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FEDERAL UPDATES

FSA Announces Videoconference for Guidance Counselors

Guidance counselors looking for the latest information on helping students secure federal aid are invited to register now for a special satellite videoconference, *Applying for 2003-04 Federal Student Aid: Easy as 1, 2, 3*.

The videoconference is being presented by the FSA University team within ED’s Office of Federal Student Aid (FSA).

Topics

The videoconference will cover several timely topics:

- Using the 2003-04 FAFSA on the Web: the electronic alternative to the paper application process to apply for federal student aid
- Filling out the 2003-04 Free Application for Federal Student Aid (the FAFSA)
- Calculating an Expected Family Contribution (EFC)
- Understanding how colleges and universities “package” financial aid
- Finding student aid resources
- Updates to the 2003-04 FAFSA Express software

Counselors with questions will be able to call a toll-free number or submit their questions for subject-matter experts by e-mail or fax during the videoconference.

Date and Time

The videoconference will be presented live on Thursday, December 12, 2002, from 1 to 3 p.m. EST (2 to 4 p.m. CST). Counselors can join the teleconference online through live webcast technology. Details on this option are provided online at <http://www.edvideo.walcoff.com/webcast.html>.

Videotaped copies of the videoconference will also be available approximately three weeks after the live program. Tapes can be obtained by calling 1-877-4-ED-PUBS (toll free), or by ordering online at www.ed.gov/pubs/edpubs.html.

Registration

Counselors can register for the videoconference and find more information online at <http://www.edvideo.walcoff.com>.

ED Updates Campus Crime Reporting Rules

On October 31, 2002, ED issued final rules to reflect changes made to the Higher Education Act (HEA) by the Campus Sex Crimes Prevention Act (section 1601 of Public Law 106-386).

This change to the HEA, which went into effect on October 28, 2002, adds to the annual campus security reporting requirements. Under the new rules, a school must inform members of its campus community where they can obtain information regarding registered sex offenders who may be present on campus. Acceptable locations for posting this information include school law enforcement offices, local law enforcement agencies having jurisdiction over a particular campus, or an internet address.

Effective Immediately

The effective date of the final rules is October 31, 2002. The final rules add this requirement to 34 CFR 668.46(b)(12) and clarify that this new disclosure must be included in a school's annual security reports beginning with the October 1, 2003 report.

Neg Reg and NPRM Waived

Though regulatory changes are typically subject to a proposed rulemaking comment period and the negotiated rulemaking process, ED has determined that both "would be unnecessary and contrary to the public interest," as this change stems directly from a change enacted to the HEA. Therefore, the negotiated rulemaking (Neg Reg) and proposed rulemaking (NPRM) processes, as well as the standard 30-day delay in implementation for new regulations, have been waived for these new rules.

Read All About It

To read the *Federal Register* notice containing the final rules, go to http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=2002_register&docid=02-27599-filed.pdf.

TG UPDATES

TG Presents PLUS MPN Teleconference This Week

TG is holding a teleconference to provide information to financial aid professionals on the PLUS Master Promissory Note (MPN). The one-hour session is scheduled for 2 p.m. CST on Thursday, December 5, 2002.

Agenda

Margie Harvey and Laura Kowalski of TG will discuss how the PLUS MPN may affect the way loans for parent borrowers are processed. The teleconference will also include discussion of the features of the new PLUS MPN, which is expected to be published by the Department of Education within the next few months to replace the current common PLUS Application and Promissory Note. Once implemented, the PLUS MPN will allow parents to borrow multiple PLUS loans over multiple years for a dependent student.

The presentation portion of this session will be followed by a time for questions, answers, and discussion with participants. To ensure that all areas of interest are covered, participants are encouraged to submit their questions to Sheila Casey at sheila.casey@tgscl.org before the session.

To Register

The event is free of charge, but enrollment is required. To register and get further details, contact Premiere Conferencing at (800) 289-0579. You must provide the confirmation number 454411 to Premiere when registering.

A Day in the Life of Compliance Administrative Operations

with James Wingard, Assistant Vice President and John Seibert, Assistant Team Manager

Ensuring Program Integrity

TG's Compliance Administrative Operations (CAO) team provides a variety of customer and borrower services that help to protect the integrity of the FFELP. The CAO team divides its services between maintaining ongoing program participation for schools and lenders/servicers, and due process services for borrowers. Due process services ensure that the borrowers' rights under Title IV of the Higher Education Act are preserved and protected.

Initial Program Participation

The CAO team handles the initial program participation eligibility processes for schools and lenders wanting to participate in the FFELP with TG. The team collects and reviews the information needed to determine that a school or lender meets the requirements for TG program participation, including documentation of ED's approval of schools that want to participate in the Title IV programs. Once eligibility with TG is established, the Compliance team is responsible for updating schools' and lenders' records and notifying other TG departments of the updates.

Cohort Default Rate Data Challenges

The CAO team also handles cohort default rate challenges for schools. ED calculates schools' cohort default rates to determine the default experience of students who attended a particular school during a particular period of time based on information reported by guarantors to the National Student Loan Data System (NSLDS). Cohort default rates are important to schools since high rates may affect their participation in the FFELP.

Each February, schools receive their draft cohort default rates from ED. Schools that disagree with ED's calculations may challenge those findings through their guarantor. The CAO team reviews the data TG reported to the NSLDS and, when applicable, makes corrections before official cohort default rates are released by ED in September. Appeals regarding official rates that are based on erroneous data and/or improper loan servicing must be submitted to TG within specific time frames to provide schools with continued eligibility while appeals are pending. Appeals for exceptional mitigating circumstances must be submitted by schools directly to ED.

Borrower Intermediary

To provide the best possible service to borrowers and customers, CAO team members need to have good people skills and a solid background in the student loan industry. Having these skills and experience enables CAO team members to serve as an intermediary between the borrower and the school or lender when the borrower has loan related issues.

James Wingard, Assistant Vice President of TG Compliance Administrative Operations, says, “Generally, the types of borrowers we work with have issues with the servicing of their loan, the school that they attended, or the collections process, so our team members need an overall knowledge of the loan process, especially in the areas of wage withholding, claims and collections.”

The CAO team is responsible for borrower due process activities that include:

- Claims Administrative Review Process,
- Wage withholding hearings,
- Treasury offset objections,
- False Certification and Unpaid Refund discharges, and
- Borrower identifier discrepancies and complaints.

Claims Administrative Review Process

When TG pays a default claim, the borrower is notified that he or she has the opportunity to object to the default and is sent a Request for Administrative Review form (Request). The CAO team’s receipt of a Request triggers a process known as the Claims Administrative Review Process (CARP). The team examines the borrower’s objections, and then notifies the borrower of its determination. If the determination is in the borrower’s favor, the lender is asked to repurchase the borrower’s loan. If the determination is not in the borrower’s favor, the borrower has the opportunity to submit a written appeal to TG.

John Seibert, Assistant Team Manager of CAO, explains, “If that appeal is rejected and the borrower continues to have a problem with the decision, the appeal is forwarded to the TG Ombudsman.”

Wage Withholding Hearings

When TG Collections notifies a borrower of a wage withholding action, the borrower has an opportunity to request a hearing overseen by an Administrative Law Judge. A representative from the Compliance team is present at the hearing as a corporate advocate and is charged with the job of presenting the facts of the case. The borrower has the right, under federal mandate, to object to the existence or amount of the debt, or the terms of the repayment schedule. However, TG will often grant the borrower a hearing for reasons other than those mandated by law to give TG and the borrower an opportunity to discuss any applicable issues and possibly put them to rest. If an adverse determination is made by the Administrative Law Judge, a borrower may appeal to TG.

James says, “Our goal in the hearing is to get the borrower into voluntary repayment without having to go through the wage withholding process.”

Treasury Offset Objections

A borrower has the right to request a review when he or she is notified by TG of its intent to offset the borrower’s student loan debt using the borrower’s federal payments, including income tax refunds, that TG intercepts from the U.S. Treasury. A borrower is given 65 days to make repayment arrangements or to provide TG with a valid objection before the borrower’s account becomes certified as eligible for the offset.

The CAO team reviews borrower objections and makes a determination on whether the borrower's account is eligible for offset. Unless the borrower has a valid objection, the borrower's loan is subject to offset until the loan is paid in full. If a borrower's objection is denied, the borrower may appeal. The request for appeal is sent to TG, which then forwards the request with a response to ED.

Discharge Processes

The CAO team reviews and processes borrowers' requests for two types of loan discharge—false certification and unpaid refund. A loan discharge is a release of a borrower's obligation to repay his or her loan, either in whole or in part.

A false certification discharge occurs when one of the following conditions exists:

- Ability to Benefit – At the time of enrollment, the borrower did not have a high school diploma or a General Education Diploma (GED), and was unable to benefit from the training offered by the borrower's school.
- Disqualifying Status – The borrower could not benefit from the training because the borrower had a condition at the time of the training that would prevent the borrower from using the training once it was complete.
- Unauthorized Signature - A school official signed the borrower's name on the promissory note or endorsed the check on the borrower's behalf and the borrower did not receive the benefit of the loan proceeds.

If the borrower's false certification discharge is denied, the borrower may appeal TG's determination to ED. The request for appeal is sent to TG, which then forwards the request with a response to ED.

An unpaid refund discharge occurs if the borrower did not attend, withdrew from, or was terminated from school and is owed a refund of Title IV funds. The borrower can submit an application for an unpaid refund discharge for the Compliance team's review, and if it is determined that the borrower did not receive a refund to which he or she was entitled, then that portion of the loan that was attributable to the refund is discharged. If the discharge is denied, the borrower may appeal directly to CAO.

Resolving Borrower and Customer Issues

The Compliance team is also responsible for coordinating changes to borrower data. It is important that the CAO team accurately collects and records borrower's identification data such as name, date of birth, and Social Security number to prevent the occurrence of fraud and ineligible guarantees, and to prevent collection activities from being directed at non-borrowers. The CAO team receives notification of borrower identifier discrepancies from borrowers, customers, ED, other guarantors, or from other areas within TG. The team researches the discrepancy and, after acquiring relevant documentation, makes the change on TG's mainframe.

The CAO team works closely with the TG NSLDS team to reduce the amount of borrower information that is in conflict with data in the NSLDS database. If data submitted by TG is rejected by the NSLDS database because not all of the borrower's information matches, the team researches the conflicting data to determine if TG's information is correct or in error and then takes appropriate action to correct the discrepancy. If TG's information is correct, the CAO team contacts the guarantor that reported the conflicting information and requests that the guarantor make the necessary corrections. These efforts are important, especially since schools rely on information reported by the NSLDS to determine borrower eligibility and monitor default rates.

The Compliance team also deals with complaints about program violations. Complaints come from borrowers, schools, lenders, or others within the industry and within TG. The team researches the validity of the complaint and then processes the response, working with borrowers and customers to resolve the issues. If a borrower submits a complaint and the

Compliance team can not resolve it to the borrower's satisfaction, the complaint is forwarded to the TG Ombudsman.

Working Together

In keeping with TG's internal teamwork environment, the CAO team works closely with:

- Collections' Legal Portfolio unit during wage withholding hearings.
- Loan Guarantee Operations in response to programmatic complaints and data discrepancies.
- The NSLDS team when data errors occur on NSLDS.
- Claims when issues arise with cohort default rate reviews, discharge processing, and servicer history.
- The TG Ombudsman when appeals are requested or complaints are unresolved.
- Strategic Partnerships and Customer Service in receiving referrals for school and lender program participation.
- Policy and Regulatory Affairs when policy guidance is needed.

The CAO team also works closely with ED, providing feedback on proposed rules and industry forms that are up for review, and exchanging information on false certification and unpaid refunds. James is also active in the administrative wage garnishment sub-committee for the NCHelp Debt Management committee. TG communicates regularly with the Texas Workforce Commission and other accrediting agencies regarding school closures.

James says, "We truly try to work with our customers and borrowers to come to the best solution for everybody, regardless of the issues."

For Additional Information

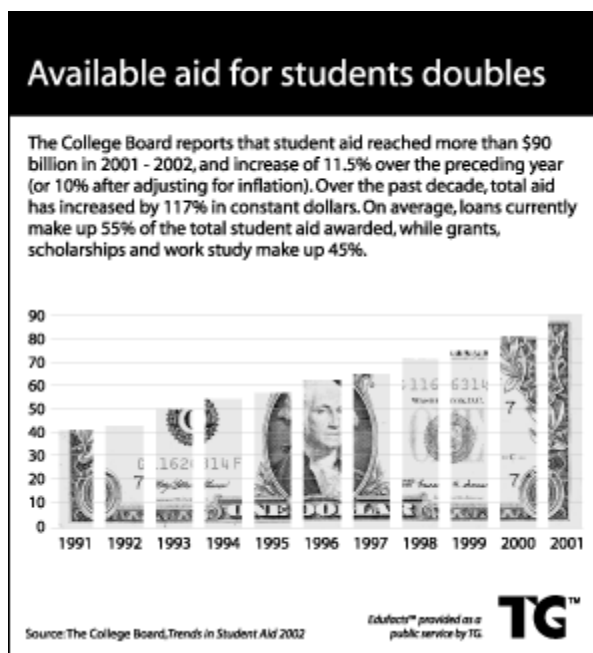
The CAO team works to ensure that TG's borrowers receive fair and equitable due process in the servicing of their loans and that school and lender program participation eligibility is handled timely and professionally. To contact the team concerning borrower due process services and lender and school oversight and eligibility issues, call (800) 252-9743 and ask to speak to a Compliance Administrative Operations representative.

TRENDS AND ISSUES

Edufacts™—November 2002

The College Board reports that student aid reached more than \$90 billion in 2001-2002, an increase of 11.5% over the preceding year (or 10% after adjusting for inflation). Over the past decade, total aid has increased by 117% in constant dollars. On average, loans currently make up 55% of the total student aid awarded, while grants, scholarships and work study make up 45%.

The College Board's *Trends in Student Aid 2002* delivers good news for students looking for assistance in financing a college education. For the second consecutive year, grant aid grew more rapidly than loan aid to college students. However, the decade-long trend finds growth in



loans outpacing growth in grant aid. In 1991-92, loans accounted for 47% of student aid, compared to nearly 55% in 2001-2002.

TG encourages students and parents to weigh the cost of a college education against the value it will bring over a lifetime. College graduates can expect to make an average of \$1 million more over their professional lives than can their high school-graduate counterparts. And the value of a degree is actually heightened in a weak economy. According to a recent study, 1.1 million new jobs for college graduates were added over the last year while 2 million non-degree jobs were eliminated.

MYF Chat to Answer Questions about Loan Forgiveness

Under certain circumstances, a student loan can be forgiven or discharged. Students and their families now have an opportunity to ask counselors about loan forgiveness during an online chat offered by Mapping Your Future (<http://mapping-your-future.org>).

The live chat event—scheduled for Tuesday, December 10, 2002, from 2 to 3 p.m. CST—will allow students and families to seek advice about loan forgiveness and the financial aid process from experts all over the country.

During this Loan Forgiveness Chat, students and their families will learn more about the Stafford and Perkins Loan Forgiveness Programs, including:

- Determining eligibility for loan forgiveness or discharge.
- Applying for loan forgiveness.
- Paying for college and general financial aid information.

Joining the Chat

Anyone with Internet access can join in the chat by visiting www.mapping-your-future.org. On the evening of the chat, visitors will select the chat session from the main page. Simple instructions will guide them on how to join the event. Visitors can register to be reminded about the chat in advance by signing up online at <http://mapping-your-future.org/services/chatnight.htm>.

About Mapping Your Future

Mapping Your Future (MYF) is a public service web site providing college, career, and financial aid information and services. MYF sponsors a full schedule of chats throughout the year to help students navigate through what some consider a maze of financial aid, college, and career information—all from the privacy and convenience of a personal computer.

MYF is sponsored by TG and other guarantors and is supported by many lenders and servicers across the country.

JobGusher Hosts Online State and Municipal Job Fair

While some people are shopping for holiday gifts, JobGusher wants to make shopping for a job or internship a bit easier. JobGusher™ is hosting an *Online State and Municipal Job Fair*, December 2-15, 2002. The *Online State and Municipal Job Fair* gives job seekers the opportunity to view internships and full-time and part-time jobs across the nation.

How It Works

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

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

There is no cost for job seekers to attend the Online Job Fair. To participate, they simply need to visit www.JobGusher.com anytime from Monday, December 2, to Sunday, December 15, 2002.

More Information

For more information on JobGusher, visit www.JobGusher.com or contact JobGusher at 1-866-JOB-GUSH. Employers interested in participating must be registered with JobGusher. For more information on exhibiting, contact sales@jobgusher.com.

THIS, THAT, AND THE OTHER...

Readers of CBS MarketWatch may have seen two TG experts featured in a recent story on the financial news web site. Sam Wilson, Assistant Vice President for Customer Assistance, and Steven Smith, Assistant Vice President for Strategic Planning and Development, were featured in a recent CBS MarketWatch article on student loan forgiveness programs. Kelly Kaelin, TG Policy Advisor, provided research and background information as well.

The article, which originally ran November 21, is now archived online at <http://cbs.marketwatch.com/news/story.asp?guid=%7bCEF53804-2FE6-4DCD-86C0-A990AB511027%7d&siteid=mktw&dist=nbk>.

If you are not already a CBS MarketWatch member, you will be asked to complete a brief sign-up form to access the archived article. Site membership is offered free of charge.

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