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**FEDERAL UPDATES**

**Consolidation Forms Reminder**

As announced in *Shoptalk* Issue 110, ED approved the common FFELP Consolidation loan forms in October 2000. Since the forms were approved for immediate use, several industry participants (including TG) have already implemented these forms into their Consolidation loan processes.

For those institutions that have not, however, the deadline is quickly approaching. These forms will replace all previously approved FFELP Consolidation loan forms, effective for applications signed by borrowers on or after January 1, 2002.

**The Forms**

The forms include the following:

- Consolidation Loan Application and Promissory Note and Related Instructions (Standard)
- Consolidation Loan Application and Promissory Note and Related Instructions (Lender-specific)
- Additional Loan Listing Sheet
- Loan Verification Certificate and Related Instructions
- Request to Add Loans
- Repayment Information (Optional)

## Obtaining the Forms

To download and print these forms or to order camera-ready art or diskettes containing the material, visit *TGWorks Online* at [www.tgslc.org/tgslc/forms/frms\\_con.htm](http://www.tgslc.org/tgslc/forms/frms_con.htm). To order Consolidation loan forms by phone, call TG Customer Services at (800) 252-9743, ext. 4546.

## TRENDS & ISSUES

### **MYF Chat to Answer Questions about Financial Aid and Scholarship Searches**

Figuring out how to pay for college is sometimes one of the most difficult aspects of planning an education after high school. Now students and families can obtain help in locating the aid they're searching for during an online chat offered by *Mapping Your Future* (MYF) ([www.mapping-your-future.org](http://www.mapping-your-future.org)).

#### **Date and Times**

The live event, Getting Ready for Financial Aid, is scheduled for the evening of December 13, 2001, from 7-8 p.m. (Eastern); 6-7 p.m. (Central); 5-6 p.m. (Mountain); and 4-5 p.m. (Pacific). Financial aid experts will be available throughout the chat to help students navigate through what some consider a maze of career, college, and financial aid information—all from the privacy and convenience of a personal computer.

#### **Topics**

This fourth in the 2001-2002 MYF series of chats will deliver information about a variety of topics, including the following:

- Determining eligibility for federal student aid,
- Completing the FAFSA,
- Calculating financial need and expected family contribution,
- Considering the various options for paying for school, and
- Conducting scholarship searches.

Anyone with Internet access can join in the chat by visiting [www.mapping-your-future.org](http://www.mapping-your-future.org) on the evening of December 13. Visitors will select the chat session and follow the simple instructions that will guide them through the process.

#### **Questions and More Information**

For questions about the chat or MYF, contact Catherine Mueller at [cathy.mueller@mapping-your-future.org](mailto:cathy.mueller@mapping-your-future.org).

Additional information about MYF chats, including a list of chats through September 2002, is available online at [www.mapping-your-future.org/services/chatnight.htm](http://www.mapping-your-future.org/services/chatnight.htm).

TG and over 35 other guaranty agencies that participate in the Federal Family Education Loan Program sponsor MYF to provide information about higher education and career opportunities.

## LEGISLATIVE REPORT

The November 26 edition of TG's *Legislative Report* includes an FY 2002 appropriations update, an overview of the Texas Higher Education Coordinating Board's Star Awards program along with a list of the 17 finalists for the first annual award, and an article about recent action by TG's Board of Directors to rename the TG Grant Program in honor of former TG Board Chair Dr. Charley Wootan. Read the entire issue online at [www.tgslc.org/tgslc/publications/lege\\_report/2001/lr\\_011126.htm](http://www.tgslc.org/tgslc/publications/lege_report/2001/lr_011126.htm).

## COMMON MANUAL

### ***Common Manual e-Collection Highlighted at NCHelp Conference***

The *Common Manual e-Collection* CD-ROM has proven to be a handy and valuable resource for the FFELP community. The *Common Manual* Policy Committee recently provided a train the trainer presentation on using this resource at the NCHelp Fall Conference in Salt Lake City. The session introduced the new features included on the *e-Collection* and provided attendees with training tools to educate their clients and staff.

One of the CD's features is the *Student Financial Aid Handbook*. When using this feature, it is important to note that Volume 1, chapters 2, 4, and 5 are from the 2000-2001 version of the Handbook, not the 2001-2002 version, as indicated on the CD. At the time that the CD was produced, that was the most current version available for those chapters.

To review other features included on the CD, please refer to *Shoptalk Online*, Edition 126.

### ***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.

### **Loan Disbursements When a Bankruptcy Action is Filed**

The *Common Manual* has been revised to provide the lender flexibility in making loan disbursements when the borrower files certain types of bankruptcy actions before the loan is fully disbursed. If the bankruptcy action does not require the filing of a claim with the guarantor, the lender may—but is not required to—make subsequent disbursements of a loan. If the lender chooses not to make the remaining disbursements, the lender must notify the school, the borrower, and the guarantor of the disbursement cancellations. The lender also must notify the borrower that he or she may reapply for the loan funds in the same amount that was not disbursed. The lender must ensure that decisions to cancel—or not cancel—subsequent disbursements are administered consistently.

As with bankruptcy actions for which a claim is required, if the lender cancels any of the undisbursed or undelivered funds because of a bankruptcy action, the lender must agree to make a new loan for the amount that was canceled or any remaining loan eligibility as determined by the school.

<b>Affected Sections:</b>	6.2.I., 8.2.D., <sup>CCI</sup> 8.2.D.
<b>Effective Date:</b>	Bankruptcy notices received by the lender on or after January 1, 2002, unless implemented earlier by the guarantor.
<b>Basis:</b>	None.
<b>Policy Information:</b>	Reference 544
<b>Guarantor Comments:</b>	None.

### Return of Unearned Loan Proceeds

The *Common Manual* has been corrected to state that if a student officially or unofficially withdraws, takes an unapproved leave of absence, does not return from an approved leave of absence, or is expelled, the school must return to the lender that portion of unearned Federal Family Education Loan (FFEL) funds for which the school is responsible no later than 30 days from the date the school determines that the student is no longer enrolled. In the case of an approved leave of absence, the funds must be returned within 30 days from the date the student notifies the school that he or she will not return or the ending date of the leave of absence, whichever is earlier. This change aligns the text in this subsection with text in federal regulations as well as with text in subsection 4.7.B.

<b>Affected Sections:</b>	6.3.G.
<b>Effective Date:</b>	School refund determinations made on or after October 7, 2000, unless implemented earlier by the school on or after November 1, 1999.
<b>Basis:</b>	§6668.22(j).
<b>Policy Information:</b>	Reference 546
<b>Guarantor Comments:</b>	None.

### Recall Requirements Corrected

The *Common Manual* has been corrected to include the currently enforced requirement that a lender must recall a bankruptcy claim if the lender receives notice that the bankruptcy case has been dismissed.

<b>Affected Sections:</b>	8.5, <sup>CCI</sup> 8.5
<b>Effective Date:</b>	Retroactive to the implementation of the <i>Common Manual</i> .
<b>Basis:</b>	§682.402(f)(5).
<b>Policy Information:</b>	Reference 547
<b>Guarantor Comments:</b>	None.



## Bankruptcy Repurchase Clarified

A correction has been made to the text of the *Common Manual* to clarify that lenders are not required to repurchase a loan upon which a default claim was paid prior to the date of the borrower's bankruptcy petition. Previously, the policy stated that the repurchase was not required if the default claim was paid prior to the date the lender received the notice of the bankruptcy action. The revised policy more accurately identifies the petition date as the trigger for the repurchase requirement rather than the lender's receipt date.

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<b>Affected Sections:</b>	8.7, <sup>CCI</sup> 8.7
<b>Effective Date:</b>	Retroactive to the implementation of the <i>Common Manual</i> .
<b>Basis:</b>	None.
<b>Policy Information:</b>	Reference 548
<b>Guarantor Comments:</b>	None.

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## Correction to July 2001 *Common Manual*

The nation's guarantors have removed unapproved language related to bankruptcy claim file documentation from the July 2001 *Common Manual*. The removed language is from Policy Proposal #461.

This language was inadvertently included in the 2001 update of the manual and affects subsections 8.2.D. Bankruptcy Claims and 8.3.B. Claim File Documentation, and corresponding subsections <sup>CCI</sup>8.2.D. and <sup>CCI</sup>8.3.B. Policy proposal #461 concerns bankruptcy claim file documentation and requires lenders to include, in the claim file, either a copy of the Chapter 12 or 13 bankruptcy plan or a copy of a letter previously sent to the bankruptcy court requesting that the bankruptcy plan be forwarded to the guarantor. Based on the comments received on this proposal last year, the Policy Committee did not recommend the proposal for approval.

The affected *Common Manual* pages are Chapter 8, pages 20, 21, and 38 and Chapter <sup>CCI</sup>8, pages 20, 21, and 38. See *TGWorks Online* ([www.tgslc.org/tgslc/schools/cmcorrect.htm](http://www.tgslc.org/tgslc/schools/cmcorrect.htm)) to view blackline and clean versions of the affected pages. The blackline pages will assist readers in identifying the language that is being stricken. The clean pages will serve as replacement pages for the paper version of the manual.

The *Integrated Common Manual* (available at [www.tgslc.org/tgslc/schools/integrated\\_online\\_manual.htm](http://www.tgslc.org/tgslc/schools/integrated_online_manual.htm)) has already been revised to reflect these changes.

### Questions

If you have questions about the enclosed common bulletin language, the related policy proposals, or the correction to the July 2001 manual, contact Michelle Anderson at (800) 252-9743, ext. 4608 or send an e-mail message to [michelle.anderson@tgslc.org](mailto:michelle.anderson@tgslc.org).

## THIS, THAT, AND THE OTHER

According to a recent report from the Congressional Research Service, upper-middle class families are benefiting from the Hope and Lifelong Learning tax credits at a significantly higher percentage than are low-income families. The report, titled “Higher Education Tax Credits and Deduction: An Overview of the Benefits and Their Relationship to Traditional Student Aid,” reveals that tax filers with an adjusted gross income (AGI) of \$50,000 or more claimed nearly 46 percent of the total amount claimed in education credits for tax year 1999. Tax filers with AGI of less than \$15,000 claimed less than 7 percent of the total amount claimed.

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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@tgscl.org](mailto:communications@tgscl.org).

Edited by TG Communications and Policy and Regulatory Affairs.

Designed by TG Communications.

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