the *Federal Register* dated November 1, 1999

**Policy Information:** Reference #386

**Guarantor Comments:** None

### Default Aversion Assistance

Revised *Common Manual* policy eliminates the guarantor established preclaim request period and replaces it with the requirement that the lender must request default aversion assistance from the guarantor no earlier than the 60th day and no later than the 120th

**See COMMON MANUAL on page 7.**

## COMMON MANUAL (Continued from page 7)

**Basis:** HEA 428(b)(1)(U)(iii)(I); §682.305(c)(1) – as updated in the *Federal Register* dated October 29, 1999  
**Policy Information:** Reference #391  
**Guarantor Comments:** None

### Methods for Conducting Entrance Counseling

Current *Common Manual* policy has been revised to reflect the latest methods by which schools may conduct entrance counseling. Schools are now authorized to use interactive electronic means as a method to conduct entrance counseling. Specific references to touch-tone and computer-assisted technology as acceptable methods have been removed. Note that regulations specify that the electronic means schools use must be interactive, which at a minimum, requires schools to take reasonable steps to ensure that each borrower receives the counseling materials and participates in and completes the counseling. A change was also made to incorporate the requirement that schools include an explanation of the use of the MPN.

**Affected Sections:** 4.9.B.

**Effective Date:** Entrance counseling conducted by the school on or after July 1, 2000, unless implemented earlier by the school

**Basis:** §682.604(f) – as updated in the *Federal Register* dated November 1, 1999

**Policy Information:** Reference #392

**Guarantor Comments:** None

### School Recordkeeping Requirements

The *Common Manual* subsection addressing recordkeeping requirements for schools has been revised to incorporate new regulations as follows:

- A school must retain a copy of the Master Promissory Note certification, or certification data if submitted electronically.

- A school must retain the cost of attendance, estimated financial assistance, and expected family contribution (instead of records of the calculations used to determine the loan amount).
- A school must retain documentation of any MPN Confirmation or Notification process it used.
- The requirement that the school retain the name and address of the lender for each loan certified has been removed.

**Affected Sections:** 4.10

**Effective Date:** Loan application/certification related records maintained for loans certified on or after July 1, 2000, unless implemented earlier by the school as a result of initiating the MPN process

**Basis:** §682.610(b) – as updated in the *Federal Register* dated November 1, 1999

**Policy Information:** Reference #393

**Guarantor Comments:** None

### Estimated Financial Assistance Definition Amended

The *Common Manual* has been updated to reflect recent changes regarding determination of a student's estimated financial assistance (EFA). The EFA must now include national service education awards or postservice benefits, except when determining eligibility for a subsidized Stafford loan. In addition, veterans' educational benefits paid under Title 38, Chapter 30 (Montgomery GI Bill – Active Duty) must be excluded from a student's EFA when determining eligibility for a subsidized Stafford loan.

The definition of Estimated Financial Assistance in appendix G of the *Common Manual* has been revised to reflect these changes.

**Affected Sections:** 5.7.G., Appendix G

**Effective Date:** Stafford loans certified by the school on or after October 1, 1998

**Basis:** §673.5(c) and 682.200; HEA 482(c)(2)(A) – as updated in the *Federal*

*Registers* dated October 28, 1999 and November 1, 1999

**Policy Information:** Reference #394

**Guarantor Comments:** None

### Lender Repayment Disclosure Requirements Modified

The *Common Manual* has been revised to incorporate the new requirement that the lender provide to borrowers, at the time repayment options are offered, a telephone number accessible at no cost to the borrower from within the U.S. from which the borrower can obtain additional loan information. A lender may disclose its own toll-free number or an alternative number (for example, a lender may offer a toll number at which the borrower can call collect; or with the permission of the guarantor, arrange to provide the guarantor's toll-free number).

In addition, the *Common Manual* has been revised to reflect that the lender may rely on the PLUS promissory note and associated materials approved by the Department to satisfy the requirement to provide the borrower with sample projections of monthly repayment amounts assuming different levels of borrowing and interest accruals.

**Affected Sections:** 7.5.D.

**Effective Date:** Repayment disclosures issued by the lender on or after July 1, 2000

**Basis:** §682.205(c)(2)(i) and (d) – as updated in the *Federal Register* dated October 29, 1999

**Policy Information:** Reference #395

**Guarantor Comments:** None

### Extended Repayment Criteria Added

The *Common Manual* has been revised to incorporate extended repayment provisions. Extended repayment is available to a new borrower on or after October 7, 1998, who has more than \$30,000 in principal and interest outstanding on FFELP loans. An

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extended repayment schedule may provide for standard or graduated installments over a period not to exceed 25 years, an exception to the 10-year repayment period maximum. Another exception for the extended repayment schedule is that the \$600 minimum annual payment requirement does not apply.

A definition of extended repayment schedule has been added to the glossary and a coordinating change has been made to the definition of graduated repayment schedule.

**Affected Sections:** 7.6.B., 7.6.C., 7.6.D., Appendix G

**Effective Date:** New borrowers on or after October 7, 1998

**Basis:** §682.200(b) and §682.209 (a)(7)(ix) and (c) – as updated in the *Federal Register* dated November 1, 1999

**Policy Information:** Reference #396

**Guarantor Comments:** None ★

## Change to Money Matters

Due to a recent amendment to the Higher Education Act of 1965, the calculation of special allowance (SAP) for loans first disbursed on or after January 1, 2000, is based on the three-month commercial paper rate. Lenders must use new SAP codes on ED Form 799 starting with the quarter ending March 31, 2000. Beginning with this edition of *Shoptalk*, the Money Matters chart includes the new three-month commercial paper rate. ★

# MONEY MATTERS

The average of the bond equivalent rates of 91-day Treasury Bills auctioned during the quarter ending March 31, 2000 is 5.72%.

The average of the bond equivalent rates of the quotes of the three-month commercial paper (financial) rates in effect for each of the days in the quarter ending March 31, 2000 is 6.10%.

### SPECIAL ALLOWANCE RATES

Eligible Loans	Applicable Interest Rate (%)	Annual Special Allowance Rate	Special Allowance for Quarter Ending 3/31/00
Loans made prior to 10/1/81	7	.0225	.005625
	9	.0025	.000625
Tax exempt loans made on or after 10/1/80, but prior to 10/1/81	7	.025	.00625
	9	.005	.00125
Loans made on or after 10/1/81, but prior to 11/16/86	7	.0222	.005550
	8	.0122	.003050
	9	.0022	.000550
Tax exempt loans made on or after 10/1/81	6	.035	.00875
	6.32 (Var.)	.0318	.007950
	6.92	.0258	.006450
	7	.025	.00625
	7.12 (Var.)	.0238	.005950
	7.72 (Var.)	.0178	.004450
	7.87 (Var.)	.0163	.004075
	7.98 (Var.)	.0152	.003800
	8	.015	.00375
	9	.005	.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 beginning on or after 10/1/92, and Consolidation loans made on or after 11/16/86, but prior to 10/1/92	7	.0197	.004925
	7.72 (Var.)	.0125	.003125
	7.87 (Var.)	.011	.002750
	8	.0097	.002425
Subsidized and unsubsidized Stafford and Consolidation loans made on or after 10/1/92	6	.0282	.007050
	7	.0182	.004550
	7.72 (Var.)	.011	.002750
	8	.0082	.002050
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.	7.12 (Var.)	.011	.002750
Subsidized Stafford loans and unsubsidized Stafford loans made on or after 7/1/98, but prior to 1/1/00, only during the in-school, grace, and deferment periods.	6.32 (Var.)	.016	.004000
Subsidized Stafford loans and unsubsidized Stafford loans made on or after 7/1/98, but prior to 1/1/00, except during the in-school, grace, and deferment periods.	6.92 (Var.)	.016	.004000
Subsidized Stafford loans and unsubsidized Stafford loans made on or after 1/1/00, but prior to 7/1/03, only during the in-school, grace, and deferment periods.	6.32 (Var.)	.0152	.003800
Subsidized Stafford loans and unsubsidized Stafford loans made on or after 1/1/00, but prior to 7/1/03, except during the in-school, grace, and deferment periods.	6.92 (Var.)	.0152	.003800

Return Service Requested

## Multi-year MPN Eligibility

Currently, a school must meet two conditions in order to use the multi-year feature of the Master Promissory Note (MPN). If a school is eligible, the multi-year feature applies to all students attending the school.

Condition One: The school must be a four-year or graduate/professional school. A school may verify its four-year or graduate/professional school status by looking on its Eligibility and Certification Approval Report (ECAR) under "Highest Educational Program Offered." A school is eligible to use the multi-year feature if one of the following categories is listed:

- Master's Degree or Doctorate Degree,
- First Professional Degree,
- Professional Certification, or
- Bachelor's Degree.

Condition Two: The school must be located in the United States. The definition

of "State" includes the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the United States Virgin Islands, and the Freely Associated States.

Recently, the Department of Education (ED) stated that it intends to publish guidance describing how schools not meeting the above criteria may apply to use the multi-year feature. ED will then notify the community of additional schools that become eligible.

### Questions

For questions about the MPN's multi-year feature, contact Texas Guaranteed Student Loan Customer Support at (800) 252-9743 ext. 4444, or send an e-mail message to [customer.services@tgslc.org](mailto:customer.services@tgslc.org). ★

## SHOP TALK

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To ask questions about the articles in *Shoptalk*, subscribe or order additional copies, please contact Communications at (800) 252-9743, ext. 2878 or [communications@tgslc.org](mailto:communications@tgslc.org)

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