



IN THIS EDITION:

FEDERAL UPDATES

- **CLOSED SCHOOL CORNER**..... 1

TG UPDATES

- **THE BIG PICTURE—A REALLY BIG HIT** 2
- **NEW RESOURCE HELPS VISITORS MAKE SOUND DECISIONS ABOUT MONEY** 2
- **NEG REG TELEPHONE CONFERENCE REMINDER**..... 3

TRENDS AND ISSUES

- **REAUTHORIZATION APPROACHES**..... 3
- **JOBGUSHER™ TO HOST RETAIL AND HEALTHCARE JOB FAIRS CONCURRENTLY** 4

LEGISLATIVE UPDATES

- **MAY 6 LEGISLATIVE REPORT**..... 5

COMMON MANUAL

- **COMMON MANUAL UPDATES**..... 5

THIS, THAT, AND THE OTHER 24

FEDERAL UPDATES

Closed School Corner

NEWLY REPORTED CLOSURES				
OPE ID#	SCHOOL NAME	SCHOOL ADDRESS	UNOFFICIAL CLOSURE DATE	ED'S OFFICIAL CLOSURE DATE
02361900	Lincoln Technical Institute	8920 S. Cicero Ave. Oak Lawn, IL 60453-1351	N/A	10/26/2001
01015401	National College of Technology	2900 Douglas Dr. Bossier City, LA 71111	N/A	2/27/1989

TG UPDATES

The Big Picture—A Really Big Hit

The TG 2002 Conference was another in a series of record breakers. “The Big Picture: Take a Leading Role” found nearly 500 industry partners in Austin in April at the Marriott at the Capitol for three days of information and fun.

Attendees gave this year’s conference an overall rating of 4.82 out of 5.0, the highest rating yet for a TG Annual Conference. Customer comments included “Fabulous production,” “It was great,” and “Awesome conference in every respect.”

Planning for Next Year

Planning for the TG conference is a year-round effort. The TG 2003 Conference will be held from April 23-25, 2003, at the Austin Marriott at the Capitol. If you have ideas or suggestions that can help us improve on this year’s record breaker, contact Judy Cunningham, TG Conference Coordinator, at (800) 252-9743, ext. 2905, or at judy.cunningham@tgscl.org.

More Information

To find out more about the TG 2002 Conference, you can read recent articles in *Shoptalk Online*:

- Conference Sponsors Helped Make the Big Picture Possible at www.tgscl.org/tgscl/shoptalk/2002/st152/st15203.htm#sponsors,
- 2002 Conference Presentations Available Online at www.tgscl.org/tgscl/shoptalk/2002/st152/st15203.htm#presentations,
- TG Presents 2002 Conference Awards for Financial Aid Leadership at www.tgscl.org/tgscl/shoptalk/2002/st151/st15103.htm#awards, and
- Golfers Donate Funds to Charley Wootan Grant at www.tgscl.org/tgscl/shoptalk/2002/st151/st15103.htm#golf.

New Resource Helps Visitors Make Sound Decisions about Money

Helping your students learn to manage their money and prepare for “the real world” just got easier. As part of our ongoing efforts to promote good decisions about money management and student loan repayment—and to help borrowers avoid default—TG has created “Managing Your Money” at www.AdventuresInEducation.org/Managing/Managing.htm.

This new gateway on *Adventures In Education* (www.AdventuresInEducation.org) offers a list of web sites that contain valuable information and resources. By selecting a category that interests them from the list, visitors find summaries for sites from which they can easily select one or more that fit their needs.

Sites included in the gateway are divided into the following categories:

- Credit and Debt Management
- Tools and Calculators
- Glossaries
- Early Awareness
- Online Training
- Government Sites

- Special Audiences
- Personal Finances
- Investments and Future Planning
- Repaying Your Student Loans

Borrowers who handle repayment well are those who make sound financial decisions in all areas of their lives. In the opening audio message from Milt Wright, TG President and CEO, visitors to the gateway learn that “No matter how much or how little money you have, it’s important to set priorities that put you in control.”

By adding TG’s “Managing Your Money” to the list of resources you tell students about as they prepare for repayment, you can help make it easier for your students to avoid default.

More Information and Questions

For information about additional resources to help students plan for repayment, contact TG Customer Assistance at (800) 845-6267 or send an e-mail message to cust.assist@tgslc.org.

For help in preventing delinquency and default, contact TG Default Prevention at (800) 338-4752 or send an e-mail message to prevent.default@tgslc.org.

Neg Reg Telephone Conference Reminder

There’s still time to plan to participate in the upcoming Negotiated Rulemaking (Neg Reg) Telephone Conference planned for Thursday, May 16. The telephone conference will feature TG’s Neal Combs and Carol Lindsey, both of whom participated in the recent 2002 Neg Reg process.

This event is free of charge and open to unlimited participants from any institution. To register and obtain further details, contact Premiere Teleconferencing at (800) 776-0700 and reference confirmation number 311999. On Thursday, May 16, 2002, please call in to (800) 238-9007 promptly at 2 p.m. and reference the same confirmation number.

Read the article in the May 7 edition of *Shoptalk Online* (www.tgslc.org/tgslc/shoptalk/2002/st153/st15303.htm#teleconf) for more information.

TRENDS AND ISSUES

Reauthorization Approaches

The next Reauthorization of the Higher Education Act is scheduled for 2003. Discussions are swirling about whether it will occur as scheduled next year or be postponed until the following year, as is typically the case. No matter when it occurs, though, the financial aid industry should be prepared with suggestions for Congress as to how the Higher Education Act should be amended.

TASF AA Position Paper

The Texas Association of Student Financial Aid Administrators (TASF AA) legislative committee, in a combined effort with TG, the Association of Texas Lenders for Education (ATLE) and the Southwest Association of Student Financial Aid Administrators (SWASF AA), has developed a draft position paper of Reauthorization issues. TG solicited comments on this paper at the recent 2002 TG Annual Conference and at the TASF AA Regional Rallies, the last of which ends today, Tuesday, May 14, 2002.

TG would like to encourage members of the financial aid community who have not yet submitted comments to provide feedback on this position paper as soon as possible. The committee will update the paper accordingly.

To review the document, visit the TASFAA homepage at www.tasfaa.org under “What’s New” and scroll down to “April 4, 2002 NEW! Legislative Current Issues.” There you will find an informational page that describes the issues that the legislative committee would like to address this year.

Topics to Consider

Issues detailed in the draft paper include the following:

- Funding recommendations
- Unmet financial need
- Accountability
- Teacher education
- Front-loading federal grant programs
- Outreach programs
- Distance education
- Privacy
- Independent/nontraditional students
- Demographic changes
- Alternatives to direct student financial aid

FED.UP Suggestions

This TASFAA site also provides a link to the FED.UP issues chart. The FED.UP Initiative was originated by the 21st Century Competitiveness Subcommittee (which is part of the House Committee on Education and the Workforce) to solicit ideas from those involved in federal student financial aid about federal regulations that should be revised or removed.

Many of the issues collected under FED.UP were considered in the recently completed 2002 Negotiated Rulemaking sessions. Some of the issues suggested by the community, however, require statutory change and may be considered in the upcoming Reauthorization.

Your Opportunity to Effect Change

At the TG 2002 Conference, Washington Update session, Kathleen Smith, Professional Staff Member, U.S. Congress Committee on Education and the Work Force, and Neal Combs, TG Senior Vice President, General Counsel, and Chief Operating Officer, prompted audience members to get involved in the process of developing Reauthorization positions. This opportunity comes only once every several years, so take advantage of your chance to effect change in the financial aid industry. By adding to the community conversation on statutory amendments, you can help improve the federal programs and improve service to students.

Send comments on the position paper and suggestions for additional Reauthorization issues to George Torres, TG Assistant Vice President of Government Relations, at george.torres@tgsllc.org, or to Jimmy Parker of Panhandle-Plains Student Loan Center, chair of the TASFAA legislative committee, at jimmyp@ppslc.com.

JobGusher™ to Host Retail and Healthcare Job Fairs Concurrently

After graduation, many students ask themselves, “Now what?” JobGusher has a solution: make extra money and earn valuable work experience by finding a job at JobGusher’s Online Job Fairs May 20-26, 2002!

JobGusher.com (www.JobGusher.com) will be hosting Online Retail and Healthcare Job Fairs during that whole week. The Job Fairs will bring together employers and students seeking full-time and part-time positions in both of these industries.

By visiting www.JobGusher.com and clicking on the ticket in the upper right-hand corner, students can view all participating employers and their positions. Jobseekers can then decide which positions to apply for on the spot and apply electronically through the site. For employers, participation in the Job Fairs improves exposure and access to jobseekers without the high costs usually associated with traditional job fairs.

After visiting the Online Job Fairs, students are encouraged to return to the JobGusher home page, click on “Find a Job,” and search for other opportunities in their area of specialty.

There is no cost for jobseekers to attend the Online Job Fairs. To participate, they simply need to visit www.JobGusher.com from May 20 through May 26, 2002.

Employers wishing to participate must be registered JobGusher employers. For more information on exhibiting, contact customercare@jobgusher.com.

More Information

For more information on JobGusher, visit www.JobGusher.com or contact JobGusher at 1-866-JOB-GUSH.

JobGusher is a student-focused online job recruitment service dedicated to connecting students and recent graduates with full-time and part-time entry level positions, internships, seasonal employment, and other career opportunities. JobGusher is a service of Education Assistance Services, Inc., a subsidiary of TG.

LEGISLATIVE UPDATES

The May 6 edition of TG’s *Legislative Report* includes an article about budget issues relating to supplemental spending requests and budget discipline, a related article regarding a report from Congressional Democrats concerning budget issues and their impact on access to higher education, and another article that offers a response to the report from Secretary Paige highlighting ways in which the Bush budget helps to keep college affordable. Read all three articles online at www.tgslc.org/tgslc/publications/lege_report/2002/lr_020506.htm.

COMMON MANUAL

Common Manual Updates

Note: Current *Common Manual Updates* (Updates) and the *Integrated Common Manual* (ICM) are available at 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.

Using, Duplicating, and Reprinting of Portions of the *Common Manual*

The *Common Manual* has been revised to include information about the use, duplication, or reprinting of portions of the *Common Manual*. Guarantors, guarantors' subcontractors, and other members of the higher education and student loan industries may use, duplicate, or reprint the text, graphics, or other information included in the *Common Manual* for purposes of providing information to their clientele without obtaining the oral or written permission of the *Common Manual* Governing Board. All users must include a citation referencing the *Common Manual* as the source when using the information in this manner.

An individual or group not directly affiliated with the higher education or student loan industries must obtain permission from the *Common Manual* Governing Board before using, duplicating, or reprinting any information from the *Common Manual*. Such an individual or group should contact a guarantor's Governing Board representative for information regarding the procedure for obtaining such permission.

Affected Sections:	1.4, 1.5
Effective Date:	Retroactive to the implementation of the <i>Common Manual</i> .
Basis:	None.
Policy Information:	Reference 572
Guarantor Comments:	None.

Title IV Approved Leave of Absence

The *Common Manual* has been updated to define an approved leave of absence, for purposes of the manual, as a status in which the student is considered to be continuously enrolled for Title IV program purposes. In addition, the manual has been updated to provide information regarding the requirement that a student must be able to return to school at the point where the student interrupted his or her training in order for the leave of absence to be considered an approved leave of absence for Title IV program purposes. If school policy requires a student to return at the beginning of a term and repeat some course-work previously completed, the school's leave of absence policy does not meet the standards required for an approved leave of absence even if the school does not charge the student for repeating the course-work.

Finally, the manual has been updated to explain that if a student withdraws after returning from an approved leave of absence, total number of calendar days in the payment period or period of enrollment used for a return of Title IV funds calculation must be adjusted. The number of calendar days in the leave of absence must be excluded from the total number of days in the payment period or period of enrollment to ensure that a student does not earn funds by taking a leave of absence.

Affected Sections:	4.5, appendix G
Effective Date:	Official or unofficial withdrawal determinations made by the school on or after October 7, 2000, unless implemented earlier by the school on or after November 1, 1999.
Basis:	§668.22(d); <i>The Federal Student Financial Aid Handbook</i> , Institutional Eligibility Reference.
Policy Information:	Reference 574
Guarantor Comments:	None.

Determining Withdrawal Dates

The *Common Manual* has been updated to eliminate redundant language and better organize information regarding official withdrawals and unofficial withdrawals. It also requires a school to describe its withdrawal process to students including those actions which constitute the beginning of the withdrawal process in its communications to students. Revised policy also removes language prohibiting the student from rescinding his or her official notification to withdraw more than one time.

In addition, information is being included to explain that when a student withdraws from a standard term-based program comprised of a series of modules, the school must determine if a return of Title IV funds calculation is necessary. The following return of Title IV funds provisions apply to programs meeting these criteria:

1. If the student withdraws after the completion of at least one course in one of the modules within the term, the student is not considered to have withdrawn for return of Title IV funds purposes and a return calculation is not required. However, other regulatory provisions concerning eligibility for awards and recalculation may apply.
2. If the student withdraws prior to the completion of at least one course in the module, the student is considered to have withdrawn for return of Title IV funds purposes and a return calculation is required unless the student provides confirmation to the school – subsequent to his or her withdrawal from the course – that he or she plans to attend a module later in that term. The school may not rely on registration information obtained from the student prior to his or her withdrawal.
3. If the student withdraws prior to the completion of at least one course in the module and provides confirmation that he or she plans to attend a subsequent module within the term but then fails to do so, the student is considered to have withdrawn as of the date that would have applied if the student had not indicated his or her intent to return in a subsequent module within the term.
4. If the student withdraws prior to the completion of at least one course in the module, the payment period used to calculate the return of Title IV funds must include all of the calendar days in all of the modules in the term. The payment period begins on the student's first day of attendance and ends on the last day of classes of the last module that the student was scheduled to attend. (For example, if the school's term consists of 3 modules of 5 weeks each or 35 calendar days and the student only enrolled in 2 modules, the denominator in the calculation of the percentage of the payment period/period of enrollment completed would be 70 days, not 105 days.)

Standard term-based programs offered in modules have also been defined in the manual. For an eligible program that combines a series of modules into a semester, trimester, or quarter and measures progress in credit hours, the payment period includes all of the modules the student was scheduled to attend in the semester, trimester or quarter beginning with the module that included the student's first day of attendance. The following criteria apply to programs offered in modules:

- Some or all of the courses in the program are offered in modules that are scheduled sequentially rather than concurrently. (The modules may overlap.)
- Two or more modules make up a standard term at the institution (e.g. a 12-week term is offered in three 4-week modules.)
- A student may begin his or her program of study at the beginning of any module in the term.
- A student may skip one or more modules in the term.
- A student must enroll up front in all modules he or she plans to attend within the term, although he or she may subsequently add or drop a course.

Affected Sections:	4.6, 5.8.D.
Effective Date:	Official or unofficial withdrawal determinations made by the school on or after October 7, 2000, unless implemented earlier by the school on or after November 1, 1999.
Basis:	DCL GEN-00-24
Policy Information:	Reference 575
Guarantor Comments:	None.

Determining the Percentage of Payment Period/Period of Enrollment Completed

The *Common Manual* has been updated to clarify that the concept of a student earning 100% of his or her Title IV aid—if the percentage of the payment period or period of enrollment completed exceeds 60%—does not apply for clock hour programs if scheduled hours are used. For example, if a student withdraws after completing 248 hours of a 450-hour payment period, he or she completed 55% of the payment period ($248/450 = 55\%$). In this case if the student was scheduled to complete 279 hours at the time he or she withdrew, the student completed at least 70% of the scheduled hours ($248/279 = 89\%$) and the school may use scheduled hours to determine the percentage of Title IV aid earned. Therefore, scheduled hours (279) are divided by the total hours in the payment period (450) to determine the student earned 62% of his or her Title IV aid for the payment period. Remember that since scheduled hours were used in the calculation, the student has not earned 100% of his or her Title IV aid even though the calculation resulted in a quotient of over 60%.

In addition, rounding requirements for calculating the percentage of the payment period or period of enrollment completed have been included in the manual. In this case, percentages are calculated to three decimal places. The third decimal is rounded up if the fourth decimal is 5 or above and rounded down if the fourth decimal is 4 or below. The only exception to this rule is that quotients of .6001 through .6004 are not rounded down. This exception recognizes that students who complete more than 60% of the payment period or period of enrollment have earned 100% of their Title IV aid. If the rounding rules were followed in this exception, the

quotient, which is greater than 60% would have been rounded to .60 and the student would not have earned 100% of his or her Title IV aid.

For clarity, information currently included under the subheading “Percentage of Title IV Aid Earned” has been moved under the subheading “Determining the Percentage of the Payment Period/Period of Enrollment Completed.”

Affected Sections:	4.7.A.
Effective Date:	Official or unofficial withdrawal determinations made by the school on or after October 7, 2000, unless implemented earlier by the school on or after November 1, 1999.
Basis:	DCL GEN-00-24.
Policy Information:	Reference 576
Guarantor Comments:	None.

Title IV Aid That Could Have Been Disbursed

The *Common Manual* has been updated to indicate that a school may include funds from a second or subsequent disbursement of FFELP funds as aid that could have been disbursed when completing return of Title IV funds calculations if the school would have been permitted to deliver the funds on or before the date the student withdrew. However, late disbursement regulations prohibit a student from receiving any amount of a second or subsequent FFELP loan disbursement if the student has not graduated or successfully completed the period of enrollment for which the loan was intended. The return of Title IV funds requirements, including the post-withdrawal disbursement requirements, do not supercede this provision.

Affected Sections:	4.7.A.
Effective Date:	Return of Title IV funds calculations completed on or after December 1, 2000.
Basis:	DCL GEN-00-24.
Policy Information:	Reference 577
Guarantor Comments:	None.

Updates to Return of Title IV Funds Terminology

Terminology throughout the *Common Manual* has been revised to include appropriate references to the provisions for the return of Title IV funds.

Affected Sections:	4.1.B., 4.3.C., 4.7.A., 5.7.H., 6.5.B., 7.6.A., 7.10.A., 7.12.A., 8.1.B., ^{CCI} 8.1.B., 8.3.B., appendix G
Effective Date:	Effective for official or unofficial withdrawal determinations made by the school on or after October 7, 2000, unless implemented earlier by the school on or after November 1, 1999.
Basis:	None.
Policy Information:	Reference 583
Guarantor Comments:	None.

Determining the Amount of Unearned Title IV Aid to be Returned

The *Common Manual* has been updated to include a new subheading “Amount of Title IV Aid Earned by the Student.” The amount of Title IV loan and grant aid earned by the student equals the amount of aid that was delivered to the student plus the amount of aid that could have been disbursed or delivered during the payment period or period of enrollment multiplied by the calculated percentage of Title IV aid earned.

In addition, information under the subheading, “Determining the Amount of Unearned Aid to be Returned” was updated to clarify that the amount of Title IV loan and grant aid that is unearned and must be returned is equal to the total amount of disbursed Title IV aid minus the amount of Title IV aid which has been earned.

Affected Sections:	4.7.A.
Effective Date:	Official or unofficial withdrawal determinations made by the school on or after October 7, 2000, unless implemented earlier by the school on or after November 1, 1999.
Basis:	None.
Policy Information:	Reference 584
Guarantor Comments:	None.

Cost of Attendance and Institutional Charges

The *Common Manual* has been updated to provide information regarding the inclusion of institutional charges in the return of Title IV funds calculations and the treatment of a waiver of tuition and fees in calculating the student’s cost of attendance. Institutional charges used in the return of Title IV funds calculations are always the institutional charges that were initially assessed the student for the payment period or period of enrollment, unless the school adjusted the student’s institutional charges before the student withdrew (e.g., tuition was adjusted for a change in enrollment status). Information has also been included to address return calculations in cases in which Title IV aid is delivered to a student before the institutional charges are met.

If the school waives all or some of the tuition and fees for certain students, the waiver of tuition and fees under the return of Title IV funds requirements must be consistent with the required

treatment of the waiver for purposes of calculating the student's cost of attendance for Title IV purposes.

Affected Sections:	4.7.A., 5.7.E.
Effective Date:	Provisions applicable to the Cost of Attendance (COA) are retroactive to the implementation of the <i>Common Manual</i> . Provisions applicable to the return of Title IV funds are effective for official or unofficial withdrawal determinations made by the school on or after October 7, 2000, unless implemented earlier by the school on or after November 1, 1999.
Basis:	DCL GEN-00-24.
Policy Information:	Reference 585
Guarantor Comments:	None.

Return of Loan Proceeds

The title of this subsection has been changed from “Return or Refund of Loan Proceeds” to “Return of Loan Proceeds.” The first subheading in the subsection was changed from “Return of Proceeds” to “Return of Undelivered Proceeds” and a new subheading was added entitled “Return of Ineligible Borrower Loan Proceeds.” In addition, terminology within the subsection has been updated to reflect return of Title IV funds requirements.

Affected Sections:	6.3.G.
Effective Date:	Official or unofficial withdrawal determinations made by the school on or after October 7, 2000, unless implemented earlier by the school on or after November 1, 1999.
Basis:	None.
Policy Information:	Reference 586
Guarantor Comments:	None.

Period of Enrollment

The *Common Manual* has been revised to clarify that the maximum (instead of minimum) period of enrollment for which the school can certify a loan for a defaulted borrower, whose eligibility to borrow FFELP loans has been reinstated during the current academic year, is the academic year during which the borrower regained eligibility, unless the borrower is not eligible for other reasons.

Affected Sections:	5.7.C.
Effective Date:	Loans certified by the school on or after June 29, 2001.
Basis:	Final Rules published in Part III of the <i>Federal Register</i> , pages 34762-34766, dated June 29, 2001.
Policy Information:	Reference 578
Guarantor Comments:	None.

Length of Deferment - Leave of Absence

The *Common Manual* has been corrected to align subsection 7.10.A. with current regulations and with changes already implemented in section 4.5. These changes provide that a borrower on a leave of absence may maintain eligibility for an in-school deferment if that borrower's cumulative leaves of absence do not exceed 180 days for any 12-month period, rather than 60 days as previously indicated in this subsection of the manual.

Affected Sections:	7.10.A.
Effective Date:	Title IV recipients who withdraw on or after October 7, 2000, unless implemented earlier by the school on or after November 1, 1999.
Basis:	§668.22(d)(1)(vii).
Policy Information:	Reference 587
Guarantor Comments:	None.

Forbearance upon Notification of a Borrower's or Dependent Student's Death

The *Common Manual* has been revised to clarify requirements for granting a forbearance when the lender receives notification of a borrower's or, in the case of a PLUS loan, the borrower's or dependent student's death. A lender, after the lender receives reliable but unofficial notification of a borrower's or dependent student's death, must grant a mandatory administrative forbearance for a period not to exceed 60 days until the lender receives documentation of the death. This forbearance does not require a written request nor is the lender required to notify the borrower or endorser that a mandatory administrative forbearance was granted. The lender may grant an administrative forbearance for up to an additional 60 days if more time is needed to obtain this documentation. This forbearance does not require a written request, but the lender is required to notify the borrower or endorser that the administrative forbearance was granted.

Affected Sections:	7.11.B., 7.11.D.
Effective Date:	Reliable but unofficial notifications of a borrower's or, in the case of a PLUS loan, the borrower's or dependent student's death received by the lender on or after August 21, 2001.
Basis:	Final Rules published in Part III of the <i>Federal Register</i> , pages 44006-44007, dated August 21, 2001.
Policy Information:	Reference 579
Guarantor Comments:	None.

Claim Documentation

The *Common Manual* has been updated to adjust the claim filing documentation requirements. The lender now must submit either the original promissory note or a copy of the promissory note certified by the lender as "true and exact" rather than the previously required "true and accurate."

Affected Sections:	8.2.G., ^{CCI} 8.2.G., 8.2.H., ^{CCI} 8.2.H., 8.3.B., ^{CCI} 8.3.B., 8.3.C., ^{CCI} 8.3.C.
Effective Date:	Claim documentation submitted by the lender on or after July 1, 2001.
Basis:	Final Rules published in Part III of the <i>Federal Register</i> , pages 34762-34766, dated June 29, 2001, which revised §682.402(g)(1)(i).
Policy Information:	Reference 580
Guarantor Comments:	This change in <i>Common Manual</i> policy is the result of a technical correction which aligned this regulatory provision with other FFELP provisions. There is no substantive change in handling copies of promissory notes.

Unpaid Refund Discharge

The *Common Manual* has been revised to incorporate a technical correction to the regulations that changes the triggering event that the guarantor uses to determine when an unpaid refund discharge request must be approved. If the guarantor and the borrower are unable to resolve the unpaid refund with an open school and the borrower has ceased to attend the school that owes the refund, the guarantor must approve the request within 120 days of the date the guarantor receives the completed unpaid refund discharge request, rather than 120 days from the date the borrower submits the request.

Affected Sections:	8.2.I., ^{CCI} 8.2.I.
Effective Date:	Completed unpaid refund discharge requests received by the guarantor on or after July 1, 2001.
Basis:	Final Rules published in Part III of the <i>Federal Register</i> , pages 34762-34766, dated June 29, 2001, which revised §682.402(1)(2)(ii).
Policy Information:	Reference 581
Guarantor Comments:	None.

Loan Rehabilitation

The *Common Manual* has been updated to include information that guarantors will remove the default status from a borrower's credit history once the loan has been purchased by an eligible lender at the conclusion of the rehabilitation process.

Affected Sections:	8.10, ^{CCI} 8.10
Effective Date:	July 1, 2001.
Basis:	Final Rules published in Part III of the <i>Federal Register</i> , pages 34762-34766, dated June 29, 2001, which revised §682.405(b)(2).
Policy Information:	Reference 582
Guarantor Comments:	TG implemented this policy in 1996 to benefit its rehabilitated borrowers. There is no change to TG procedures.

Bankruptcy Repurchases

The *Common Manual* has been revised to clarify that if the guarantor purchases a default claim and later receives documentation that the date of the bankruptcy petition preceded the date of the default (the 270th day of delinquency), the lender will be required to repurchase the loan unless the loan is determined by the court to be dischargeable in the bankruptcy action. The lender is not required to repurchase a claim for a loan that is filed as a default claim and the date of default precedes the petition date.

Affected Sections:	8.7, ^{CCI} 8.7
Effective Date:	Bankruptcy petitions received by the guarantor on or after July 1, 2002, unless implemented earlier by the guarantor.
Basis:	None.
Policy Information:	Reference 588

Guarantor Comments: None.

***Common Manual* Product Update**

In section 1.3 of the *Common Manual*, guarantors announce a new product—a virtual *Integrated Common Manual*. The virtual manual includes monthly revisions to the *Common Manual* as they are approved by the Governing Board. Underlines indicate new text, and strikethroughs show deletions. Unlike previous versions of the *Integrated Common Manual*, which only updated sections of the text that were changed, the virtual manual updates the text, plus indexes and links to other sections of the manual. The virtual manual is located on the National Council of Higher Education Loan Programs (NCHELP) web site at www.nchelp.org.

The bulletin language may also be found on the NCHELP web site and copies of reference materials published by the U.S. Department of Education are located on the Information for Financial Aid Professionals (IFAP) web site at www.ifap.ed.gov.

Other revisions to section 1.3 include information on other versions of the *Common Manual*. These versions are produced annually and may be obtained from a school's or lender's primary guarantor.

Revisions also include a definition of NCHELP, which represents a nationwide network of guarantors, secondary markets, lenders, loan servicers, collectors, and other organizations involved in the administration of the Federal Family Education Loan Program.

Affected Sections: 1.3, appendix G

Effective Date: None.

Basis: None.

Policy Information: Reference 589

Guarantor Comments: TG also maintains a direct link to the ICM at www.tgslc.org.

Removal of Forms from the *Common Manual*

The *Common Manual* has been updated to provide an overview of the common form development process and has eliminated the forms from appendix F in the manual. Appendix F will maintain a list of all forms referenced within the text of the manual. Forms previously contained in appendix F will be available on the 2002 version of the *Common Manual e-Collection* CD-ROM. However, since most forms may be revised at various times throughout the year, users may not have the most current forms available in the *e-Collection*. Current forms may be found on the NCHELP web site (www.nchelp.org) as well as many guarantor web sites.

Affected Sections: 2.3.C.

Effective Date: Upon approval by the Governing Board for the *Integrated Common Manual*. At the time of the 2002 annual update for paper and electronic versions of the *Common Manual*.

Basis: None.

Policy Information: Reference 590

Guarantor Comments: TG maintains current forms at www.tgslc.org.

Return of Undelivered Loan Funds if the Borrower Files Bankruptcy

The *Common Manual* has been revised to clarify that if the bankruptcy action will not result in the lender filing a claim with the guarantor and the lender chooses to make subsequent disbursements on the loan, then the lender must not ask the school to return any loan funds not yet delivered by the school to the borrower.

Affected Sections: 6.2.I.

Effective Date: Bankruptcy notices received by the lender on or after July 1, 2002, unless implemented earlier by the guarantor.

Basis: None.

Policy Information: Reference 591

Guarantor Comments: None.

Timely Filing Deadlines for Bankruptcy Claims

The *Common Manual* has been revised by adding language to specify that a bankruptcy claim and proof of claim, if applicable, must be filed with all required documents within 30 days after the lender's receipt of the Notice of the First Meeting of Creditors or other confirmation issued by the debtor's attorney or the bankruptcy court, or within 30 days after the date the guarantor provides the lender with bankruptcy information and instructs the lender to file a bankruptcy claim, whichever is earlier. This change clarifies the time period used to determine if a bankruptcy claim has been filed timely and coordinates the policy language between subsections 8.2.D. and ^{CCI}8.2.D.

Affected Sections: 8.2.D., ^{CCI}8.2.D.

Effective Date: Bankruptcy notifications received by the lender on or after July 1, 2002, unless implemented earlier by the guarantor.

Basis: §682.402(g)(2)(iv)(A).

Policy Information: Reference 571

Guarantor Comments: None.

Reporting Borrower Payments on the Claim Form

The requirements related to claims filed under the Common Claim Initiative (CCI) are revised to clarify the reporting of borrower payments. The chart of required data elements under the CCI previously specified that the lender must provide the total amount of principal and interest payments made by or on behalf of the borrower on the Claim Form. The revised policy requires

the lender to report the total amount of payments made by or on behalf of the borrower, without regard to how the lender may have applied the payment.

The National Council of Higher Education Loan Programs (NCHELP) Program Operations Committee's Default Aversion and Claims Standardization Workgroup, or DACS, is pursuing a coordinating revision to the Claim Form.

Affected Sections:	CCI8.12
Effective Date:	Retroactive to claims filed by the lender on the Claim Form.
Basis:	§682.402(c).
Policy Information:	Reference 593
Guarantor Comments:	None.

Supplemental Claim Reporting Requirements under the Common Claim Initiative (CCI)

The National Council of Higher Education Loan Programs (NCHELP) Program Operations Committee's Default Aversion and Claims Standardization Workgroup (DACs) has revised the Supplemental Claim Form to coordinate the language with the terminology of the other CCI forms. For lenders filing supplemental claims under the CCI, the chart of data elements has been revised to coordinate with the revisions made to the Supplemental Claim Form. In addition, the "Information to be Provided on the Supplemental Claim Form" chart of data elements is revised to delete the requirement that a lender must provide the date the lender or servicer prepared the form. Attached is the newly revised chart.

Affected Sections:	CCI8.13
Effective Date:	Supplemental claims filed under the CCI by the lender on or after July 1, 2002.
Basis:	None.
Policy Information:	Reference 594
Guarantor Comments:	None.

Application Processes for Federal Stafford, PLUS, and Consolidation Loans

The *Common Manual* was updated to remove references to the Stafford common application and promissory note. To obtain a Stafford loan for any period of enrollment beginning on or after July 1, 2000, and for any Stafford loan certified by the school on or after July 1, 2000, regardless of the loan period begin date, the borrower must complete a Free Application for Federal Student Aid (FAFSA) and Master Promissory Note (MPN). In addition, the definition of common application was updated to state that a common application is now used to obtain a Federal Consolidation loan.

Affected Sections:	6.5, 7.10.A., appendix G
Effective Date:	Stafford loans certified by the school for any period of enrollment beginning on or after July 1, 2000, and for any Stafford loan certified on or after July 1, 2000, regardless of the loan period begin date. The common Consolidation loan forms were issued by the Department for immediate use in October 2000, and are required to be used for Consolidation loan applications signed by the borrower on or after January 1, 2002.
Basis:	None.
Policy Information:	Reference 603
Guarantor Comments:	None.

Unpaid Refund Discharges

The revised *Common Manual* policy clarifies that to be considered for an unpaid refund discharge, a borrower must declare that he or she, or the student in the case of a PLUS loan, received at least part of the proceeds of a FFELP loan on or after January 1, 1986.

Affected Sections:	8.2.I., ^{CCI} 8.2.I.
Effective Date:	Completed unpaid refund discharge requests received by the guarantor on or after July 1, 2001.
Basis:	Final Rules published in Part III of the <i>Federal Register</i> , pages 34762-34766, dated June 29, 2001; §682.402(1)(1); §682.402(1)(2); §682.402(1)(4)(i)(A).
Policy Information:	Reference 602
Guarantor Comments:	None.

General Discharge Requirements for Total and Permanent Disability Claims

The *Common Manual* has been revised to incorporate the changes made to the federal regulations governing the general requirements applicable to total and permanent disability discharges. The revised policy states that a borrower's obligation to repay a loan may be discharged if a doctor of medicine or osteopathy, legally authorized to practice in a state, certifies that the borrower is totally and permanently disabled, and removes the language that assumes the loan is canceled in this case. In addition, the criteria for establishing the borrower's eligibility for discharge provide that the borrower is not considered totally and permanently disabled on the basis of a condition that existed at the time the loan was made, rather than before he or she applied for the loan.

Affected Sections:	8.2.C., ^{CCI} 8.2.C.
Effective Date:	Completed total and permanent disability discharge requests received by the lender on or after July 1, 2002.
Basis:	Final Rules published in Part X of the <i>Federal Register</i> , pages 65678-65695, dated November 1, 2000, and Part III of the <i>Federal Register</i> , pages 44006-44007, dated August 21, 2001; §682.201(a) and §682.402(c).
Policy Information:	Reference 599
Guarantor Comments:	None.

Administrative Forbearance after Total and Permanent Disability Discharge Request

Although technical changes to the regulations no longer explicitly support a suspension of payments, guarantors will continue to permit a lender to grant an administrative forbearance if the 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.

In addition, if the lender does not grant the borrower an administrative forbearance, the lender must continue collection activity until it receives the certification—or until it receives a physician's "written request," rather than a specific "letter," that additional time is needed to determine whether the borrower is totally and permanently disabled. The change from "letter" to "written request" aligns the policy with the Department's recent interpretations permitting the use of an electronic equivalent for any required written notice.

Affected Sections:	8.2.C., ^{CCI} 8.2.C.
Effective Date:	Total and permanent disability discharge requests received by the lender on or after July 1, 2002.
Basis:	None.
Policy Information:	Reference 592
Guarantor Comments:	None.

Suspending Collection for Total and Permanent Disability Claims

If the lender receives a written request from the borrower's physician requesting additional time to make a determination of total and permanent disability, the lender must suspend collection activity on the loan for up to 60 days or until the certification is received, whichever is earlier. The manual is revised to clarify that if the lender determines that a borrower does not meet the definition of totally and permanently disabled, or if the lender does not receive the physician's certification of total and permanent disability within 60 days of the receipt of the physician's written request for additional time, the lender must resume collection activity and treat the loan as though forbearance had been granted during this period.

Affected Sections:	8.2.C., ^{CCI} 8.2.C.
Effective Date:	Total and permanent disability discharge requests received by the lender on or after July 1, 2002.
Basis:	Final Rules published in Part X of the <i>Federal Register</i> , pages 65678-65695, dated November 1, 2000, and Part III of the <i>Federal Register</i> , pages 44006-44007, dated August 21, 2001; §682.402(c)(5).
Policy Information:	Reference 597
Guarantor Comments:	None.

Conditional Discharge Due to Total and Permanent Disability

The *Common Manual* is revised to add a description of the conditional discharge period as applicable to borrowers who request a discharge of their loan obligation due to a total and permanent disability. The manual language explains that completed total and permanent disability discharge requests received by the lender on or after July 1, 2002, and subsequently paid as a claim by the guarantor, are permanently assigned to the Department. The Department then determines if the certification and information provided by the borrower support the conclusion that the borrower meets the criteria for total and permanent disability discharge. If the Department determines that the certification and information provided by the borrower do not support the conclusion that the borrower meets the criteria for a total and permanent disability discharge, the Department notifies the borrower that the application for a disability discharge has been denied and that the loan is due and payable under the terms of the note.

If the Department makes an initial determination that the borrower is totally and permanently disabled, the Department notifies the borrower that the loan is conditionally discharged and that the conditional discharge period will last for up to 3 years after the date the borrower became totally and permanently disabled, as certified by the physician. The Department's notification specifies that all or part of the 3-year period may predate the Department's initial determination, and identifies the following conditions that apply during the 3-year conditional discharge period:

- The borrower is not required to make any payments on the loan.
- The borrower is not considered delinquent or in default on the loan, unless the borrower was delinquent or in default at the time the conditional discharge was granted.
- The borrower must promptly notify the Department of any changes in address or phone number.
- The borrower must promptly notify the Department if his or her annual earnings from employment exceed 100 percent of the poverty line for a family of two.
- The borrower must provide the Department, upon request, with additional documentation or information related to the borrower's eligibility for a total and permanent disability discharge.
- The borrower must not receive a new loan under the Perkins, FFEL or Direct Loan Programs, except for a FFELP or Direct Consolidation loan that does not include any loans that are in a conditional discharge status.

The Department also notifies the borrower that, if at any time during the 3-year conditional discharge period the borrower does not continue to meet the eligibility requirements for a total and permanent disability discharge, the Department will resume collection activity on the loan but will not require the borrower to pay any interest that accrued on the loan from the date of the initial determination of total and permanent disability through the end of the conditional discharge period.

Affected Sections:	8.2.C., ^{CCI} 8.2.C.
Effective Date:	July 1, 2002.
Basis:	Final Rules published in Part X of the <i>Federal Register</i> , pages 65678-65695, issued on November 1, 2000, and Part III of the <i>Federal Register</i> , pages 44006-44007, issued on August 21, 2001; §682.201(a); §682.402(c)(1)(ii); §682.402(c)(11) through (16).
Policy Information:	Reference 601
Guarantor Comments:	None.

Borrower Notification Requirements after Total and Permanent Disability Claim Filing

The manual has been revised to address the borrower notification requirements applicable after the lender has filed a total and permanent disability claim with the guarantor. If the guarantor pays the claim, the lender must notify the borrower that the loan will be assigned to the Department for determination of eligibility for a total and permanent disability discharge. If the guarantor determines that the borrower is not eligible, the claim will be returned to the lender with an explanation of the reason for the denial. The lender must notify the borrower that the application for a disability discharge has been denied. The notification to the borrower must include the basis for the denial and inform the borrower that the lender will resume collection on the loan.

Affected Sections:	8.2.C., ^{CCI} 8.2.C.
Effective Date:	Completed total and permanent disability discharge requests received by the lender on or after July 1, 2002.
Basis:	Final Rules published in Part X of the <i>Federal Register</i> , pages 65678-65695, dated November 1, 2000; §682.402(c)(7) and (8).
Policy Information:	Reference 600
Guarantor Comments:	None.

Borrower Payments and the Conditional Disability Discharge

The *Common Manual* has been revised to support the regulatory changes pertaining to total and permanent disability claims, beginning with completed total and permanent disability discharge requests received by the lender on or after July 1, 2002. For those approved completed requests, the disability discharge is “conditional,” meaning that the Department of Education will hold

the loan for 3 years to determine if the borrower continues to meet the eligibility requirements for a total and permanent disability discharge.

This change affects the way a lender files a claim. Currently, a lender makes adjustments to the outstanding principal balance and the interest-paid-through date by “backing off” payments received from or on behalf of the borrower after the date, certified by the physician, that the borrower became unable to work and earn money. Then, upon receipt of claim purchase notification, the lender is responsible for refunding those payments to the borrower. Under the new regulatory requirements, the borrower will not be eligible for this refund until after the 3-year “conditional” discharge period. In addition, this refund will be made by the Department of Education, rather than the lender or guarantor.

At the time the claim is filed, the lender must provide the guarantor with a record of any payments received after the date, certified by the physician, that the borrower became unable to work and earn money (i.e., the date of total and permanent disability). Lenders and guarantors are encouraged to work together to create an efficient and streamlined process for providing this information. For example, for claims filed electronically under the Common Claim Initiative (CCI), the amount of payments received after the date of total and permanent disability is not captured and reported. This change is not currently part of the Common Account Maintenance (i.e., CAM-CCI) file specifications and will not be added until the next release of CAM. Therefore, lenders will need to send this information to the guarantor in another format. (The Claim Form will be updated prior to July 1, 2002, to allow lenders the *option* of reporting the amount of payments received after the date of total and permanent disability on the form.)

Affected Sections:	8.2.C., ^{CCI} 8.2.C., ^{CCI} 8.3.B.
Effective Date:	Completed total and permanent disability discharge requests received by the lender on or after July 1, 2002.
Basis:	§682.402(c); Final Rules published in Part X of the <i>Federal Register</i> , pages 65678-65695, dated November 1, 2000.
Policy Information:	Reference 598
Guarantor Comments:	None.

Borrower Eligibility after Conditional Discharge of a Prior Loan Due to Total and Permanent Disability

The *Common Manual* is revised to include the conditions a borrower must meet in order to regain eligibility for a new PLUS or Stafford loan if the borrower received a conditional discharge of a prior loan due to a total and permanent disability. As prescribed by federal regulations, a borrower who has received a conditional discharge of a prior loan due to an initial determination that the borrower is totally and permanently disabled must do *all of the following* 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.” For these purposes, “substantial gainful activity” is defined as the ability to work and earn money.
- Sign a statement acknowledging that any loan that has been conditionally discharged may not be discharged due to the same or any disability existing at the time the borrower applied for a total and permanent disability discharge or when the new loan is made, unless the disabling condition substantially deteriorates to the extent that the definition of total and permanent disability is met.

- Sign a statement acknowledging that collection activity will resume on any loans in a conditional discharge period.

The borrower’s receipt of a new Stafford or PLUS loan terminates the borrower’s conditional discharge and the Department reinstates collection activities on any loan on which collection activity had been previously suspended based on an initial determination of total and permanent disability.

Schools and lenders are strongly encouraged to contact the guarantor if assistance is needed to determine or establish a borrower’s eligibility after a total and permanent disability.

Affected Sections:	5.2.E.
<hr/>	
Effective Date:	Stafford and PLUS loan eligibility determinations made on or after July 1, 2002.
<hr/>	
Basis:	Final Rules published in Part X of the <i>Federal Register</i> , pages 65678-65695, dated November 1, 2000, and Part III of the <i>Federal Register</i> , pages 44006-44007, dated August 21, 2001; §682.201(a).
<hr/>	
Policy Information:	Reference 595
<hr/>	
Guarantor Comments:	None.

Borrower Eligibility after Final Discharge of a Prior Loan Due to Total and Permanent Disability

The rules regarding a borrower's eligibility for Stafford and PLUS loans if a prior loan has been discharged due to total and permanent disability are revised to incorporate the federal technical corrections published on August 21, 2001. The technical corrections to the federal regulations and the corresponding revised policy guidance clarify that a borrower who has had a prior loan discharged due to total and permanent disability on or after July 1, 2001, but before July 1, 2002, must reaffirm the discharged loan if the borrower *applies for* a loan within 3 years from the date the borrower became totally and permanently disabled, as certified by a physician. In this case, the borrower must reaffirm the previously discharged loan before receiving any new Stafford or PLUS loan.

In addition, the revised subheading, “Final Discharge of a Prior Loan Due to Total and Permanent Disability” clarifies the requirements applicable to a borrower's eligibility after a borrower has received a final discharge due to total and permanent disability. Policy language that describes the conditions for regaining Stafford or PLUS loan eligibility in the case of a borrower who has received a “conditional” discharge due to total and permanent disability will be provided under a separate subheading.

Schools and lenders are strongly encouraged to contact the guarantor if assistance is needed to determine or establish a borrower’s eligibility after a total and permanent disability.

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 III of the <i>Federal Register</i> , pages 44006-44007, dated August 21, 2001, which revised §682.201(a)(6)(iii).
Policy Information:	Reference 596
Guarantor Comments:	None.

TG would like its customers to know that the Department of Education is in the process of formulating detailed guidance about its Total and Permanent Disability discharge procedures.

THIS, THAT, AND THE OTHER

A Texas program based on the concept of matching funds has raised about \$4.5 million from a combination of public and private sources thus far with the goal of increasing the number of graduates with engineering and technology degrees. The program, called the Technology Workforce Development Grant Program, offers grants for scholarships, salaries, training, and equipment.

With the state's current budget providing \$5 million a year, if private matching funds are available, the program could provide considerable revenue to Texas institutions. The Texas Engineering and Technical Consortium is charged with sharing information about the program, which is administered by the Texas Higher Education Coordinating Board.

Find out more about the program at the consortium's web site at www.tetc.utdallas.edu/.

Contributors to this week's edition:	Kristin Boyer	Kelly Kaelin	Art Martinez
	Andrés Cordero, Jr.	Charles Krcy	George Torres
	Leighton Hendrick	Laura Lavergne	

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.

Edited by TG Communications and Policy and Regulatory Affairs.

Designed by TG Communications.

Shoptalk Online is a publication of Texas Guaranteed Student Loan Corporation. Copyright 2002.