



**TEXAS
GUARANTEED**

SHOP TALK

EDITION 121

SEPTEMBER 2001

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Improved Online Resource for Deferment

Having trouble keeping track of the changes in deferments? Still stumped about which form works in which situation? Imagine how borrowers feel.

Now there's help online. TG has developed an online resource to help borrowers determine which form is appropriate in which situation. An added benefit is that the forms are now interactive. An interactive PDF allows the borrower to complete portions of a form electronically before printing it and sending it to his or her lender or servicer.

- A list of qualifications for the given deferment; and
- A "How to Apply" section that instructs the borrower to download the form, complete, print, and sign it, attach any necessary documentation, and mail the form to his or her lender.

The page also encourages borrowers to contact either their lender or servicer for more information and provides a link to TG Default Prevention contact information.

Borrowers should follow carefully the specific instructions provided on each deferment form when submitting a request.

Online Introduction to Deferments

The resource is located in the "For Borrowers" section of *TGWorks Online* under "Introduction to Deferments" (www.tgslc.org/tgslc/borrowers/deferments.htm). The section begins with an introduction that provides easy-to-understand general information about deferments and the circumstances that might cause a borrower to request one.

Following the introduction, borrowers select from a list of statements that describe situations that might cause them to request deferments. For instance, borrowers requesting deferments because of unemployment would select the link that reads "I am unemployed or working less than 30 hours a week."

In some situations, documentation or official certification from an institution or organization that verifies the borrower's eligibility must accompany a deferment request. Borrowers should follow carefully the specific instructions provided on each deferment form when submitting a request.

Questions

For questions about deferments or TG's online deferment resource, contact TG Default Prevention at (800) 338-4752 or send an e-mail message to prevent.default@tgslc.org. ★

Completing the Deferment Application Process

By clicking the statement link, the borrower finds information about the appropriate deferment form, which is also available in interactive PDF. Each situation-based page includes several items that help borrowers complete the process successfully:

- Identification and definition of the appropriate deferment type;



NEWLY REPORTED CLOSURES

TG SCHOOL ID#	SCHOOL NAME	SCHOOL ADDRESS	UNOFFICIAL CLOSURE DATE	ED'S OFFICIAL CLOSURE DATE
021547000	Miami Technical Institute	14701 NW 7th Ave. Boca Raton, FL 33487-4993	N/A	02/12/2001
009187000	West Side Institute of Technology	9801 Walford Ave. Cleveland, OH 44102-4797	N/A	07/31/2001

The FAFSA Process: Electronic from Start to Finish

Starting in January 2002, students and parents can access their FAFSA personal identification numbers (PINs) electronically and will no longer have to wait for their PINs to arrive by mail. This means that all financial aid applicants will be able to obtain a PIN, and fill out and submit the FAFSA on the Web completely electronically.

Background

Students have been able to apply for financial aid via the FAFSA on the Web for several years now. However, after completing the FAFSA for the first time, applicants — dependent and independent students alike — had to print and mail in a signature page. Only independent students using the Renewal FAFSA on the Web could complete the entire FAFSA application process using a PIN. Even if dependent students signed the Renewal FAFSA with a PIN, they still had to print and mail a page with their parent's signature.

Universal PIN Availability

Earlier this summer, ED opened the PIN Registration web site (www.pin.ed.gov). Through access to this new site, first-time financial aid applicants and parents can now obtain a PIN. As a result, all students (dependent, independent, and first-time applicants) and their parents who apply with the FAFSA on the Web can complete the entire process online.

No More PINs by Mail

As stated above, starting January 2002, when a student or parent applies for an ED PIN online, instead of having to wait several days for the PIN to arrive by mail, ED will send the applicant an e-mail message with a web site where the applicant can obtain his or her PIN.

In addition to using a PIN to apply for financial aid via the FAFSA on the Web, students may also use their PINs to:

- Sign their Stafford loan Master Promissory Notes if their lender uses the ED PIN as an electronic signature, and
- View a history of their federal student financial aid on the National Student Loan Data System web site.

More Information and Questions

For more information about the FAFSA on the Web application process, visit www.fafsa.ed.gov or call (800) 4-FED-AID (433-3243). For questions about PINs and electronic signatures, contact TG Customer Assistance at (800) 845-6267 or send an e-mail message to cust.assist@tgscl.org. ★

Mapping Your Future Selected for CIO Award

Mapping Your Future (MYF) (www.mapping-your-future.org) has been recognized for excellence in innovation by CIO magazine in the fourth annual CIO-100 Award ceremonies. The award program recognizes the best and brightest in web development, highlighting sites that demonstrate a keen ability to blend technology and design with the needs of their target audience.

This is the second year that the site has received a CIO award. The features leading to the site's selection this year include the following:

- Guided tours to selecting a school, paying for education, and choosing a career;

- Chat events for students, parents, and others wanting to discuss career, college, and financial aid questions with counselors; and
- Online student loan counseling.

Catherine Mueller, TG's Assistant Vice President and Senior Project Manager for MYF, recognized the contributions of the site's sponsors in helping to construct a site that meets the needs of its audience. "The guarantors that sponsor *Mapping Your Future* have worked together to provide accurate and up-to-date information about student aid while promoting technological innovation," Cathy said. "This award reaffirms the work of the staff and volunteers in

servicing the college, career, and financial aid needs of students around the country."

Questions

For questions about MYF or its recent award, contact Catherine Mueller by e-mail at cathy.mueller@mapping-your-future.org. ★

PLUS-Only Borrowers May Be Required to Complete 2002-2003 FAFSA

A considerable administrative burden could be lifted from financial aid offices starting next January. According to various industry newsletters, the Department of Education (ED) may require PLUS-only borrowers and their dependent students to complete the FAFSA, starting in the 2002-2003 cycle.

The Current Process

Today, these borrowers are not required to complete the federal aid application — which means that schools must currently have a mechanism in place to distinguish these borrowers' dependent students, process their PLUS loan applications, and disburse their funds. All of this is done without an Institutional Student Information Record (the electronic record schools receive for students who apply with the FAFSA). This places somewhat of an inconvenience on financial aid offices, which have to treat these as special cases that don't go with the flow of the rest of their files.

Reason for Change

Reportedly, this change may be instituted due to the statutory requirement that ED validate that the student for whom a parent is borrowing is an eligible student. The easiest way for ED to acquire this information is through the FAFSA. So, this change would also provide administrative relief for ED, which notes that requiring a PLUS-only borrower to complete the FAFSA would also eliminate the need for the student to sign the PLUS Application and Promissory Note. This would lead to streamlining the note itself and facilitating any electronic signing process used.

Additional Obstacle for the Parent?

Of course, this change would signify that certain parents and their dependent students, who never had to complete a FAFSA before, would now have to go through this application process. This may

seem like an unnecessary obstacle if the parent is only seeking a non-need-based PLUS loan.

However, there are potential benefits to this additional step. Since FAFSA information is used to determine a student's financial need, some students and parents may be pleasantly surprised if their FAFSA information results in a financial aid package through which the student qualifies for some type of need-based aid, such as a subsidized Stafford loan, Federal Work-Study, or even a grant.

If the student qualifies for one or more of these awards, then that could potentially reduce the PLUS loan amount that the parent needs to borrow.

More Information

For more information about the FAFSA process, contact TG Customer Assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgslc.org. ★

THE WEBSHOP

INTERNET RESOURCES REFERENCED IN THIS ISSUE

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

TGWorks Online Deferment Resource

www.tgslc.org/tgslc/borrowers/deferments.htm

ED's PIN Registration web site

www.pin.ed.gov

FAFSA on the Web

www.fafsa.ed.gov

Mapping Your Future

www.mapping-your-future.org

SFA Handbook Errata

<http://ifap.ed.gov/sfahandbooks/02errata.doc.html>

Dear Partner Letter about 2002-2003 Renewal FAFSA Changes

<http://ifap.ed.gov/dpcletters/GEN0110CovLetter.html>

Technical corrections and changes to current FFELP regulations

www.ed.gov/legislation/FedRegister/finrule/2001-3/082101a.html

www.access.gpo.gov/su_docs/fedreg/a010629c.html

TG's Support Knowledgebase

<http://tgslc.custhelp.com>

Chronicle article about relaxing the drug provision

<http://chronicle.com/daily/2001/08/2001081401n.htm>

Searchable database containing FY 1999 school cohort default rate information

http://bcol01.ed.gov/CFAPPS/COHORT/search_cohort.cfm

Meteor Project web site

www.immagic.com/meteorproject/default.htm ★

COMMON MANUAL UPDATES

INFORMATION ON REVISIONS TO THE COMMON MANUAL

Note: Current *Common Manual Updates* (Updates) and the *Integrated Common Manual* (ICM) are available on *TGWorks Online* under “For Schools” and “For Lenders.” By posting Updates and the ICM 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 ICM are posted online, you can join TG’s electronic news service, *Shoptalk Online*. To join, go to *TGWorks Online* at www.tgslc.org, click “Subscribe,” and complete the online form.

Lender of Last Resort (LLR)

Previous policy states that the guarantor will respond to the student’s application for a lender of last resort (LLR) loan. However, with the rapid development of electronic processes, the guarantor may receive the borrower’s request in a number of formats. Revised policy deletes the reference to the guarantor’s receipt of an application and inserts the phrase “request from the borrower.” This phrase adds flexibility but continues to ensure that the guarantor responds within 60 days of receiving a complete request for an LLR loan.

Affected Sections: 3.7.C.

Effective Date: LLR loan requests from the borrower received by the guarantor on or after the implementation of the Master Promissory Note (MPN).

Basis: HEA 432(m); DCL GEN-98-25/98-G-315/98-L-211.

Policy Information: Reference 529

Guarantor Comments: None.

Claim Recalls

The *Common Manual* has been updated to clarify that a lender is required to recall a claim if it approves a forbearance agreement that brings the loan to 210 or fewer days delinquent.

Affected Sections: 8.5, ^{cc}8.5

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

Basis: §682.211.

Policy Information: Reference 530

Guarantor Comments: None.

Cure Procedures

The *Common Manual* has been revised to inform lenders that they may begin cure activities immediately upon the discovery of a loss of guarantee. It is to the lender’s advantage to begin cure activities as quickly as possible in order to avoid losing contact with the borrower. In addition, beginning cure activities immediately upon the discovery of a loss of guarantee may reduce the lender’s loss of interest benefits and special allowance. Regulations still require that cure activities be completed not later than 3 years from either:

- The last date the loan could have been filed timely as a claim with the guarantor, if the claim was not filed.
- If the claim was filed, the date the guarantor returned the claim for loss of guarantee.

Affected Sections: 8.8.F, ^{cc}8.8.F.

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

Basis: None.

Policy Information: Reference 531

Guarantor Comments: None.

Pro Rata Refunds

As a result of the implementation of the return of Title IV funds requirements, pro rata refunds have been eliminated. Therefore, the *Common Manual* has been updated by replacing, in the list of common program review findings for schools, the bullet that addresses the incorrect application of a pro rata refund policy with a bullet that addresses

the incorrect application of the return of Title IV funds requirements. In addition, the definition of pro rata refunds has been removed from appendix G.

Affected Sections: 11.3.C., appendix G

Effective Date: Title IV recipients who withdrew on or after October 7, 2000, unless implemented earlier by the school on or after November 1, 1999.

Basis: §668.22 – as updated in the *Federal Register* dated November 1, 1999.

Policy Information: Reference 532

Guarantor Comments: None. ★

New Consolidation Loan Contact in LGO

TG is pleased to announce that Sandi Irvine is the new Consolidation Representative in TG Loan Guarantee Operations (LGO). Sandi is responsible for all Federal Consolidation loan processing at TG. She has over eight years of Federal Family Education Loan Program experience including claims and Consolidation loans with an emphasis in the area of financial adjustments and reconciliation.

Lenders needing help reporting new Consolidation loans, add-ons, and adjustments to Consolidation loans are encouraged to contact Sandi. Sandi can be reached by calling LGO at (800) 446-5616 or (512) 219-4960 between the hours of 8 a.m. and 5 p.m. CST, Monday through Friday. You can also contact Sandi, as well as other TG LGO representatives, by e-mail at lgo.helps@tgslc.org. ★

Federal Agencies Implement Student Loan Repayment Perks

Historically, job seekers considering employment with nonprofit government agencies seldom figured in the value of perks when selecting a government employer. That could be changing.

The new rules allow repayment of up to \$6,000 per year for a total of \$40,000 per employee. The program was implemented to help federal agencies recruit and retain qualified workers.

Title IV and VII Loan Repayment Program

Final regulations, published in the July 31, 2001 *Federal Register*, now allow federal employers to offer workers the perk of repayment of Title IV student loans or Title VII health education assistance loans. The new rules allow repayment of up to \$6,000 per year for a total of \$40,000 per employee. The program was implemented to help federal agencies recruit and retain qualified workers.

Similar rules have previously allowed student loan repayment for employees in “professional, technical, or administrative” positions, but the new rules expand the definition of “employee” to include those in other positions. The new rules also remove limitations that offered this incentive to employees covered only under specified pay rates. In addition, the rules broaden the types of loans that qualify for repayment.

Requirements

Employees taking advantage of the program must meet certain requirements:

- They must agree in writing to continue working for the given agency for at least three years (unless involuntarily separated).
 - They must agree to repay all benefits if they are separated for cause or for poor performance.
 - To receive continued benefits, they must maintain an acceptable level of performance.
- They must meet the requirements established by the employing agency.
- Among the agencies currently offering student loan repayment under the new program are the National Aeronautics and Space Administration and the Department of Defense (for civilian employees). When considering employment with a given agency, potential employees should request information regarding the agency’s program plans to implement loan forgiveness programs in the future.

Military Loan Repayment

In addition, individual branches of the military now offer student loan repayment to eligible new recruits. In May 2000, the Air Force, for example, began offering up to \$10,000 toward repaying student loans. The Air Force program is available to recruits entering active duty in any career field who enlist for four to six years. Student loan borrowers should research the possibility of loan forgiveness when considering joining the military.

Loan Repayment for Volunteers

Similar loan repayment opportunities are available through various volunteer programs. For more information about loan forgiveness through the following programs, students should contact the individual programs:

- AmeriCorps (<http://americorps.org/>)
- Peace Corps (<http://www.peacecorps.gov/indexf.cfm>)
- Volunteers in Service to America (VISTA) (<http://americorps.org/vista/main.html>)

Nonprofit Loan Forgiveness Programs for Professionals

In addition to federally sponsored forgiveness programs, loan forgiveness programs are also available through various nonprofit programs and individual states also sponsor programs of their own. Here are a few:

- Loan Repayment Assistance Programs for lawyers who qualify and choose to work in

public service (<http://www.napil.org/HOME.html>)

- National Health Service Corps repayment programs for primary care physicians who choose to serve the underserved (http://bphc.hrsa.gov/nhsc/Pages/joining_nhsc/1A2a_rec_gb_loannhsc.htm)
- State and other loan repayment programs for physicians through the Association of American Medical Colleges (<http://www.aamc.org/about/gsa/stloan/start.htm>)

State Programs

Individual states offer their own repayment programs. Borrowers interested in programs offered by a particular state should contact the state’s office of higher education. Here are a few examples:

- “Teach for Texas” provides funds for loan repayment to students becoming certified teachers in fields and/or communities where there are critical shortages of teachers.
- The Colorado Teacher Loan Forgiveness Program forgives principal and interest on FFELP and/or Direct loans to qualified teachers.
- In Pennsylvania, the Specialty Teacher Loan Forgiveness Program provides financial incentives to individuals, who are certified to teach in a specialty teacher certification category and who commit to teach in certain rural and urban schools for five years.

Questions and More Information

For questions about the Title IV and Title VII repayment programs, contact TG Customer Assistance at (800) 845-6267 or send an e-mail message to cust.assist@tgslc.org. ★

Identifying Borrowers Subject to Reaffirmation

Recent regulatory changes have modified the total and permanent (T&P) disability discharge process. A borrower must reaffirm his or her previously discharged loan(s) before receiving a new loan if the following two criteria are met:

- The borrower's existing loan is discharged between July 1, 2001 and June 30, 2002, and
- The borrower applies for a new federal education loan within three years of the date that he or she became totally and permanently disabled (as certified by the physician).

The mechanisms detailed below will help FFELP participants identify these borrowers before they receive a new loan so that they may be counseled about this reaffirmation requirement.

Comment on the ISIR

Schools may be able to use the Institutional Student Information Record (ISIR) to identify student borrowers who may be required to reaffirm a previously discharged loan. The ISIR will not identify parent borrowers who have had loans discharged due to a T&P disability.

The borrower also receives a comment on the Student Aid Report that states that before he or she can receive additional federal education loans, the borrower must see his or her financial aid administrator (FAA).

A comment appears on the first page of the ISIR if the National Student Loan Data System indicates that the student borrower has, at any time, had one or more loans discharged because of a T&P disability. Schools can then use other information on the ISIR to determine the date of the discharge.

The borrower also receives a comment on the Student Aid Report that states that before he or she can receive additional federal education loans, the borrower must see his or her financial aid administrator (FAA). FAAs can use this opportunity to counsel borrowers about whether it is advisable to take back their previous debt in order to obtain a new loan. Note: A borrower whose loan is discharged due to T&P disability may be eligible for non-loan Title IV aid without reaffirming his or her previous debt.

TG Processing

If TG receives a request to guarantee a new loan for a student or parent borrower who has had a T&P disability claim paid by TG, system edits on the Loan Guarantee Processing System identify the previously discharged loan. Loan Guarantee Operations (LGO) then researches when the disability claim was paid, and processes the new loan accordingly.

Discharges before July 1, 2001

LGO sends a borrower whose loan(s) is discharged during this period documentation that he or she is required to do the following to receive a new loan:

- The borrower must obtain a physician's statement certifying that he or she may now engage in "substantial gainful activity."
- The borrower also must sign a statement acknowledging that the new FFELP loan that the borrower receives cannot be discharged in the future on the basis of any impairment present when the loan is made, unless that impairment substantially deteriorates.

TG will guarantee the borrower's new loan upon receipt of these two statements.

Discharges between July 1, 2001 and June 30, 2002

In addition to the two requirements above, the borrower is also required to reaffirm his or her previously discharged loan. Customer Assistance facilitates the reaffirmation process for the borrower by sending a reaffirmation agreement. If the borrower signs and returns the agreement, TG will guarantee the borrower's new loan.

TG's guarantee of the loan signifies that the borrower has completed all of the prerequisite steps to obtain the loan.

Questions

For questions about the reaffirmation process, contact TG Customer Assistance at (800) 845-6267 or send an e-mail message to cust.assist@tgslc.org. ★

ED Releases SFA Handbook Errata

ED announced recently that during the printing process of the *Student Financial Aid Handbook*, numerous corrections and policy changes were identified and made to the handbook. These changes, in the form of an errata, are available online at the Information for Financial Aid Professionals (IFAP) web site at <http://ifap.ed.gov/sfahandbooks/02errata.doc.html>.

The print copy of the *SFA Handbook* reflects these changes; however, the changes are not present in the PDFs that ED made available to the community earlier this year. ★

2002-2003 Renewal FAFSA Changes

The Department of Education (ED) has made major changes to the 2002-2003 Renewal FAFSA process. The changes may affect how your students apply for financial aid or how your school handles the renewal application process.

A summary of the changes follows:

- Students will be able to use their federal PINs to access and sign their 2002-2003 Renewal FAFSAs on the Web.
- To facilitate accessing and signing the Renewal FAFSA on the Web, the Central Processing System (CPS) will automatically send PIN mailers instead of paper Renewal FAFSAs to graduate students as well as students who used the Internet to submit a FAFSA or make corrections. (Schools can continue to use FAA Access on the Web to request that PINs be mailed to their students.)
- The CPS will no longer mail pre-printed Renewal FAFSAs directly to your school for distribution to designated groups of students. Instead, the CPS will only mail paper Renewal FAFSAs directly to students.
- The CPS will no longer send a Renewal Application Data (RAD) file of specific students to your school. (Some schools use RAD files to print and distribute Renewal FAFSAs.) Instead, the CPS will automatically send an electronic file that contains a list of eligible Renewal FAFSA applicants, indicating which applicants received a paper Renewal FAFSA and which received a PIN mailer.
- ED is removing all Renewal FAFSA functionality from the 2002-2003 EDEExpress software and is discontinuing the 2002-2003 version of the stand-alone Renewal Application software. (Note: Third-party or in-house application systems should also eliminate these features from their software.)
- ED is phasing out CPS Online Query and its access through EDconnect this fall. Schools may continue to use FAA Access on the Web to request that the CPS send PIN mailers to eligible students who would otherwise receive a paper Renewal FAFSA.

Background

Each year, the CPS prints and mails paper Renewal FAFSAs to students who are eligible to participate in the renewal application process. The Renewal FAFSA is a tremendous time-saver for students; it carries forward most of the data provided on the prior cycle's FAFSA. Applicants update information that has changed and complete any blank fields.

In preparation for the fast approaching 2002-2003 award year, ED announced the process changes summarized above in an August 2001 Dear Partner Letter (GEN-01-10) located at <http://ifap.ed.gov/dpclatters/GEN0110CovLetter.html>. ED's decision to change the Renewal FAFSA process results from:

- The increased use of the Renewal FAFSA on the Web,
- A relatively low use of renewal applications sent through EDE systems, and
- An effort to reduce costs.

Dear Partner Letter Enclosures

In addition to a summary of the changes, the Dear Partner Letter provides numerous enclosures. Examples of the enclosure topics include:

- A schedule of 2002-2003 Renewal FAFSA process.
- Record layouts.
- School Renewal FAFSA request options, responsibilities, and obligations for participation.
- Procedures for using the FAA Access on the Web to submit PIN mailer requests.

Questions

If you have questions regarding changes to the 2002-2003 FAFSA Renewal process, contact ED's CPS/WAN Technical Support at (800) 330-5947 or send an e-mail message to cpswan@ncs.com. ★

FFELP Technical Corrections

ED has published two series of technical corrections and changes as Final Rules in the June 29, 2001 and August 21, 2001 *Federal Registers*. Technical corrections are usually not substantive. That is, technical corrections often address punctuation, date, and wording errors.

However, ED included some substantive changes for clarity. For example, the June 29, 2001 Final Rules:

- Change the formula for calculating interest rates for certain Federal PLUS loans.
- Add the termination date for the exemption from certain loan disbursement requirements for schools with cohort default rates below 10 percent.
- Clarify that a borrower is entitled to an economic hardship deferment for periods of up to one year at a time that, collectively, do not exceed three years.

The August 21, 2001 Final Rules include the following:

- A clarification regarding the reaffirmation requirement for borrowers whose previous loans were discharged due to a total and permanent disability on or after July 1, 2001, and before July 1, 2002.
- Alignment of language in 34 CFR 682.211 with existing language in 34 CFR 682.402 pertaining to the unpaid refund and death discharges.

More Information

For more information about these technical corrections, you can access these *Federal Registers* at www.access.gpo.gov/su_docs/fedreg/a010629c.html and www.ed.gov/legislation/FedRegister/finrule/2001-3/082101a.html. ★

TG's Knowledgebase Offers Online Support

TG is bringing its responsive customer service and unparalleled program expertise to the web. Schools and lenders can begin taking advantage today.

Have a question about one of TG's products? Looking for advice on a unique eligibility situation? Whatever you need, TG's Support Knowledgebase at <http://tgscl.custhelp.com> can help.

- Ask your question by completing a simple web form. The knowledgebase routes your question to the appropriate area within TG and you receive a prompt reply.
- Review answers to the most frequently asked questions. TG has already archived answers to nearly 100 common questions. The knowledgebase will grow as TG responds to new questions customers submit online.
- Download or link to other useful resources from TG and others on the web.

You can access TG's Support Knowledgebase directly at <http://tgscl.custhelp.com> or follow the new links from *TGWorks Online* (www.tgscl.org) or the AdvanTG Web™ portal. TG encourages you to add this site to your list of favorites or bookmarks within your web browser.

Whether you visit TG online, pick up the phone, or send an e-mail, TG remains committed to providing the highest quality assistance you need to serve your students and borrowers.

After you've taken a look around the Support Knowledgebase, please take a moment to tell TG what you think. Submit your comments, suggestions, or complaints by clicking the "Provide Feedback"

link on the support home page at <http://tgscl.custhelp.com>.

With the Support Knowledgebase, you now have another convenient way to access TG's individualized support and expert answers. Whether you visit TG online, pick up the phone, or send an e-mail, TG remains committed to providing the highest quality assistance you need to serve your students and borrowers.

Questions

For questions about the Support Knowledgebase or any of TG's other electronic Solutions and Tools, contact TG Product Support at (800) 332-1455 or send an e-mail message to product.support@tgscl.org. ★

Relaxing the Drug Provision?

Many students and financial aid administrators do not find the provision that denies aid to students with drug convictions very relaxing. As a matter of fact, many would like to see the Department of Education (ED) relax its stern interpretation of the law — including the law's author, U.S. Representative Mark Souder.

Last summer, Rep. Souder introduced a bill to change the law (which was originally included in the 1998 Reauthorization of the Higher Education Act). The bill passed the House, but did not make it through the Senate. Therefore, in lieu of a statutory change, Souder is seeking to influence ED's interpretation of the law.

In an August 14, 2001 article, the *Chronicle of Higher Education* reported that Rep. Souder has urged ED to apply the provision only to those students who committed a drug-related crime while receiving federal student aid.

Although ED confirms that meetings with Rep. Souder's office have taken place, it will not comment on alterations to its position on the provision. Souder's office, however, reports that the two are getting close to working out an administrative solution.

You may access the entire article at <http://chronicle.com/daily/2001/08/2001081401n.htm>. Access to some portions

of the *Chronicle of Higher Education's* web site requires a password.

More Information

For more information about this drug provision, which is facilitated through question #35 of the FAFSA (the so-called "drug question"), call TG Customer Assistance at (800) 845-6267 or send an e-mail message to cust.assist@tgscl.org. ★

ED Releases FY 1999 Cohort Default Rates

The Department of Education (ED) mailed FY 1999 official cohort default rates to schools on September 17, 2001. A copy of ED's recently revised publication entitled *The Cohort Default Rate Guide* accompanied the cohort rate notification letters. In addition, schools with FY 1999 cohort rates of 10.0 percent or higher received a report listing the Federal Family Education Loan Program (FFELP) and/or Federal Direct Loan Program (FDLP) loans included in the default rate calculation. Schools with FY 1999 cohort rates below 10 percent can request a loan record detail report from ED's Default Management team.

Schools with official cohort default rates of 25.0 percent or higher for the three most recent fiscal years (FY 1997, FY 1998, and FY 1999) will lose FFELP, FDLP, and Federal Pell Grant Program eligibility unless those schools successfully appeal the eligibility loss.

During the past year, ED has made some important changes to the cohort default rate regulations and the *Guide* in consultation with schools and other representatives of the financial aid community. Schools should carefully review the *Guide* chapters on appeals and requests for adjustments to ensure that all requirements and timeframes for these actions are satisfied.

Consequences of Cohort Rates

Schools with official cohort default rates of 25.0 percent or higher for the three most recent fiscal years (FY 1997, FY 1998, and FY 1999) will lose FFELP, FDLP, and Federal Pell Grant Program eligibility unless those schools successfully appeal the eligibility loss. Schools that were not

participating in the FFELP or FDLP on October 7, 1998, and have not participated in those programs since that time are exempt from the loss of Pell Grant Program eligibility.

Schools with official FY 1999 cohort rates that exceed 40.0 percent are also subject to loss of eligibility to participate in FFELP and FDLP unless the schools successfully appeal the eligibility loss. Because of recent changes in federal regulations, these schools will not lose eligibility to participate in other Title IV programs based on a single cohort default rate over 40 percent.

A new benefit has been extended to schools that are subject to provisional certification in Title IV programs based on cohort default rates. Those schools will be permitted to submit erroneous data appeals at the time of notification of provisional certification.

Special institutions (historically black colleges and universities, tribally controlled community colleges, and Navajo community colleges) that satisfy requirements for continued participation in the loan programs are exempt from eligibility loss due to cohort rates at this time.

Finally, schools with low official FY 1999 cohort rates may qualify for exemptions of certain regulatory requirements regarding loan disbursements.

Cohort Rate Appeals and Adjustments

Schools may appeal their official FY 1999 cohort default rates based on allegations of erroneous data, improper loan servicing and collection, and/or exceptional mitigating circumstances as described in federal regulations and the *Guide*. As in the past, appeals based on erroneous data and improper loan servicing 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. Appeals regarding exceptional

mitigating circumstances must be submitted by schools directly to ED. Appeals of Direct loans are also submitted directly to ED. Please refer to the *Guide* for time frames and other requirements for submitting these requests for adjustments.

Schools also may be eligible to submit an Uncorrected Data Adjustment or a New Data Adjustment based on official FY 1999 cohort rates. The *Guide* explains the procedures, time frames, and other requirements for submitting these requests for adjustment.

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
Attn: Compliance Analyst
P. O. Box 201725
Austin, Texas 78720-1725

Address for overnight delivery services:
TG Distribution Center
Attn: Compliance Analyst
2929 Longhorn Blvd., Suite 106
Austin, Texas 78758

More Information and Questions

For more information, ED has provided a searchable database containing FY 1999 school cohort default rate information at http://bcol01.ed.gov/CFAPPS/COHORT/search_cohort.cfm.

For questions about the FY 1999 cohort default rates, contact ED's Default Management hotline at (202) 708-9396 or TG's Compliance Administrative Operations at (800) 252-9743. ★

Return Service Requested

Meteor Announces ELM as Prospective Data Provider

Recently, representatives of the National Council of Higher Education Loan Programs (NCHELP) and the ELM Board of Directors agreed, in principle, to integrate the best elements of ELMNet and the Meteor Project.

As part of this understanding, ELM will be a data provider to the Meteor Project and continue to participate in NCHELP CommonLine activities.

Meteor is an enabling technology — software and service — that gathers information from a number of sources (such as ED's Office of Student Financial Assistance, guaranty agencies, lenders, servicers, secondary markets, and alternative loan providers) and combines it in a single screen view. This means

that if all of the expected participants partake in this effort, financial aid administrators and students will be able to obtain the most current information available on a student's financial aid through one web site with one logon.

More Information

For more information about the Meteor Project, see the May 2001 *Shoptalk* article titled "Meteor Shoots into Town," or visit the Meteor Project web site at www.immagic.com/meteorproject/default.htm. ★

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(512) 219-4560 *speech and hearing impaired*
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Shoptalk is published by Texas Guaranteed (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.

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

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Edited by TG Communications and Policy and Regulatory Affairs. Designed by TG Communications.

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