



## IN THIS ISSUE:

### FEDERAL UPDATES

- **2001-2002 TEACHER SHORTAGE AREAS..... 1**
- **COHORT *GUIDE* AVAILABLE ON THE WEB..... 2**
- **NEW ED CHIEF OF STAFF ..... 2**

### TG UPDATES

- **NEW FORMAT FOR SPECIAL ALLOWANCE RATES..... 3**

### COMMON MANUAL

- **COMMON MANUAL UPDATES..... 3**

THIS, THAT, AND THE OTHER ..... 5

## FEDERAL UPDATES

### 2001-2002 Teacher Shortage Areas

ED recently released teacher shortage areas for Texas for the 2001-2002 school year. Full-time teachers in public or nonprofit private elementary or secondary schools may be eligible for the Teacher Shortage Area deferment on certain Federal Family Education Loan Program (FFELP) loans if they are teaching in one of ED's designated shortage areas.

For the 2001-2002 school year, the following areas have been designated as shortage areas for Texas:

- Mathematics,
- Special Education,
- Bilingual/ESL,
- Science,
- Foreign Language (languages other than English), and
- Technology Applications.

## **Borrower Eligibility**

A Teacher Shortage Area deferment is available only to a borrower who has an outstanding FFELP loan that was first disbursed on or after July 1, 1987, but before July 1, 1993. It is available to Federal Stafford and Federal Supplemental Loans for Students (SLS) borrowers only; PLUS and Consolidation loan borrowers are not eligible for this deferment.

A qualifying teacher can apply for the deferment at any time during the life of the loan. If the teacher continues to teach in the area for which they received the original deferment, he or she may request and receive subsequent deferments (up to a cumulative total of three years). This continued eligibility exists even if the subject area in which the teacher instructs is no longer designated as a shortage area.

## **Certification**

The Texas Education Agency (TEA) authorizes school principals to act on behalf of the Chief State School Officer and certify a teacher's deferment request form for Federal Stafford or Federal SLS loans. Some teachers who received aid under the Paul Douglas Teacher Scholarship Program may also qualify for a reduction in their teaching obligation by teaching in a designated shortage area.

## **More Information and Questions**

For more information on Texas Teacher Shortage Area benefits, go to TEA's web site at [www.tea.state.tx.us/taa/eddev011008.html](http://www.tea.state.tx.us/taa/eddev011008.html).

For questions regarding the Teacher Shortage Area deferment, call TG Customer Assistance at (800) 845-6267 or send an e-mail message to [cust.assist@tgslc.org](mailto:cust.assist@tgslc.org).

## **Cohort Guide Available on the Web**

ED has posted the *Cohort Default Rate Guide* on the Web. This *Guide* is provided to the student loan community to improve understanding and application of cohort default rate regulations and their associated processes. It includes the deadlines and processes for challenging a draft cohort default rate or for requesting an adjustment to or making an appeal of official cohort default rate data.

The *Guide* contains the FY 1999 cohort default rates associated with the Federal Family Education Loan (FFEL) and Direct Loan Programs. It also combines the previous *Draft* and *Official Cohort Default Rate Guides* into one comprehensive publication. It lives on the Information for Financial Aid Professionals web site at <http://ifap.ed.gov/drmaterials/FinalCDRG.html>.

## **More Information**

For more information, call Patricia Trubia, Director, ED Default Management, at (202) 205-2506 or send an e-mail message to [Patricia.Trubia@ed.gov](mailto:Patricia.Trubia@ed.gov).

## New ED Chief of Staff

On October 1, 2001, John Danielson joined the ED family. He will take over as chief of staff to Secretary of Education Rod Paige after the departure of Terry Abbott, who came to Washington, D.C., to assist Paige in his transition to Education Secretary.

Danielson returns to Washington, D.C., after an eight-year absence, during which he helped to found Community Education Partners (CEP), an education company that partners with public schools to offer disruptive and low-performing students alternative education opportunities. Danielson has worked with Paige through CEP and various community organizations. He has previous experience in the nation's capitol as special assistant to former Education Secretary Lamar Alexander.

Danielson is a graduate of the University of Texas at Austin and a native of Houston.

## TG UPDATES

### New Format for Special Allowance Rates

Beginning this quarter, TG is providing Federal Family Education Loan Program (FFELP) special allowance rates to customers in a new format. The quarterly Money Matters chart is being replaced with a more comprehensive PDF document issued by the Department of Education that includes the quarterly special allowance rates and the formulas for determining annual rates.

#### Quarter Ending September 30, 2001

The following rates apply for the quarter ending September 30, 2001:

- The average of the bond equivalent rates of the 91-day Treasury bills auctioned during the quarter ending September 30, 2001, is 3.35 percent.
- 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 September 30, 2001, is 3.41 percent.

The FFELP special allowance rates for the most recent quarter are available at [www.tgslc.org/tgslc/lenders/Sa09302001.pdf](http://www.tgslc.org/tgslc/lenders/Sa09302001.pdf).

#### Questions

For questions about special allowance rates, contact TG Customer Assistance at (800) 845-6267 or send an e-mail message to [cust.assist@tgslc.org](mailto:cust.assist@tgslc.org).

## COMMON MANUAL

### Common Manual Updates

**Note:** Current *Common Manual Updates (Updates)* and the *Integrated Common Manual (ICM)* are available on *TGWorks Online* at [www.tgslc.org/tgslc/schools/integrated\\_online\\_manual.htm](http://www.tgslc.org/tgslc/schools/integrated_online_manual.htm). By posting *Updates* and the ICM online, TG offers its customers access to new policies shortly after the *Common Manual* Governing Board approves them.

## Extended Repayment Terms

Subsection 2.1.B. of the *Common Manual* has been updated to include language regarding the maximum repayment period of 25 years for an extended repayment schedule. In addition, readers are referred to subsection 7.6.D. for more information regarding extended repayment schedules.

---

<b>Affected Sections:</b>	2.1.B.
<b>Effective Date:</b>	Extended repayment schedules disclosed to new borrowers on or after October 7, 1998, who have an outstanding balance of principal and interest in FFELP loans totaling more than \$30,000.
<b>Basis:</b>	HEA 428(b)(9)(A)(iv); §682.209(a)(7)(ix).
<b>Policy Information:</b>	Reference 533
<b>Guarantor Comments:</b>	None.

---

## PLUS Loan Repayment Notification

The *Common Manual* has been updated to more accurately reflect that a lender must notify a borrower of repayment information in simple and understandable terms at or before the beginning of the repayment period. For PLUS loan borrowers, the repayment period begins on the date of the last disbursement. The time frame for providing repayment information to Stafford or SLS loan borrowers has been removed from section 7.5. References to these time frames are already included in subsections 7.5.A. and 7.5.B. Previous guidance did not include the requirement that the notification be in simple and understandable terms and incorrectly stated that the repayment disclosure must be sent to a PLUS loan borrower before or at the time the funds were *first* disbursed.

---

<b>Affected Sections:</b>	7.5, 7.5.A., 7.5.C.
<b>Effective Date:</b>	The requirement to provide repayment information to borrowers in simple and understandable terms is effective July 1, 2000. All other revisions are effective retroactive to the implementation of the <i>Common Manual</i> .
<b>Basis:</b>	§682.205(c)(1); §682.209(a)(2)(i).
<b>Policy Information:</b>	Reference 534
<b>Guarantor Comments:</b>	None.

---

## Consolidation Loans and the Extended Repayment Schedule

The “Maximum Repayment Periods for Consolidation Loans” chart in the *Common Manual* has been revised to indicate that a new borrower on or after October 7, 1998, with an outstanding balance of principal and interest in FFELP loans totaling more than \$30,000, may select an extended repayment schedule that allows for a repayment period not to exceed 25 years.

---

<b>Affected Sections:</b>	9.5.B.
<b>Effective Date:</b>	Repayment schedules disclosed to new borrowers on or after October 7, 1998.
<b>Basis:</b>	§682.209(a)(7)(ix).
<b>Policy Information:</b>	Reference 535
<b>Guarantor Comments:</b>	None.

---

## Definition of Disposable Income

The definition of "Disposable Income" is being removed from the Glossary because the term was not used within the text of the *Common Manual*.

---

<b>Affected Sections:</b>	Appendix G
<b>Effective Date:</b>	Retroactive to the implementation of the <i>Common Manual</i> .
<b>Basis:</b>	Final Rule published in the <i>Federal Register</i> on June 29, 1994, pages 33580, 33581, 33594, and 33595; §682.210(s).
<b>Policy Information:</b>	Reference 536
<b>Guarantor Comments:</b>	None.

---

## Extended Repayment Schedules

The *Common Manual* has been revised to state that new borrowers on or after October 7, 1998, may qualify for an extended repayment schedule if they have multiple lenders with an aggregate FFELP loan amount totaling more than \$30,000. A lender must retain a record of the basis for determining a borrower’s eligibility for an extended repayment schedule, if the total loan amount it holds is not more than \$30,000.

---

<b>Affected Sections:</b>	7.6.D.
<b>Effective Date:</b>	Extended repayment schedules disclosed on or after January 1, 2002.
<b>Basis:</b>	None.
<b>Policy Information:</b>	Reference 537
<b>Guarantor Comments:</b>	None.

---

## THIS, THAT, AND THE OTHER

Here's a little tidbit for those who may have joined the financial aid industry a short time ago. The maximum amount that an eligible student may borrow in the Federal Perkins Loan Program is \$4,000 per award year for an undergraduate student or \$6,000 per award year for a graduate or professional student. However, three years ago, in the 1998-1999 school year, these maximums were \$3,000 for undergrads and \$5,000 for grads. The annual limits were increased for the 1999-2000 award year.

---

**Contributors to this  
month's edition:**

Darron Grussendorf

Laura Lavergne

Art Martinez

Kelly Kaelin

---

*Shoptalk Online* is published by Texas Guaranteed (TG). Unless specifically noted, the policies and procedures outlined in *Shoptalk Online* 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 Online*, subscribe or order additional copies, please contact Communications at (800) 252-9743, ext. 2878 or [communications@tgsic.org](mailto:communications@tgsic.org).

Edited by TG Communications and Policy and Regulatory Affairs.

Designed by TG Communications.

---

