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TG's Voluntary Flexible Agreement Signed

Dr. Rod Paige, Secretary of Education, signed Texas Guaranteed's (TG's) Voluntary Flexible Agreement (VFA) on March 23, 2001. The agreement's implementation effective date is retroactive to October 1, 2000.

Implementation of the VFA will result in few changes to the manner in which TG's customers operate. "TG's administrative operations will change, but we expect no significant changes resulting from the VFA in systems and processes for our customers and business partners," said James Patterson, Vice President of TG Administration. Designing an agreement that would emphasize reduction of delinquencies and defaults, while impacting the operations of schools, lenders, and servicers as little as possible, was a primary objective of TG's during the VFA process.

TG's customers can count on TG to continue to emphasize responsible borrowing and debt management. An interesting aspect of the agreement is its implementation of a new performance-based component that relates to TG's ability to prevent delinquencies. Through this component, TG will work to decrease the dollar amount of Default Aversion Assistance Requests received in relation to the dollar amount of loans in repayment at the end of each fiscal year.

Implementation of this new initiative will be accompanied by TG's efforts to assist schools in lowering default rates, operational costs for lenders and servicers, and overall default costs for the U.S. Department of Education (ED). In addition, TG will continue to process and pay claims according to its customary due diligence review.

TG's success in implementing the VFA will relate directly to its successful delinquency and default

prevention efforts. In recent years, TG has had great success in lowering its default rate and in helping others do the same. TG's default rate for Fiscal Year (FY) 1999 is 7.03 percent, a 23 percentage point reduction from its 1990 rate. (See "TG's Student Loan Default Rate Continues to Decline" in the March 2001 *Shoptalk*.)

TG has created, and is continuing to develop, an arsenal of strategies to help the student loan community combat student loan delinquencies and defaults. The strategies include early intervention programs, alliance building, workshops to assist those who come in contact with at-risk students, and industry training that focuses on debt management, default prevention, and loan repayment processes.

"We are excited about the opportunity the VFA offers. By emphasizing prevention of loan delinquencies and defaults, we can maintain the viability of the financial aid programs that make education possible for so many students," said Milt Wright, TG President and CEO.

TG submitted its VFA proposal to ED in August 1999, and at the same time, publicly posted the proposal. ED's announcement of a tentative agreement was publicly posted in December 2000 for a 15-day public comment period after which the proposal was sent to Congress for a 30-day review period.

Questions and More Information

For questions relating to TG's VFA, contact James Patterson at (800) 252-9743, ext. 4611, or send an e-mail message to james.patterson@tgscl.org.

The final agreement is available on *TGWorks Online* at www.tgscl.org/tgscl/vfa/vfinal.pdf. ★



NEWLY REPORTED CLOSURES

TG SCHOOL ID#	SCHOOL NAME	SCHOOL ADDRESS	UNOFFICIAL CLOSURE DATE	ED'S OFFICIAL CLOSURE DATE
022230000	Clayton University	7710 Carondelet Ave. St. Louis, MO 63105	N/A	05/31/1991
007113000	Southwestern College	2625 E. Cactus Rd. Phoenix, AZ 85032-7097	N/A	08/17/1998

VFA Changes Timeline for Requesting Default Aversion Assistance

Under TG's new Voluntary Flexible Agreement (VFA) with the Department of Education, lenders and servicers will have a narrower window for submitting Default Aversion Assistance Requests (DAARs). Lenders will be expected to file DAARs between the 60th and 70th day of the borrower's delinquency for loans that become delinquent beginning on or after July 1, 2001.

The VFA originally called for lenders to file DAARs on the 60th day of delinquency, with an additional five days allotted for mailing time. However, input from lender and servicer customers regarding occasional calendar issues has convinced TG to allow ten full days for filing, in addition to the five days for mailing time.

TG will consider a DAAR to have been filed timely if filed between day 60 and 70 and received by the 75th day of the borrower's delinquency. DAARs received after day 75 will be subject to an interest penalty if a claim is later filed. TG's resubmission deadline for rejected DAARs will remain at the 150th day of delinquency (with an additional five days allotted for mailing time), provided the original DAAR was received by the 75th day.

Lenders and servicers should continue to submit all DAARs to TG in the Common Account Maintenance-Common Claim Initiative (CAM-

CCI) format and comply with CCI and *Common Manual* policies regarding default aversion assistance.

At some point in the future, as advances in technology speed the transmission and receipt of filings, TG may have lenders and servicers file DAARs by the 60th day of delinquency, the time frame originally envisioned in the VFA. Receiving DAARs as close to the 60th day as possible will give TG the best chance of resolving delinquencies. The experience of both TG and its school customers has demonstrated that early intervention is a key factor in preventing default and the associated consequences for borrowers, schools, and lenders. Several lenders and servicers have agreed to

continue to file within the 60-65 day window, which will assist TG in determining the value of early filing of DAARs as a default prevention tool. TG strongly encourages lenders and servicers to file as early as possible in the filing window to maximize success.

Questions

For questions about default aversion or the DAAR filing period, please call Art Cruz at (800) 252-9743, ext. 4934, or Shelia Dunlap at ext. 4642. Questions may also be submitted by e-mail to art.cruz@tgscl.org or shelia.dunlap@tgscl.org. ★

WHEN TO SUBMIT A DAAR

	EARLIEST DAY DAAR MAY BE FILED	LATEST DAY DAAR MAY BE FILED
The New Window Loans that become delinquent on or after July 1, 2001	60th day	70th day*
The Old Window Loans that become delinquent on or after July 1, 2000, but before July 1, 2001	60th day	120th day*

*An additional five days is allotted for mailing time.

"C" Code Reinstated for Drug Question #35

In the 2000-2001 award year, the Department of Education (ED) introduced a new question to the Free Application for Federal Student Aid (FAFSA), known as the "Drug Question." Originally question #28 (now question #35), it required the applicant to answer if he or she had never been convicted of any illegal drug offense and provided sources of information to assist the applicant in answering the question. Confused by the wording, many students (approximately 20 percent of applicants through February 2000) left the question blank.

2000-2001 Processing Year: ED Stops Using the "C" Code

At that time, when ED processed a FAFSA on which the "Drug Question" was left blank, the processor placed a "C" code on the applicant's Student Aid Report (SAR), as well as a message indicating that the student could not receive aid until the question was answered. The financial aid community was concerned that so many students' aid packages were being delayed due to the confusion, and ED decided to make some changes to confront the situation. On March 6, 2000, ED stopped using the "C" code on those SARs for which the Drug Question was left blank and, concurrently, took proactive steps to reach out to confused applicants. Most significantly, ED re-worded and re-positioned the question to #35 on the 2001-2002 FAFSA.

2001-2002 Processing Year: ED Reinstates the "C" Code

According to recently issued Dear Colleague Letter GEN-01-05, the response rate on the "Drug Question" is up to 99.6 percent thus far in the 2001-2002 processing cycle. Therefore, ED is reinstating the use of the "C" code on SARs for those FAFSAs with no response to question #35. This change began with 2001-2002 records processed on March 26, 2001. Additionally, as of March 29, 2001, ED

is reprocessing approximately 9,600 FAFSA transactions that had a blank response to the "Drug Question" prior to this processing change.

SAR Comment

Applicants with no answer to question #35 will now receive the following comment on their SARs: "You left Item 35 blank. Your failure to provide an answer to this question makes you ineligible to receive Title IV aid. Either indicate that you have never been convicted of possessing or selling illegal drugs or use the enclosed worksheet to determine your answer to this question. In any case, you can correct this item by calling 1-800-4-FED-AID (1-800-433-3243) or by going to www.fafsa.ed.gov.

You can also use your SAR. Please understand that a drug conviction does not necessarily disqualify you from receiving student aid."

More Information and Questions

For more information on the processing change to question #35, access Dear Colleague Letter GEN-01-05 at www.ifap.ed.gov/dpcletters/gen0105al8.html. If you have questions about the change or the reprocessing of previous applications, call ED's Central Processing Service (CPS) Customer Service at (800) 330-5947 and select option 2, or send an e-mail message to CPS@NCS.COM. ★

THE WEBSHOP

INTERNET RESOURCES REFERENCED IN THIS ISSUE

The Web addresses listed below refer to the online information mentioned in this issue of *Shoptalk*.

TG's final VFA

www.tgslc.org/tgslc/vfa/vfafinal.pdf

Dear Colleague letter about FAFSA Drug Question

www.ifap.ed.gov/dpcletters/gen0105al8.html

Exit counseling information on *Mapping Your Future*

<http://mapping-your-future.org/exitcounseling>

Forbearance Agreement Form on *TGWorks Online*

www.tgslc.org/tgslc/forms/index.htm

The Integrated Common Manual on *TGWorks Online*

www.tgslc.org/tgslc/schools/integrated_online_manual.htm

Student Financial Assistance school portal

<http://sfa4schools.sfa.ed.gov>

Announcement about the new site on IFAP

www.ifap.ed.gov/eannouncements/0316SFA4Schools.html

Shoptalk's search feature on the index page

www.tgslc.org/tgslc/shoptalk/index.htm ★

New Edit Code Helps Prevent Overawards

Texas Guaranteed (TG) recognizes that students frequently change schools within the same academic year. When a student transfers, the school to which the student has transferred may obtain and evaluate the student's financial aid history from the National Student Loan Data System (NSLDS).

(See "Eliminating Paper Financial Aid Transcripts" in the September 2000 issue of *Shoptalk*.)

The NSLDS information assists the school in making loan eligibility determinations. Currently, a school may request a paper Financial Aid Transcript (FAT) from a school the student

previously attended. Effective July 1, 2001, however, schools must request updated information through NSLDS and should no longer request paper FATs from other schools. Schools can rely on the information obtained from NSLDS in determining student loan eligibility.

To prevent potential overaward situations created by transfer students, TG implemented a new edit (I29) in August 2000 that flags the files of students who receive Federal Family Education Loan Program loans from multiple schools with overlapping loan periods. The edit is invoked when a loan period

on an application overlaps the loan period of an existing loan for a different school. It prompts TG's Loan Guarantee Operations to review the new application and to contact the affected schools for further action. The edit provides the schools a safety net to prevent potential overawards.

Questions

For questions about the new edit code, contact Nancy Miller at (800) 252-9743, ext. 4774, or send an e-mail message to nancy.miller@tgslc.org. ★

Retrieving Exit Counseling Data through MYF

Texas Guaranteed (TG) is happy to announce that it is now retrieving student exit counseling data from *Mapping Your Future's* (MYF) Pathfinder Client. The MYF Pathfinder Client allows guaranty agency sponsors to retrieve exit interviews on behalf of schools that are associated with their agency. Schools whose students use MYF for exit counseling no longer need to mail, fax, or e-mail notifications to TG's Loan Guarantee Operations.

MYF provides each school a report, which may be viewed from a school's FAO Access area, that indicates when a guaranty agency has pulled down

a confirmation. The FAO Access area also allows schools to change records, if necessary. Schools are still responsible for ensuring that their students complete exit counseling.

More Information and Questions

For more information about exit counseling, visit MYF at <http://mapping-your-future.org/exitcounseling>. For questions, send an e-mail message to Cathy Mueller at cathy.mueller@mapping-your-future.org or call (800) 252-9743, ext. 4539. ★

Integrated LBW and LBP Offer Choices

Texas Guaranteed (TG) has integrated functions of its Loans By Web™ (LBW) and Loans By Phone (LBP) processing solutions. Beginning in April 2001, this integration allows schools to offer their students options about how they want to accept their loans and choose lenders. Whether students choose LBW or LBP, the entire process takes only minutes to complete.

TG has also expanded the hours of availability for both processes. LBW and LBP are now both available from 3 a.m. to 9 p.m. Monday through Friday (noontime downtime has been eliminated). In addition, LBW (not LBP) is available from 9 p.m. to 3 a.m. Monday through Friday and on weekends except for limited system downtimes, which will probably be in one- to two-hour segments.

Questions

For questions about LBW, LBP, or the integration of the two solutions, contact TG's Product Support Group at (800) 252-9743, ext. 2222, or send an e-mail message to product.support@tgslc.org. ★

Forbearance Agreement Form

Texas Guaranteed (TG) has developed a Forbearance Agreement form that lenders or servicers may use when granting discretionary forbearance to borrowers. Forbearance is a default prevention tool that is offered to borrowers that permits the reduction of payments, an extension of time, or the temporary cessation of payments.

To download or order printed copies of the Forbearance Agreement form, visit *TGWorks Online* at www.tgslc.org/tgslc/forms/index.htm. To order the form by phone, call TG Customer Services at (800) 252-9743, ext. 4546. ★

PRODUCT SUPPORT FORUM

COMMONLINE CHANGE TRANSACTIONS: WHEN TO USE AN @1-11 (SCHOOL REFUND DETAIL RECORD) TRANSACTION

As more of you use CommonLine change transactions, more of you are asking when to use an @1-11 (School Refund Detail Record) change transaction.

According to the CommonLine manual, you should use an @1-11 (School Refund Detail Record) change transaction when a student is entitled to a school refund after disbursement or the school must return loan funds due to a return of Title IV funds calculation. To meet the requirements for an @1-11 transaction, the student must also have attended at least one class and then withdrawn from school. However, you would not use this transaction if the student has dropped some classes but not all of them, or if the funds have not yet been delivered

to the student (that is the funds have not been consummated).

To help you determine if an @1-11 transaction is appropriate, ask yourself the following questions:

- Did the student attend at least one class?
- Did the student completely withdraw from school?
- Have funds been disbursed and delivered to the student (consummated)?
- Is the student receiving a school refund or are funds being returned due to a return of Title IV funds calculation?

If you can answer “yes” to each of these questions, then you can feel confident using the @1-11 (School Refund Detail Record) change transaction.

If the answer to any of the questions is “no,” then you should use a different type of change transaction. For example, if the disbursement is in the school account but has not been consummated (delivered to the student), then you should process a cancellation using the @1-10 (Disbursement Notification/Change Detail Record) transaction instead.

Questions

For questions regarding change transactions or AdvanTG™ 3.0, contact TG’s Customer Support Group at (800) 252-9743, ext. 2222 or send an e-mail message to customer.services@tgslc.org ★

CHANGE TRANSACTIONS: @1-10 (DISBURSEMENT NOTIFICATION/CHANGE DETAIL RECORD)

Processing a post-disbursement partial cancellation using the @1-10 (Disbursement Notification/Change Detail Record) is one of the most complicated change transactions in CommonLine Release 4. It contains several different fields that require calculations. Here are a few tips to help you work through this type of transaction.

Typically, if the loan is within your AdvanTG™ database, the top portion of the Change Transaction screen (“Borrower Information”) will contain data when you begin a new change transaction. The fields in the “Partial Disbursement Cancellation – Post-Disb” section are the ones that you need to modify.

Below is a field-by-field list of the “Partial Disbursement Cancellation – Post-Disb” section with the data that should be in each field. Note that the “Current Disbursement Date” field should already contain data.

Disbursement Num: Enter the number of the disbursement that you wish to partially cancel.

Current Disbursement Date: (populates automatically) Contains the original date on which the disbursement was to be issued.

Cancellation Date: Enter the date that the transaction is being processed, typically “today’s date.”

Cancellation Amount (Gross): Enter the amount that you would like to subtract from the original loan amount; must be in whole dollars.

Revised Disb Date: Enter the original date on which the disbursement was issued; should be the same as the date in the “Current Disbursement Date” field. (Other types of @1-10 change transactions may require a date that is different from the original disbursement date.)

Revised Disb Amount (Gross): Enter an amount that equals the original gross disbursement amount minus the gross cancellation amount; must be in whole dollars.

Reinstatement Code: (populates automatically) Should always be populated with an “N” for this type of transaction. (Other types of @1-10 transactions may require a “Y.”)

Disb Consum Code: (populates automatically, but can be changed) Enter the disbursement consummation code. If the funds have moved from the school account into the student’s account, enter “Y.” If the funds have not moved, enter “N.”

Return Amount (Net): Enter the cancellation amount (gross) minus 3 percent; for this field only, the amount does not have to be in whole dollars.

Return Method Code: For funds that you are returning via EFT, enter an “E.” If an individual paper check will be sent, enter “I.” If the funds are part of a master check, enter “M.” If this is a non-TG loan and you are using the netting process, enter “N.”

Questions

For questions about change transactions, please contact Texas Guaranteed’s Customer Support Group at (800) 252-9743, ext. 4444 or send an e-mail message to customer.services@tgslc.org ★

COMMON MANUAL UPDATES

INFORMATION ON REVISIONS TO THE COMMON MANUAL

Note: Current *Common Manual Updates* (Updates) and an integrated version of the *Common Manual* (integrated version) are available on *TGWorks Online* under “Schools & Lenders.” By posting Updates and the integrated version online, TG offers its customers access to new policies shortly after the *Common Manual* Governing Board approves them.

If you want to be notified each time Updates and a revised integrated version are posted online, you can join TG’s electronic news service, *TG NetWorks*. To join, go to *TGWorks Online* at www.tgslc.org, click “Subscribe,” and complete the online form.

Determination and Certification of Eligibility

The *Common Manual* has been updated to clarify that to participate in any Title IV program, a school must establish its eligibility under the Higher Education Act of 1965, as amended, in accordance with the procedures specified by the Department.

To establish its eligibility, a school must submit an application to the Department to request a determination that it qualifies as an eligible institution. In addition, the school must include in the application for determination of FFELP eligibility a request for certification to participate in the FFELP.

To be certified for participation, a school must meet the qualifications of an eligible institution (see section 4.1); the school must meet administrative capability and financial responsibility requirements (see sections 4.2 and 4.3); and if the school is participating for the first time in Title IV programs, and it has not requested and been granted a training waiver, designated school administrators defined by the Department must complete Title IV training within 12 months after the school executes the Program Participation Agreement. A school that is currently participating in some Title IV programs is not required to have certification training if it is only requesting approval to participate in additional Title IV programs.

Affected Sections: 4.1.A.

Effective Date: Schools establishing eligibility on or after July 1, 2001

Basis: Final Rules published in Part IX of

the *Federal Register*, pages 65662-65676, dated November 1, 2000; §600.20(a) and (f); §668.13

Policy Information: Reference 487

Guarantor Comments: None

Increase in Level of Program Offering

The *Common Manual* has been revised to add that a school must apply to the Department to increase the level of program offering (e.g., offering graduate degree programs when it previously offered only baccalaureate degree programs) and obtain approval before delivering Title IV funds to students enrolled in the new programs at the increased level.

Affected Sections: 4.1.C.

Effective Date: Schools increasing the level of program offering on or after July 1, 2001.

Basis: Final Rules published in Part IX of the *Federal Register*, pages 65662-65676, dated November 1, 2000; §600.20(c)(2); §600.20(f)(3)

Policy Information: Reference 488

Guarantor Comments: None

Converting an Eligible Location to a Branch Campus

The *Common Manual* has been revised to add that a school must apply to the Department and wait for approval to convert an eligible location to a branch campus. The school may continue to deliver Title IV funds to students attending that location.

Affected Sections: 4.1.C.

Effective Date: Schools that convert an eligible location to a branch campus on or after July 1, 2001

Basis: Final Rules published in Part IX of the *Federal Register*, pages 65662-65676, dated November 1, 2000; §600.20(c)(5) and §600.20(4)

Policy Information: Reference 490

Guarantor Comments: None

Totally and Permanently Disabled Definition Change

The *Common Manual* has been revised to incorporate a change to borrower eligibility requirements if the borrower has had a prior loan discharged due to total and permanent disability. As provided by the Final Rules in the November 1, 2000, *Federal Register*, a borrower

who has had a prior loan discharged due to total and permanent disability must meet the following requirements to be eligible to receive a new Stafford or PLUS loan:

- Obtain a physician’s statement certifying that the borrower may now engage in “substantial gainful activity.”
- Sign a statement acknowledging that any new loan the borrower receives may not be discharged due to the same or any disability existing at the time the new loan is made, unless the disabling condition substantially deteriorates to the extent that the definition of total and permanent disability is met.
- Reaffirm any loan that had been discharged due to total and permanent disability on or after July 1, 2001, but before July 1, 2002, if the borrower receives a new loan within three years of the date the borrower became totally and permanently disabled, as certified by a physician. (A borrower who has had a prior loan discharged due to total and permanent disability before July 1, 2001 is not required to reaffirm the discharged obligation.)

For these purposes, “substantial gainful activity” may be defined as the ability to work and earn money.

Affected Sections: 5.2.E.

Effective Date: Stafford and PLUS loan eligibility determinations made on or after July 1, 2001

Basis: Final Rules published in Part X of the *Federal Register*, pages 65678-65695, dated November 1, 2000; §682.201(a)(6)(ii) and (iii)

Policy Information: Reference 491

Guarantor Comments: None

PLUS Borrowers with Adverse Credit

The *Common Manual* has been updated to clarify that in those cases in which a lender approves a PLUS loan for an applicant with an adverse credit history, the lender must retain a record supporting its decision based on extenuating circumstances.

Affected Sections: 5.2.F, 5.4, 6.1.A.

Effective Date: PLUS loans made on or after July 1, 2001, unless implemented earlier by the lender

See *COMMON MANUAL UPDATES* on page 7.

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Basis: Final Rules published in Part V of the *Federal Register*, pages 65676-65694, dated November 1, 2000; §682.201

Policy Information: Reference 492

Guarantor Comments: None

Modifying the Disbursement Schedule

The *Common Manual* has been updated to clarify that Stafford and PLUS disbursements must be made in accordance with the original disbursement schedule provided by the school or any request made by the school, or guarantor acting on behalf of the school, modifying that schedule.

Affected Sections: 5.8.D., 6.1.A., 6.2.A.

Effective Date: Retroactive to the implementation of the *Common Manual*

Basis: Final Rules published in Part V of the *Federal Register*, pages 65616-65622, dated November 1, 2000; §682.207(b)(1)(i)(B) and §682.207(c)(3)

Policy Information: Reference 493

Guarantor Comments: None

Notification of Late Disbursements

The *Common Manual* has been updated to eliminate the requirement that a lender, when knowingly making a late disbursement, must include a notice to the school indicating that the loan proceeds should be delivered as a late disbursement.

Affected Sections: 6.2.H.

Effective Date: Late disbursements issued by lenders on or after July 1, 2001

Basis: Final Rules published in Part V of the *Federal Register*, pages 65616-65622, dated November 1, 2000; §682.207(f)(2)

Policy Information: Reference 494

Guarantor Comments: None

Deferment Backdating

The *Common Manual* has been updated to remove existing 6-month backdating restrictions on all deferments except the initial unemployment deferment that is based on a borrower's self-certification. Most deferments now begin on the date the condition entitling the borrower to the deferment first existed, as determined by the lender. However, an initial unemployment deferment based

on a borrower's self-certification may not begin more than 6 months before the date the lender receives a request and documentation required for the deferment. Any extension of an existing unemployment deferment or an unemployment deferment that is based on evidence of the borrower's eligibility for unemployment benefits is not subject to the 6-month backdating restriction. For all deferment types, other than an in-school deferment, elimination of the 6-month backdating restriction is only applicable for deferments granted on or after July 1, 2001, for any period of deferment that includes July 1, 2001 or a later date.

Affected Sections: 7.9.A., 7.10.C., 7.10.D., 7.10.E., 7.10.F., 7.10.G., 7.10.H., 7.10.I., 7.10.J., 7.10.K., 7.10.L., 7.10.M., 7.10.N., 7.10.O., 7.10.P., 7.10.Q.

Effective Date: Deferments granted on or after July 1, 2001, for any period of deferment that includes July 1, 2001, or a later date

Basis: Final Rules published in Part V of the *Federal Register*, pages 65616-65622, dated November 1, 2000; §682.210

Policy Information: Reference 495

Guarantor Comments: Deferment forms are being revised to implement this change in regulation.

Unemployment Deferment Documentation

The *Common Manual* is being revised to allow for more flexible documentation requirements for a borrower who wants to continue an unemployment deferment based on the borrower's self-certification of his or her search for employment following the initial period of deferment. A borrower must provide the lender with information showing that the borrower made at least six diligent attempts to secure full-time employment during the prior 6-month period. Revised policy removes the previously required documentation and states that the information may include the employer's name, address, telephone number, electronic addresses, or other information acceptable to the lender showing the borrower made 6 diligent attempts to obtain full-time employment.

Affected Sections: 7.10.E.

Effective Date: Unemployment deferments granted on or after July 1, 2001

Basis: Final Rules published in Part V of the *Federal Register*, pages 65616-65622, dated November 1, 2000; §682.210(h)(2)(i)

Policy Information: Reference 496

Guarantor Comments: None

Death Claim Documentation

The *Common Manual* has been revised to limit the acceptable documentation permitted for death claims in accordance with the Final Rules published in Part X of the *Federal Register*, pages 65676-65695, dated November 1, 2000. Lenders and guarantors may now accept only an original or certified copy of the death certificate as proof of death. In the event of an exceptional circumstance and on a case-by-case basis, the guarantor's CEO may approve a discharge based on other reliable documentation.

Affected Sections: 8.2.B., 8.3.B., 8.8.D., ^{cc}8.2.B., ^{cc}8.3.B., ^{cc}8.8.D.

Effective Date: Death claims filed on or after July 1, 2001, unless implemented earlier by the guarantor

Basis: Final Rules published in Part X of the *Federal Register*, pages 65676-65694, dated November 1, 2000; §682.402(b)(2)

Policy Information: Reference 498

Guarantor Comments: None

Totally and Permanently Disabled Definition Change

The *Common Manual* has been revised to incorporate the change to the definition of a total and permanent disability for the purpose of obtaining a loan discharge as provided by the Final Rules in the November 1, 2000, *Federal Register*.

The new definition is as follows:

Totally and Permanently Disabled: A total and permanent disability is defined as the condition of an individual who is unable to work and earn money due to an injury or illness that is expected to continue indefinitely or result in death. Under this new definition, the certifying physician (i.e., a doctor of medicine or osteopathy, legally authorized to practice in a state) does not need to consider the borrower's

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ability to attend school as a condition of his or her eligibility for discharge. In addition, the physician is no longer required to consider the date the borrower became unable to attend school when providing the begin date of the borrower's total and permanent disability.

Affected Sections: 8.2.C., ^{cc}8.2.C., appendix G

Effective Date: Total and permanent disability claims filed by the lender on or after July 1, 2001

Basis: Final Rules published in Part X of the *Federal Register*, pages 65678-65695, dated November 1, 2000; §682.200(b)

Policy Information: Reference 499

Guarantor Comments: None

Administrative Forbearance Clarified for Total and Permanent Disability

The *Common Manual* has been revised to clarify that if a lender receives reliable information indicating that a borrower has become totally and permanently disabled, the lender may grant the borrower an administrative forbearance, not to exceed 60 days, until the lender receives certification of the borrower's total and permanent disability. If the lender does not grant the borrower an administrative forbearance, the lender must continue collection activity until it receives certification of the borrower's total and permanent disability, or until it receives a letter from the physician requesting additional time to determine

whether the borrower is totally and permanently disabled. The addition of the administrative forbearance language coordinates subsections 8.2.C. and ^{cc}8.2.C. of the manual with the existing administrative forbearance policy in subsection 7.11.B.

Affected Sections: 8.2.C., ^{cc}8.2.C.

Effective Date: Retroactive to the implementation of the *Common Manual*

Basis: §682.211(f)(5)

Policy Information: Reference 500

Guarantor Comments: None ★

SFA4Schools Web Site

The Department of Education's office of Student Financial Assistance (SFA) recently unveiled a "new school portal" entitled SFA4Schools at the following address: <http://sfa4schools.sfa.ed.gov>.

The site provides schools with one location containing the most up-to-date SFA program information, resources, and activities. The new site was announced on the Information for Financial Aid Professionals (IFAP) page on March 16, 2001, at www.ifap.ed.gov/eannouncements/0316SFA4Schools.html.

Services Available

The SFA4Schools web site consists of several services for Title IV school participants: SFA Headlines, SFA Links, SFA Search, My SFA, and SFA Calendar.

- SFA Headlines provides the user with recent news and policy changes. SFA Links is broken down into five areas: Reference Library, Student Data, Book Store (for ordering bulk publications and downloading software), Participation and Funding, and Training/Conferences.
- SFA Search allows the user to search by financial aid topic.

- My SFA has a customization feature for schools that want specific information pertaining to the programs in which they participate. The portal allows the user to enter a chosen username and password to access "My SFA."
- The SFA Calendar provides information about upcoming events and dates, such as conferences, training, processing deadlines, or Notices of Proposed Rulemaking (NPRM) dates.

Additional Features

SFA4Schools provides supplemental features to assist the user. The site contains a Frequently Asked Questions link, a Portal Help, a Contacts link (a complete listing of SFA's customer service centers and how to contact Customer Service Representatives), a "Got a Question?" link and a Portal Feedback link.

More Versions to Come

The IFAP announcement mentions several improvements that are already scheduled for later versions of SFA4Schools. These include 1) a single sign-on feature for users to combine

access to multiple databases and 2) an integrated SFA and NASFAA calendar.

Questions

If you have questions or comments about the new SFA4Schools web site, you can solicit responses through the web site itself (through the Portal Feedback link) or by calling the SFA Customer Service Call Center at (800) 433-7327. ★

Go Electronic Third Winner Announced

Congratulations to Katherine Patterson of Lon Morris College. She is March's winner of a \$20 restaurant gift certificate. Katherine is one of 142 paper *Common Manual* subscribers who responded to TC's call to *Go Electronic*. The 142 recipients and the organizations that they represent were receiving a total of 403 paper manuals. Retaining only 116 paper copies, they decided to *Go Electronic* by giving up 287 copies! ★

Bush Nominates Hansen

President Bush has nominated Education Finance Council (EFC) Executive Director Bill Hansen for the post of Deputy Secretary of Education, the number two position at the Department of Education (ED). Hansen is no stranger to ED, having served there from 1981 to 1993, excluding one year when he was at the Department of Commerce. At ED, Hansen held several positions, including Assistant Secretary for Management and Budget and Chief Financial Officer.

Since 1993, Hansen has served as Executive Director at EFC, a non-profit trade association that represents state-based, student loan secondary market organizations. Representatives of both political parties are in agreement that Hansen will be a tremendous asset to ED. His experience working in Washington and with the federal student-aid programs should be a nice complement to Education Secretary Rod Paige's background in elementary and secondary education. Mr. Hansen's

nomination still requires confirmation by the United States Senate.

President Bush has also nominated Eugene W. Hickok, Pennsylvania's secretary of education, as undersecretary of education, the number three post within ED. Hickok is the founder and current chairman of the Education Leaders Council, a group of top state education officials that supports school vouchers and privatization. ★

MONEY MATTERS

The average of the bond equivalent rates of 91-day Treasury Bills auctioned during the quarter ending March 31, 2001 is 5%. 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, 2001 is 5.32%.

SPECIAL ALLOWANCE RATES

Eligible Loans	Applicable Interest Rate (%)	Annual Special Allowance Rate	Special Allowance for Quarter Ending 3/31/01
Loans made prior to 10/1/81	7	.015	.00375
	9	.00	.00
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	.015	.00375
	8	.005	.00125
	9	.00	.00
Tax exempt loans made on or after 10/1/81	6	.035	.00875
	7 (Var.)	.025	.00625
	7.59 (Var.)	.0191	.004775
	8 (Var.)	.015	.00375
	8.19 (Var.)	.0131	.003275
	8.25 (Var.)	.0125	.003125
	8.99 (Var.)	.0051	.001275
	9.14 (Var.)	.0036	.0009
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	.0125	.003125
	8	.0025	.000625
	8.99 (Var.)	.00	.00
	9	.00	.00
Subsidized and unsubsidized Stafford and Consolidation loans made on or after 10/1/92*	9.14 (Var.)	.00	.00
	6	.021	.00525
	7	.011	.00275
	8	.001	.00025
	8.25 (Var.)	.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.	8.99 (Var.)	.00	.00
	8.25 (Var.)	.00	.00
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.	7.59 (Var.)	.00	.00
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.	8.19 (Var.)	.00	.00
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.	7.59 (Var.)	.00	.00
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.	8.19 (Var.)	.00	.00

*Note: The interest rate for Consolidation loans made on or after 10/1/98 is determined by taking the weighted average of the interest rates on the loans being consolidated, rounded up to the nearest 1/8th of one percent. Due to the wide range of possible applicable interest rates, this loan category is not included on the Money Matters chart.

Return Service Requested

Searching *Shoptalk*

Texas Guaranteed's *Shoptalk* has a reputation for providing the best in useful information to its subscribers. Now members of the online community can perform quick electronic searches of the publication to retrieve the information they need when they need it. The new search feature is available on the *Shoptalk* index page at www.tgslc.org/tgslc/shoptalk/index.htm.

To use the feature, simply type a word or phrase in the text box and click "Search" or press "Enter." To narrow your search, you can also designate the years within which you would like to search issues. (Since most topics covered in *Shoptalk* are time-sensitive, the years 2001 and 2000 are automatically selected to accommodate the needs of most users. However, if you don't want to include those years, you can turn off 2001 and/or 2000 by clicking in the check boxes.)

The searches you perform will yield a list of articles. The list is in reverse chronological order to give you the most recent information first. Each item in the list begins with a hyperlink to an article. The hyperlink consists of the *Shoptalk* issue and date along with the title of the article. The link is followed by a couple of lines of text from the article to help you determine whether you've found one that applies to your search needs.

Questions and Comments

For questions and comments about the new feature, send an e-mail message to webmaster@tgslc.org. ★

SHOPTALK

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Online copies of *Shoptalk* are available at www.tgslc.org.