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FEDERAL UPDATES

Quality Assurance Program Applicants Sought

ED is looking for a few good schools—that would like to participate in the Quality Assurance Program (QAP). The program was developed to provide participating schools with regulatory flexibility for the verification of student data and to encourage alternative management approaches in the areas of institutional processing and disbursement of Title IV funds, and entrance and exit counseling. The QAP currently has 143 participating schools and is authorized under section 487A(a) of the Higher Education Act of 1965, as amended.

Application Process

The call for applicants for the QAP was announced in the October 23, 2001, *Federal Register*. Schools that are interested may submit a letter of application any time after that date. Note: Schools that currently participate in the program may continue to do so without submitting a new letter of application.

The Letter

The QAP letter of application should address the following goals in detail:

- Attain and sustain compliance and continuous improvement in program delivery, and better service to students;
- Improve the accuracy of institutional verification programs;
- Increase institutional flexibility in managing student aid funds, while maintaining accountability for the proper use of those funds;
- Encourage the development of innovative management approaches that advance quality.

The letter should be mailed to Barbara Mroz, U.S. Department of Education, 830 First Street, NE, Washington, DC 20202-5232 or should be sent by e-mail to Barbara.Mroz@ed.gov.

More Information

For more information, access the previously referenced *Federal Register* at www.access.gpo.gov/su_docs/fedreg/a011023c.html, call Sharyn Houston at (202) 377-4379, or send an e-mail message to Sharyn.Houston@ed.gov.

TG UPDATES

TG Offers Support for Electronic Signatures

Texas Guaranteed (TG) now offers Stafford borrowers the ability to sign promissory notes electronically through TG Loans By Web™ (LBW). LBW borrowers who select a lender that offers an electronic signature process can complete the entire loan process online—everything from filling out the Master Promissory Note (MPN) to signing the note electronically.

Through LBW, all Stafford borrowers can fill out their promissory note, confirm their loan amounts, and complete entrance counseling online. Upon guarantee of the borrower's loan, LBW now offers the option of signing the note electronically or printing the note for a wet signature. Borrowers who choose the "E-Sign" button are connected to their lender's web site to complete the e-signature process. Borrowers who do not select the e-signature process print the MPN, sign it, and forward it to their lender through the traditional process.

Data Exchange and Other Benefits

LBW's e-signature process is built around a data exchange with the selected lender that happens at the same time that the borrower is "signing" his or her note electronically on the lender's site. When the borrower clicks the "E-Sign" button, he or she is automatically transferred to the lender's site. As the borrower electronically "signs" his or her note, LBW transfers all the data the lender needs to complete the electronic transaction to the lender's site. The borrower doesn't need to re-enter any information or log into any new systems. To the borrower, the entire process is transparent.

Lender Interface

To facilitate the data exchange, lenders must be able to receive a CommonLine Application Send File from TG. Once the interface is built, TG conducts testing with the lender to ensure a seamless transition from LBW to the lender's web site.

For more information, lenders should contact their TG Lender Consultant, or call TG Product Support at (800) 332-1455 or send an e-mail message to product.support@tgsic.org.

Operational Issues

In addition to the technological aspects of developing an e-signature process, a lender must also consider operational issues that change as a result of a paperless process. Such issues include establishing a workable process for filing claims and maintaining records (files) for loans obtained electronically.

Prior to implementing an e-signature process, TG lenders using the Department of Education's (ED's) safe harbor provisions (that is, lenders that use ED's SFA PIN process described below) will need an authorized representative to send written confirmation of that fact to Rinn Harper and will be able to operate under their existing lender participation agreements. Lenders developing a process that does not follow ED's safe harbor provisions will need to contact Rinn Harper to discuss their proposed claim filing and record keeping approach. Upon mutual agreement of the procedures, those lenders will be asked to sign an addendum to their participation agreements with TG before any e-signature loans are guaranteed.

To find out how TG can help lenders develop processes that comply with Federal Family Education Loan Program regulations, contact Rinn Harper at (800) 252-9743, ext. 4612, or send an e-mail message to rinn.harper@tgslc.org.

Background on E-Signatures

TG recently announced that Wells Fargo is the first lender to partner with TG to offer e-signatures to students in conjunction with LBW to make the MPN process completely electronic. (See the TG press release at www.tgslc.org/tgslc/newsroom/news/2001/press011025.htm for more details.) The Wells Fargo process incorporates into its technology ED's SFA PIN process, a system through which a student/borrower obtains a personal identification number (PIN). A student receives an SFA PIN automatically upon filing a FAFSA or can apply for a PIN by visiting www.pin.ed.gov.

The ED process combines the use of voluntary standards laid out in a document it developed entitled *Standards for Electronic Signatures in Electronic Student Loan Transactions* with its SFA PIN process. ED's standards outline basic procedures that schools, lenders, and guarantors must follow for their processes to be automatically recognized by ED.

Organizations are also free to establish alternative procedures that do not follow ED's guidance or its PIN process. However, lenders setting up alternative procedures should make sure that their processes conform to all relevant laws for electronic signatures and records—in particular:

- The "Electronic Signatures in Global and National Commerce Act," (commonly called E-SIGN),
- State adoptions of the Uniform Electronic Transactions Act (UETA), and
- Any other applicable state laws.

More Information

To read or print ED's standards for implementing electronic signatures—*Standards for Electronic Signatures in Electronic Loan Transactions*—visit www.ifap.ed.gov/dpcletters/attachments/gen0106Arevised.pdf.

For more information, read ED's July 16, 2001, announcement about e-signatures ("ED's E-Sign Goes Live, Enabling Paperless Student Loan Process") at www.ed.gov/PressReleases/07-2001/07062001.html.

For information about e-signature issues from the borrower's perspective, access TG's "Electronic Signatures for FFELP Promissory Notes: The Basics and the Benefits" on *TGWorks Online* at www.tgslc.org/tgslc/esignature.htm.

Texas In-state Tuition and Financial Aid for Foreign Students

On June 16, 2001, the 77th Texas Legislature passed a law that benefits certain students who are not United States citizens. The Texas legislation now makes it possible for some foreign students to pay in-state tuition and meet the residency requirements for most state aid programs.

This new legislation has been incorporated into the Basic Residency Requirements policy of the Texas Higher Education Coordinating Board (THECB), the agency that administers Texas' state aid programs. Those foreign students who may meet state residency requirements include:

- Students who hold visas that enable them to reside in the United States. A list of applicable visas is available at www.thecb.state.tx.us/reports/pdf/0291.pdf.
- Students (regardless of their Immigration and Naturalization Service status) for whom a Petition for Permanent Resident Status has been filed by a sponsor.
- Students who resided with a parent, guardian, or conservator at least part of the time while they attended a public or private high school in Texas, and who
 - Graduated from the high school or received the equivalent of a high school diploma in Texas;

- Resided in Texas for at least three consecutive years before they graduated from high school or received the equivalent of a high school diploma;
- Register as entering students no earlier than Fall 2001; and
- Provide their college an affidavit of intent to file an application to become a permanent resident of the United States at the earliest opportunity the students are eligible to do so.

The College for Texans web site, which is run by the THECB, has two publications concerning residency. They are entitled “Residency Status: Rules and Regulations” and “Memorandum on Policy Guidelines for Determining Residency of Aliens.” These publications are available in PDF at www.collegefortexans.com/library.

Questions

For questions about foreign students and their eligibility for in-state tuition and state residency status, contact the Texas Financial Aid Information Center at (888) 782-7322.

TG Spreads Awareness Message in Partnership with Public Libraries

As part of ongoing efforts to offer higher education information to families and students, TG has launched the second year of its highly successful *Know Before You Go: Unlocking the Door to Your Future™* campaign. The campaign provides resources and information for distribution through public libraries in a partnership with the Texas State Library and the Texas Library Association.

Hundreds of Libraries Share Benefits

Since its launch in September 2000, the campaign has attracted over 300 public libraries (see the list of participating libraries at www.adventuresineducation.org/know/directory.htm). Through participation, the libraries take advantage of the free resources the program offers. The resources, which have been updated for the campaign’s second year, include a notebook filled with useful information about career planning and college admission, student financial aid, and money management and budgeting. Also available are free posters, bookmarks, and pocket cards that can be used to promote the program.

“In working to promote the value of education for over 20 years, we have found that students and their families often lack the information they need to make informed decisions about their higher education pursuits,” said Milt Wright, TG President and CEO. “*Know Before You Go* provides direction and access to information to make the entire college experience an easier and more understandable process from beginning to end.”

More Information and Questions

Information about the campaign and its resources is available on *Adventures In Education*, TG’s public service web site, in the “News and Events” section at www.adventuresineducation.org/NEWS/index.htm.

For questions about the program, contact TG’s Information Center at InformationCenterRequests@tgscl.org or call (800) 252-9743, ext. 4675.

THIS, THAT, AND THE OTHER

The Department of Education delivers new information to Title IV participants in a variety of Dear Partner Letters (also known as Dear Colleague Letters). These letters come in different types, pertaining to different subjects:

- ANN = Training Announcements
- CB = Campus-based Programs
- G = Guarantor Letters
- GEN = General Distribution Letters
- L = Lender Letters
- LEAP = Leveraging Educational Assistance Partnership (LEAP) Program
- P = Pell Grant Program
- Disaster Letters Published by SFA

Dear Partner Letters dated as far back as 1995 are available on the Information for Financial Aid Professionals web site at www.ifap.ed.gov. TG has an archive of older Dear Partner Letters available upon request.

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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.

Edited by TG Communications and Policy and Regulatory Affairs.

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