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FEDERAL UPDATES

Current Special Allowance Rates

The following rates apply for the quarter ending June 30, 2002:

- The average of the bond equivalent rates of the 91-day Treasury bills auctioned during the quarter ending June 30, 2002, is 1.75 percent.
- The average of the bond equivalent rates of the quotes of the three-month commercial paper (financial) rates in effect for each of the days in the quarter ending June 30, 2002, is 1.84 percent.

The FFELP special allowance rates for the most recent quarter are available at www.tgslc.org/tgslc/lenders/SA063002.pdf.

Questions

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

Closed School Corner

NEWLY REPORTED CLOSURES				
OPE ID#	SCHOOL NAME	SCHOOL ADDRESS	UNOFFICIAL CLOSURE DATE	ED'S OFFICIAL CLOSURE DATE
02131800	Jefferson Business College	1111 18 th St. NW Washington, D.C. 20006	N/A	11/18/1988
02120300	International School for Career Studies	825 15 th St. N. Washington, D.C. 20005	N/A	7/8/1992
00926800	Kelsey-Jenney College	7310 Miramar Rd. #3 San Diego, CA 92126-4221	N/A	6/13/2002
00735200	McConnell School (The)	1201 Marquette Ave. #100 Minneapolis, MN 55403-2456	N/A	5/30/2002
02132200	McKim Technical Institute	1791 S. Jacoby Rd. Copley, OH 44321	N/A	9/9/1994
02332600	Metropolitan Technical Institute and Business College	2390 Pacific Ave. Long Beach, CA 90806	N/A	7/9/1990
02125800	Progressive Fashion School	2021 W. 25 th St. Cleveland, OH 44113	N/A	6/23/1992
ED CLOSURE DATE REVISIONS				
OPE ID#	SCHOOL NAME	SCHOOL ADDRESS	PREVIOUSLY REPORTED CLOSURE DATE	ED'S OFFICIAL CLOSURE DATE
02102600	Royal Business School Dental Assistants	171 W. 32 nd St. New York, NY 10011	3/28/89	10/12/1988

TG UPDATES

The Secret's Out

Reservations are made, booth space is selected, and TG team members are crawfishing their way toward the Big Easy. NASFAA 2002 is just around the corner, and we've made plans to see you in New Orleans between July 21 and 24.

Come by Booths #2049 and #2050 to find out what TG has to offer to make your life simpler. Mention the secret ingredient for TG's Choice Gumbo (log on to www.tgslc.org to find out what it is) or bring a copy of the secret ingredient web page with you to get your special conference gift.

Find out more about some of TG's plans for NASFAA in *Shoptalk Online* Edition 162 at www.tgslc.org/tgslc/shoptalk/2002/st162/st16203.htm#nasfaa.

TRENDS AND ISSUES

Report Focuses on VFA Initiatives and Results

A recent report from the National Association of Student Loan Administrators (NASLA) highlights initiatives adapted by three participants that have developed experimental Voluntary Flexible Agreements (VFAs) with the Department of Education (ED). The 25-page report—*Preliminary VFA Initiatives and Results*—focuses on the VFAs of three NASLA members—TG, American Student Assistance (ASA), and Great Lakes Higher Education Guaranty Corporation (GLHEGC).

The report offers preliminary results from initiatives undertaken by the three agencies, all of which were among the first guaranty agencies to implement VFAs. The report includes three major sections:

- Overview – information that helps to define VFAs and their purpose
- Benefits to the Industry – a summary of the positive aspects of the VFAs for all participants
- Common Goals and Activities – an overview of some of the specific ways in which the three guaranty agencies are working to meet the common goals of the VFAs

The report includes specifics about each guarantor's VFA implementation and successes. For instance, the report offers details about a pilot program in which TG and ASA are working to obtain data from the National Database of New Hires (NDNH) in an effort to increase contact with borrowers who have entered the working world. In addition, the report includes information about TG's mailing of repayment packets to 450,000 borrowers in December 2001 and TG's outreach efforts, including partnership efforts with the Council for the Management of Educational Finance, TRIO administrators, and Historically Black Colleges and Universities (HBCUs).

More Information and Questions

The report is available online at www.tgslc.org/tgslc/vfa/vfareport.pdf. In addition, a press release from NASLA is available in the TG Newsroom at www.tgslc.org/tgslc/newsroom/news/2002/press020703.htm.

For questions, contact TG's Kristin Boyer at (800) 252-9743, ext. 4990, or at kristin.boyer@tgslc.org.

COMMON MANUAL

Common Manual Updates

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

Notifying the Guarantor of a Guarantee Reinstatement

The *Common Manual* has been revised to reflect existing National Student Loan Data System (NSLDS) requirements to report a loan's loss of guarantee and the reinstatement of that guarantee. In addition, lenders are required to ensure that, if the guarantor does not utilize the lender's NSLDS reporting data to update its records, the guarantor is notified of the loan's loss of guarantee and the reinstatement of that guarantee at the time each of those events occur or are identified. Finally, the manual has been revised to require the lender to include the curing instrument or a legible copy of the curing instrument in any claim filed after the guarantee reinstatement. Requirements that the lender provide other cure documentation such as a request for reinstatement of the guarantee have been removed.

Affected Sections:	8.3.B, ^{CCI} 8.3.B, 8.8.F, ^{CCI} 8.8.F
Effective Date:	Guarantee reinstatements completed by the lender on or after January 1, 2003, unless implemented earlier by the guarantor.
Basis:	None.
Policy Information:	573/Batch 93
Guarantor Comments:	None.

Definition of Curing Instrument

The *Common Manual* is revised to include a definition of "curing instrument" in the glossary. A curing instrument is defined as documentation the lender must obtain and retain to substantiate a cure.

Examples of a curing instrument include, but are not limited to, a signed repayment agreement, evidence of one full payment received from or on behalf of the borrower, or documentation of the activities performed in an Intensive Collection Activities (ICA) cure.

Affected Sections:	appendix G
Effective Date:	Retroactive to the implementation of the <i>Common Manual</i> .
Basis:	None.
Policy Information:	604/Batch 93
Guarantor Comments:	None.

Default Aversion Assistance

Specific requirements regarding a guarantor's default aversion assistance activities have been removed from subsections 8.1.J and ^{CCI}8.1.J. Federal regulations no longer specify the content of the guarantor's default aversion assistance activities. Thus, guarantors may be performing multiple activities with varied content based on their own analysis of their portfolio requirements.

Affected Sections:	8.1.J, ^{CCI} 8.1.J
Effective Date:	July 1, 2000.
Basis:	§682.404(a)(2)(ii)
Policy Information:	605/Batch 93
Guarantor Comments:	While the guarantor no longer has prescriptive due diligence requirements, TG will continue to use a methodology that ensures borrower contact and prevents defaults.

Due Diligence Activities

Subsections 8.1.D and ^{CCI}8.1.D of the *Common Manual* have been revised to remove redundant policy guidance related to final demand letters and the 45-day gap. This guidance is being retained solely under the more appropriate subheadings “241 days or more delinquent,” “301 days or more delinquent,” and “Other Requirements,” while duplicate guidance found under the subheadings “16-180 days delinquent” and “16-240 days delinquent” has been removed.

Affected Sections:	8.1.D, ^{CCI} 8.1.D
Effective Date:	Retroactive to loans on which the first day of delinquency on the oldest outstanding due date is on or after July 1, 2000, unless implemented earlier by the guarantor.
Basis:	None.
Policy Information:	606/Batch 93
Guarantor Comments:	None.

Glossary Updated to Delete Congressional Methodology

The *Common Manual* has been revised to delete the definition of “Congressional Methodology” from appendix G, as it is no longer used. The reference to Congressional Methodology within the definition of “Federal Need Analysis Methodology” has also been deleted.

Affected Sections:	appendix G
Effective Date:	Retroactive to the implementation of the <i>Common Manual</i> .
Basis:	None.
Policy Information:	607/Batch 93
Guarantor Comments:	None.

LEGISLATIVE UPDATE

July 3 Legislative Report

The July 3 *Legislative Report* includes information about key legislation passed by the Congress prior to the Independence Day recess, including funding ceilings adopted by the Senate, the prescription drug plan passed by the House, and the increased debt ceiling. The report also includes an article about a recent meeting of the Texas State Senate Border Affairs Subcommittee. Read the entire July 3 issue at www.tgslc.org/tgslc/publications/lege_report/2002/lr_020703.htm.

THIS, THAT, AND THE OTHER

Higher education in America predates the signing of the Declaration of Independence:

- Harvard has the distinction of being the nation’s first college, founded in 1636.
- No other American institution of higher learning was named “University” before Penn. In 1779, the Pennsylvania state legislature conferred a new corporate charter upon the College of Philadelphia, renaming it the “University of the State of Pennsylvania” (in 1791 yet another new charter granted Penn its current name). (from www.archives.upenn.edu/histy/genhistory/firstuniv.html)
- Lincoln University in Pennsylvania (founded in 1854), Wilberforce University in Ohio (founded in 1856), and Cheyney University (founded in 1937) count themselves among the first historically black colleges. Spelman became the first historically black college or university to receive a number one rating by *U.S. News and World Report* magazine when the college was named the number one liberal arts college in the South.
- The College of William and Mary, founded in 1693, is the only U.S. institution to have a Royal Charter. Phi Beta Kappa, the premier academic honor society in America, was founded by The College of William and Mary students in 1776.
- “The Dartmouth,” (www.thedartmouth.com/) founded in 1799, was the first college newspaper in the U.S.

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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@tgslc.org.

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