



## IN THIS EDITION:

### FEDERAL UPDATES

- **REVISED DISCHARGE FORMS RELEASED** ..... 1
- **INTEREST RATE UPDATE** ..... 2

### TG UPDATES

- **TG, COUNCIL HOST DIALOGUE WITH STUDENT LOAN SERVICING COMMUNITY** ..... 2
- **A DAY IN THE LIFE...THE SERIES CONTINUES**..... 3

### TRENDS AND ISSUES

- **REGISTER FOR 2002 MYF CONFERENCE** ..... 4

### LEGISLATIVE UPDATE

- **JUNE 25 LEGISLATIVE REPORT**..... 4

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

## FEDERAL UPDATES

### Revised Discharge Forms Released

ED recently published Dear Partner Letter (DPL) GEN-02-05 announcing several revised student loan discharge forms. These forms are:

- Loan Discharge Application: Unauthorized Signature/Unauthorized Payment
- Loan Discharge Application: False Certification of Ability to Benefit
- Loan Discharge Application: False Certification (Disqualifying Status)
- Loan Discharge Application: School Closure

The Loan Discharge Application: School Closure form may be used by borrowers in all three Title IV student loan programs: FFELP, Direct, and Perkins. The other three listed may be used by borrowers in both the FFEL and Direct Loan Programs.

Program participants may distribute the revised forms immediately but must distribute them in response to borrower requests on or after August 15, 2002. A lender may process previously approved forms received after that date. However, lenders should be careful to ensure that a previously approved form is processed using the applicable regulatory provisions.

### More Information

The discharge forms are available for customers to download and print on TG's corporate web site at [www.tgslc.org/tgslc/forms/index.htm](http://www.tgslc.org/tgslc/forms/index.htm). To access GEN-02-05, go to the Information for Financial Aid Professionals (IFAP) web site at <http://ifap.ed.gov/dpccletters/GEN0205.html>.

## Interest Rate Update

As mentioned in Edition 157 of *Shoptalk Online*, there are two categories of interest rates (besides those for existing Stafford, SLS, and PLUS loans) that are released at the end of June. These rates are now available and are as follows:

- **Older PLUS/SLS loans:** Interest rates for older PLUS/SLS loans are based on the weekly average of the one-year constant maturity Treasury yield for the last calendar week ending on or before June 26. The current rate is 5.23 percent for loans first disbursed on or after October 1, 1992, and 5.38 percent for loans disbursed on or after July 1, 1987, but before October 1, 1992.
- **HEAL portion of Federal Consolidation loans:** The HEAL portion of Federal Consolidation loans is based on the average of the bond equivalent rates of the 91-day T-bills auctioned for the quarter ending June 30. The current rate is 4.75 percent.

To access TG's annual interest rate chart for all applicable interest rates, visit [www.tgslc.org/tgslc/resources/intratechart.htm](http://www.tgslc.org/tgslc/resources/intratechart.htm).

## TG UPDATES

### TG, Council Host Dialogue with Student Loan Servicing Community

Twenty-seven representatives of student loan servicers and Texas schools joined together for a day of dialogue in Dallas on June 13, 2002. TG and one of its most important industry partners, the Council for the Management of Educational Finance (Council), hosted the event—the first of its kind—to provide an opportunity to discuss policies and practices related to forbearance, loan consolidation, and the future of loan servicing.

“TG is appreciative of the time and effort that the Council and our business partners committed to this discussion,” said Sue McMillin, TG's Senior Vice President for Business Operations. “Lenders, servicers, and schools play an important role in helping borrowers avoid student loan default, and this collaboration helped us explore ways that we can work together to help students.”

#### Discussion Highlights

The meeting began with a presentation and discussion of trend analysis including data on cohort default rates, cure types, and loan consolidation. Participants proceeded with three roundtable discussions regarding forbearance, consolidation, and servicing trends as they relate to pre-delinquency, delinquency, and default aversion. Discussion highlights include the following:

- Cohort default rates, when tracked beyond the two-year reporting period required by the U.S. Department of Education, continue to escalate over the standard 10-year repayment period. This trend demonstrates that the student loan community must continue to be proactive in preventing default over the life of the loan—in addition to working with borrowers during the two-year cohort tracking period.
- Universally, servicer representatives and others expressed concern with the current process for determining borrower eligibility for economic hardship deferments. Participants suggested that a straight debt-to-income ratio analysis, similar to the one used in granting automatic forbearances, could help simplify the process for borrowers. They agreed that

the Economic Hardship Deferment Request form should be simplified to ease the burden on borrowers and to encourage the use of deferment rather than forbearance in economic hardship situations.

- Historically low 2002-2003 interest rates and increasing requests for Consolidation loans will have not only short-term workload effects but also long-term effects on portfolios because the fixed rates can apply for a period of up to 30 years.

Participating lenders and servicers included AFSA Data Corporation, Brazos Higher Education Authority, LoanStar Systems Inc., Nelnet, North Texas Higher Education Authority, Panhandle Plains Student Loan Center, Sallie Mae, SunTech Inc., Texas Higher Education Coordinating Board, Wells Fargo EFS, Student Loan Express and First National Bank – Bryan/College Station. Participating Council members included schools from various sectors and were represented by Texas A&M University, Our Lady of the Lake University, Dallas Baptist University, Court Reporting Institute of Dallas, University of Houston, The University of Texas at El Paso, and The University of Texas at Brownsville.

TG and the Council will publish a white paper to provide an overview of the issues and discussions from the meeting. Publication is targeted for mid-July on the Council's web site at [www.tgslc.org/tgslc/edalliance/cmef/index.htm](http://www.tgslc.org/tgslc/edalliance/cmef/index.htm).

### More Information

For more information about the meeting or the activities of the Council, contact Vickie Reyes at (800) 252-9743, ext.4632, or [vickie.reyes@tgslc.org](mailto:vickie.reyes@tgslc.org).

## A Day in the Life...the Series Continues

*Shoptalk Online* continues its series mirroring the life of a loan by examining TG's efforts to help students in repayment. In the second part of this two-part article (the first part is available in Edition 156 at [www.tgslc.org/tgslc/shoptalk/2002/st156/st15600.htm](http://www.tgslc.org/tgslc/shoptalk/2002/st156/st15600.htm)), *Shoptalk Online* surveys the various ways in which TG Default Prevention promotes its default aversion message and programs.

TG Default Prevention, through collaborative efforts with its industry partners, designs innovative default aversion programs and tools and aids borrowers and schools in implementing them. TG Default Prevention is also proactive in providing assistance to its customers:

- **Finding Solutions** — By taking the initiative, TG is helping Historically Black Colleges and Universities (HBCUs) tackle their cohort default rates. As a result of TG's desire to support HBCUs, TG's Achieving Systemic Default Aversion (ASDA) Program was born. ASDA helped HBCUs identify default prevention management servicers. The HBCUs, with the servicers, have created the HBCU Consortium, which meets once a quarter to review reports, trends, and other items focusing on default aversion.
- **Retention Topics** — TG is advancing the Texas Higher Education Coordinating Board's (THECB's) challenge to increase postsecondary enrollment in Texas by 500,000 by the year 2015. Retention is an important aspect of the enrollment issue and is of high importance to colleges. As a result, TG invited The College Board to present on retention topics at a recent meeting of the HBCU Consortium with a focus on default prevention and retention as going hand-in-hand.
- **Creating Standards** — By offering its program to schools looking for ways to lower their default rates, ASDA is helping schools prepare a standard default prevention plan that incorporates best practices that allow schools to select the best approach for their campus.
- **Default Prevention Workshops** — By co-sponsoring free default prevention workshops, TG and the Council for the Management of Educational Finance are helping schools define ways to strengthen their default prevention efforts.

- **Default Prevention Tools** — By providing a series of default aversion resources for borrowers, TG is furthering its default prevention message.

TG's Default Prevention team is open to suggestions for ways to help borrowers stay out of default. The team would like to hear from you. Send suggestions to [prevent.default@tgslc.org](mailto:prevent.default@tgslc.org), or call (800) 338-4752.

### **More Information**

Now find out more information about TG's default prevention efforts from Shelia Dunlap, Assistant Vice President of TG Default Prevention, and learn how TG and its internal and industry partners assist the student loan community with default aversion programs and resources by linking to [www.tgslc.org/tgslc/shoptalk/2002/st161/st16109.htm](http://www.tgslc.org/tgslc/shoptalk/2002/st161/st16109.htm).

## **TRENDS AND ISSUES**

### **Register for 2002 MYF Conference**

Embark on a new future by attending the 2002 Mapping Your Future Conference - Where the Future Begins, in Phoenix, AZ, on September 4-6, 2002. The conference will focus on high technology issues in the financial aid industry and address projects under development between *Mapping Your Future* ([www.mapping-your-future.org](http://www.mapping-your-future.org)) and guaranty agency sponsors. This conference offers team members an opportunity for professional development and networking with fellow team members.

The conference will be held at the Embassy Suites Hotel – Phoenix Biltmore. Room reservations can be made by phone at (602) 955-3992, toll-free at 1-800-EMBASSY, or online at [www.embassy-suites.com](http://www.embassy-suites.com). The hotel is located at 2630 E. Camelback Road in Phoenix.

An agenda and conference registration are available online at <http://mapping-your-future.org/sponsors/events/annualconference.cfm>. For questions contact Cathy Mueller at [cathy.mueller@mapping-your-future.org](mailto:cathy.mueller@mapping-your-future.org).

## **LEGISLATIVE UPDATE**

### **June 25 Legislative Report**

The June 25 edition of TG's *Legislative Report* includes an article about a recent public hearing by the Texas Senate Education Committee on the implementation of House Bill 400, the Higher Education Assistance Pilot Program. Additional articles include information about a meeting of the Joint Legislative Oversight Committee on Electronic Government in Texas and an act passed recently by the U.S. Senate called the Development, Relief, and Education for Alien Minors (DREAM) Act.

## THIS, THAT, AND THE OTHER

As the Fourth of July approaches, we'd like to take this opportunity to encourage you to visit some web sites that offer a glimpse into the people and events that have shaped our nation:

- American Memory – Historical Collections from the Library of Congress at <http://memory.loc.gov/>
- America's Story – Fun for Kids and Family at [www.americaslibrary.gov/cgi-bin/page.cgi](http://www.americaslibrary.gov/cgi-bin/page.cgi)
- Charters of Freedom, links to historical documents including the Declaration of Independence, the U.S. Constitution, and the Bill of Rights at <http://thomas.loc.gov/home/histdoxmainpg.html>
- The White House Historical Association at [www.whitehousehistory.org/](http://www.whitehousehistory.org/)
- The Supreme Court Historical Society at [www.supremecourthistory.org/](http://www.supremecourthistory.org/)
- The U.S. National Archives and Records Administration at [www.archives.gov/index.html](http://www.archives.gov/index.html)

Have a marvelous Independence Day!

---

<b>Contributors to this week's edition:</b>	Kristin Boyer	Sandy Keller	Cathy Mueller
	Andrés Cordero, Jr.	Laura Lavergne	George Torres
	Kelly Kaelin	Art Martinez	

---

*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.

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

---