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## TG updates

### TG begins PLUS MPN processing; all systems “go”

TG is the first guarantor in the nation to announce that is ready to process loan guarantees for parent borrowers using the new Federal PLUS Loan Application and Master Promissory Note (PLUS MPN). As a result, TG’s school partners will be able to help their PLUS loan borrowers take advantage of the same convenience that has been enjoyed by Stafford loan borrowers for nearly four years.

To support the new form, TG has modified the application process for any school using TG’s AdvanTG Web™ and Loans by Web™ products, and other school-based software products in the marketplace.

“We’re very excited to be able to implement this process for schools that are early adopters of the PLUS MPN. TG continues to place a high value on the efficiencies that technology brings our business partners and customers, allowing them to take advantage of the new streamlined processes as soon as they are ready,” said Kyle Smith, TG assistant vice president of loan guarantee operations.

### Transition period

FFELP participants have the option to use the new PLUS MPN immediately for loan periods on or after July 1, 2003. To allow sufficient time to print the PLUS MPN and to make system changes necessary to use the PLUS MPN, a one-year transition period will be allowed during which schools and parent borrowers may complete and lenders may accept the new PLUS MPN or the current Application and Promissory Note for Federal PLUS Loan. For loan periods beginning on or after

July 1, 2004, or for any loan certified on or after July 1, 2004, regardless of the loan period, only the PLUS MPN may be used.

TG encourages schools to communicate with their lenders and servicers about the timelines and processes involved in implementing the new form.

### **More information**

For more information about TG's guarantee process for the PLUS MPN, contact TG loan guarantee operations at (800) 252-9743, ext. 4894, or [lgo.helps@tgslc.org](mailto:lgo.helps@tgslc.org).

## **Federal updates**

### **ED announces revised deferment forms**

Borrowers dealing with tough economic circumstances will now receive additional flexibility in the deferment application process. Among the regulatory changes approved in the final rules published November 1, 2002, are new rules affecting the eligibility criteria for unemployment deferment and the method for calculating the amount of a borrower's education debt burden for determining eligibility for economic hardship deferment. See *Shoptalk Online* Edition 182 for details on the final rules.

To implement these changes, ED has announced the approval of the newly revised Unemployment Deferment Request (UNEM) and Economic Hardship Deferment Request (HRD) forms for immediate use in Dear Colleague Letter (DCL) GEN-03-04, dated March 14, 2003. The revisions to these forms are described below.

#### **Unemployment deferment**

- Prior to the final rules, for a borrower to qualify for an unemployment deferment extension beyond the initial period, the borrower was required to provide a written certification describing job search details. Regulations no longer require that a borrower provide job search details. Instead, a borrower must provide only written certification that he or she has made six diligent attempts to secure full-time employment during the last six months.
- In addition, prior to the final rules, a borrower was required to register with an employment agency if there was one available within a 50-mile radius of his or her permanent or temporary address. The regulations now stipulate that the borrower must register with such an agency only if one is available within a 50-mile radius of his or her current address.

#### **Economic hardship deferment**

- When calculating a borrower's educational debt burden for deferment eligibility, the loan holder must consider the borrower's monthly payments on all federal postsecondary education loans. Prior to the final rules, loan holders were required to base eligibility determinations on what the monthly payment amount would be if the borrower were repaying the loan over a 10-year period from the date the borrower entered repayment, regardless of the length of the borrower's actual repayment schedule or the borrower's actual monthly payment amount.

Regulations now require loan holders to base eligibility determinations on a borrower's actual repayment schedule rather than a 10-year repayment schedule, if the actual schedule is for 10 years or less.

- In addition to the change above, the HRD form and accompanying worksheets reflect the Department of Health and Human Services' (HHS') update to the United States federal poverty guidelines in the *Federal Register* dated February 7, 2003.

The UNEM and HRD forms are available for download at [www.tgslc.org/forms/frms\\_def.cfm](http://www.tgslc.org/forms/frms_def.cfm). The new forms are also available from Joyce Henderson in customer services at (800) 252-9743, ext. 4546.

### **More information and questions**

For more information about the changes to the UNEM and HRD forms, see DCL GEN-03-04 at [www.ifap.ed.gov/dpcletters/GEN0304.html](http://www.ifap.ed.gov/dpcletters/GEN0304.html).

For the updated poverty guidelines, visit the HHS Web site at <http://aspe.os.dhhs.gov/poverty/03poverty.htm>.

For general questions, contact TG customer assistance at (800) 845-6267 or send an e-mail message to [cust.assist@tgslc.org](mailto:cust.assist@tgslc.org).

## **Common Manual**

### **Common Manual updates**

On February 27, 2003, guarantor representatives who serve on the *Common Manual* Governing Board approved several changes to the *Common Manual*. Details on these changes and a newly updated *Integrated Common Manual* incorporating the changes are now available online at [www.tgslc.org/resources/integrated\\_online\\_manual.cfm](http://www.tgslc.org/resources/integrated_online_manual.cfm).

### **Economic hardship deferment**

The *Common Manual* has been revised to coordinate the policy language related to the determination of the borrower's Title IV debt burden with federal regulations and with the requirements of the Economic Hardship Deferment Request form issued in Dear Colleague Letter GEN 02-08. The revised policy specifies that the lender must include defaulted loans when determining the borrower's Title IV debt burden for the purposes of an economic hardship deferment if the borrower provides documentation that he or she has made repayment arrangements satisfactory to the holder of the defaulted loans.

**Affected Sections:** 7.10.P

**Effective Date:** Retroactive to the implementation of the *Common Manual*.

**Basis:** 34 CFR 682.210(s); Economic Hardship Deferment Request form, issued in Dear Colleague Letter GEN-02-08.

**Policy Information:** 631/Batch 101

**Guarantor Comments:** None.

## Next due dates for PLUS and SLS loans

When establishing the next payment due date on a PLUS or SLS loan following a period of forbearance, deferment, or post-deferment grace, the lender may provide the borrower a due date that is no later than 60 days after the end of the forbearance, deferment, or post-deferment grace period. The due date may be later than 60 days if the borrower makes a prepayment during the period that advances the due date. Previous policy required the lender to establish the next payment due date no later than 45 days after the end of the applicable period.

**Affected Sections:** 7.4.B, 7.4.C

**Effective Date:** Next payment due dates for PLUS and SLS loans established by the lender on or after November 1, 2002.

**Basis:** None.

**Policy Information:** 641/Batch 101

**Guarantor Comments:** None.

## First and next payment due dates for Stafford loans

The *Common Manual* has been revised to reflect revised regulations regarding Stafford loan first payment due dates and next payment due dates following periods of forbearance, deferment, and post-deferment grace. Lenders are required to establish a Stafford borrower's first payment due date no later than 60 days, not 45 days as previously required, after the repayment start date. Lenders also are required to establish the due date following a period of forbearance, deferment, or post-deferment grace no later than 60 days, not 45 days as previously required, after the end of that period.

Previously, lenders were required to establish the first payment due date on a Stafford loan no later than 45 days after the repayment start date and the next payment due date no later than 45 days after a period of forbearance, deferment or post-deferment grace.

**Affected Sections:** 7.4.B, 7.9.G, 7.10.B, 7.11.K

**Effective Date:** First payment due dates and next payment due dates established by the lender on or after November 1, 2002.

**Basis:** 34 CFR 682.209(a)(3)(ii).

**Policy Information:** 642/Batch 101

**Guarantor Comments:** None.

## Claim purchase and claim returns

The *Common Manual* has been revised to reflect changes in federal regulations regarding the time frame in which the guarantor must purchase an approved total and permanent disability claim or return the claim. Guarantors are required to purchase an approved total and permanent disability claim or return the claim not later than 90 days after the claim was received by the guarantor. Previously, guarantors were required to purchase an approved total and permanent disability

claim or return the claim not later than 45 days after receiving the claim from the lender.

**Affected Sections:** 8.4, <sup>CCI</sup>8.4, 8.6, <sup>CCI</sup>8.6

**Effective Date:** Total and permanent disability claims received by the guarantor on or after July 1, 2003, unless implemented earlier by the guarantor.

**Basis:** 34 CFR 682.402(h).

**Policy Information:** 643/Batch 101

**Guarantor Comments:** None.

### Claim purchase time frames

The *Common Manual* has been updated to clarify that for an unpaid refund discharge request for a closed school, the guarantor is required to purchase an approved discharge request or return the request to the lender within 45 days. For an unpaid refund discharge request for an open school, the guarantor may take up to 120 days to resolve the unpaid refund with the school. The guarantor is required to purchase an approved discharge request or return it to the lender within 45 days from the date the eligibility determination is made. A cross reference to subsection 8.2.I has been added.

**Affected Sections:** 8.6, <sup>CCI</sup>8.6

**Effective Date:** Unpaid refund discharges granted on or after July 1, 2000, for loans disbursed, in whole or in part, on or after January 1, 1986.

**Basis:** 34 CFR 682.402(l)(2)(ii); 34 CFR 682.402(n)(1).

**Policy Information:** 644/Batch 101

**Guarantor Comments:** None.

### Organizational changes to text

The *Common Manual* has been revised to eliminate information related to guarantor processing. The *Common Manual* was established to provide information regarding guarantor policies related to school and lender requirements and does not provide information related to guarantor services, processing, or those policies related to the guarantors' administrative issues. The manual has also been revised to combine related information from two subsections into one.

**Affected Sections:** 6.1.B, 6.1.G

**Effective Date:** July 1, 2003.

**Basis:** None.

**Policy Information:** 645/Batch 101

**Guarantor Comments:** None.

### Reissuing a loan disbursement

The *Common Manual* has been revised to provide an explanation of the circumstances under which a lender may reissue a disbursement. A lender may

reissue a loan disbursement if the original disbursement was made according to the school's disbursement schedule, the loan was canceled or not consummated, and the school subsequently determines that the student should have received the disbursement.

**Affected Sections:** 6.2.G

**Effective Date:** July 1, 2003.

**Basis:** None.

**Policy Information:** 646/Batch 101

**Guarantor Comments:** None.

**NOTE:** The most recent version of the *Integrated Common Manual* also reflects recent changes made to appendix H (also known as the history appendix). The structure of appendix H has been improved to make it more accessible and easier to search. For more details on these improvements, see *Shoptalk Online* Edition 189.

## Legislative updates

The March 11, 2003, issue of the *Legislative Report* lists and summarizes major financial aid legislation filed for consideration during the First Session of the 108th Congress. The report also summarizes bills filed for consideration by the 78th Texas Legislature that concern financial aid, tuition, and fees. Read the full report at [www.tgslc.org/lege\\_report/index.cfm](http://www.tgslc.org/lege_report/index.cfm).

## This, that, and the other...

NASFAA recently issued a news brief outlining school requirements for complying with the Federal Trade Commission (FTC) final rules on safeguarding customer financial information, which are effective May 23, 2003. The news brief is available to NASFAA members at [www.nasfaa.org/newsletters/daily/2003/tn022503.html](http://www.nasfaa.org/newsletters/daily/2003/tn022503.html).

Those without a NASFAA password can find similar guidance from NACUBO at [www.nacubo.org/public\\_policy/advisory\\_reports/2003/2003-01.pdf](http://www.nacubo.org/public_policy/advisory_reports/2003/2003-01.pdf).

NCHelp members can access a summary of FTC final rules at [www.nchelp.org/elibraryII/Main/14-Members/14A-MB/2002/May02/02-may.htm](http://www.nchelp.org/elibraryII/Main/14-Members/14A-MB/2002/May02/02-may.htm).



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