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TG updates

AdvanTG Web™ helps schools simplify student loans

A growing number of schools have found an easier way to manage their student loan portfolios since moving to AdvanTG Web, the new Web-based loan management tool from TG. Nearly 50 campuses in Texas, Florida, Georgia, New York, California, Mississippi, and New Mexico now use TG's single Web interface to manage both FFELP and alternative student loans from origination through disbursement and beyond.

AdvanTG Web is a comprehensive suite of student loan processing tools available online through a single login and interface. Schools transitioning from the previous generation of TG solutions and tools—AdvanTG™ (the desktop version), TG Loans By Web™, Report Request/Distribution, and Real Time Access—now get all the same functionality and flexibility from any location where they can access a Web browser.

AdvanTG Web also adds new features, including additional importing options, expanded reporting capabilities, and comprehensive online help. In addition, guarantees and loan changes from service providers are now posted for schools, without school intervention, as TG processes them.

Advantages for schools

Schools switching to AdvanTG Web are already seeing clear advantages over other available school-based software options.

More choices and flexibility

As an open application, AdvanTG Web gives schools the flexibility to choose the student loan process and lending partners best suited for their financial aid offices and students. AdvanTG Web complies with industry standards for the transmission of loan and disbursement data (CommonLine versions 4 and 5) for maximum compatibility.

Customers can enter loan application data directly into AdvanTG Web or import application information from a mainframe or another CommonLine-compliant software package. Customers can also submit change transactions for all types of loans, including loans guaranteed by TG, alternative loans, and loans guaranteed by other FFELP guarantors.

Easier deployment and maintenance

AdvanTG Web is easier for schools and TG to deploy. As a Web solution, it works with a wider variety of hardware and peripheral equipment. Customers no longer need to install software, upgrades, or patches, and will find significantly fewer conflicts arising from LAN-based software settings. Previously troublesome read/write issues also become a thing of the past.

Because technical issues are handled by TG Customer Service consultants, the need for advanced support from each customer's IT resources is reduced significantly. AdvanTG Web also alleviates the burden of data storage and security for school and lender customers. All loan processing information is stored safely, securely, and permanently on TG's servers. Schools are relieved of database backups—TG's data backup and operations recovery processes ensure that customer data can be recovered in critical situations.

Teamwork pays off

AdvanTG Web is the culmination of a team effort combining the insightful input of financial aid and student lending professionals with the program expertise and technical ingenuity of TG team members.

The design for AdvanTG Web grew out of an ongoing dialogue between TG's Customer Services team and its school, lender, and servicer partners. A number of financial aid and student loan professionals provided valuable input through the AdvanTG Web pilot project, the TG Users Group (TUG), and TG's School and Lender Advisory Committees.

Development was coordinated by TG's Product Management team. The Application Development and Support team built the AdvanTG Web user interface and linked it to TG's guarantee and disbursement systems, with help from TG's Information Risk Management, Technology Services, and Communications areas. TG's Customer Assistance team provided valuable testing feedback throughout development.

Several school partners worked with TG on critical beta testing before AdvanTG Web was launched in December 2002. Since then, members of TG's Business Integration Team have traveled with TG's school consultants to each of the new campuses using AdvanTG Web to provide training and help ensure a smooth transition.

The next step for TG will be beta testing with education lenders in May 2003. TG plans to launch AdvanTG Web for interested lender and servicer partners during summer 2003.

Rave reviews

"We look for every opportunity to improve and simplify the financial aid process. With its CommonLine 4 and 5 compliancy and alternative loan capability, AdvanTG Web will provide us access to the widest possible range of student loan providers, programs, and processes—all in addition to the reliable customer service TG has consistently provided for over 20 years." – Marcus Wilson, Texas Tech Health Sciences Center

"The servers are fast, and the Web pages are easy to use." – David Welch, University of Texas at Austin

"We are up and running with AdvanTG Web and love it. We did our first submission of applications this morning and it was so wonderful to come back from lunch and have them there ready in our database to be exported to our system. I especially love the 'Get Disbursement' button, as it prevents me from typing in the wrong disbursement number." – Sharon Saenz, Texas A&M–Kingsville

"The best thing about AdvanTG Web is that I'll never have to worry about losing my data in a hardware crash again. The last time I did, my loan process was shut down for a week. I was lucky it was during a slow time of year." – Sharon Saenz, Texas A&M–Kingsville

"We are excited about the enhancements. The product [AdvanTG Web] should help Rice improve the management of student loan programs." – Bonnie Rogers, Rice University

"I like the 'Disbursement Info' that pre-populates many of the fields when I'm making changes." – Rex Algate, University of Texas at San Antonio

"It changed from one screen to the next so fast it scared me...This is too easy...This morning went smooth as silk...Real smooth and real fast." – Gloria Priest, Texas Tech University

Many other customers have expressed appreciation for AdvanTG Web's automated calculation feature for change transactions.

See what it can do for you

An automated demonstration highlighting the features of AdvanTG Web is available on TG's Web site at www.tgslc.org/resources/advantgweb.cfm.

To get started using AdvanTG Web, or for a comprehensive overview of how it can help you improve your student loan processes, call your TG school consultant or TG

Product Support at (800) 332-1455 or send an e-mail message to product.support@tgscl.org.

Federal updates

Special allowance rates: quarter ending March 31, 2003

The following rates apply for the quarter ending March 31, 2003:

- The average of the bond equivalent rates of the 91-day Treasury bills auctioned during the quarter ending March 31, 2003, is 1.17 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 March 31, 2003, is 1.27 percent.

The FFELP special allowance rates for the most recent quarter are available at www.tgscl.org/pdf/SA033103.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@tgscl.org.

Trends and issues

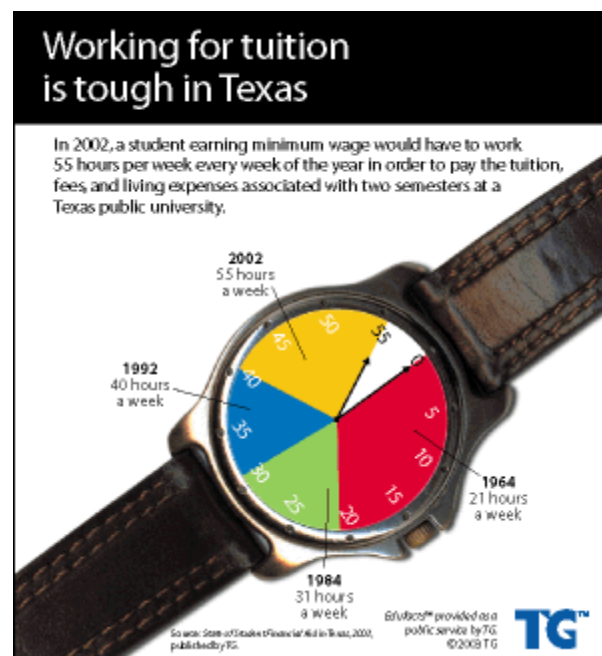
Edufacts™ – March 2003

In 2002, a student earning minimum wage would have had to work 55 hours every week of the year to pay the tuition, fees, and living expenses typically associated with two semesters at a Texas public university.

From 1964 to 1981, an industrious undergraduate could have paid for a year of education at a public university—including tuition, food, and housing—by working 24 hours per week at a minimum wage job. In the early 1980s the cost of education began to climb, and the number of work hours needed to pay for it climbed as well, rising sharply at the turn of the century.

In the past, some students worked to pay for college and still managed to carry a full course load, but that is no longer feasible. Of students who go to school part time, 69 percent work full time. By contrast, just 20 percent of full-time students work full time.

Working can have benefits, but too much work can negatively affect persistence and academic success. In fact, the students



least likely to drop out are those who study full time and work less than 14 hours per week. Students who work a moderate number of hours—particularly those who work on campus—are more connected to the institution, manage their time more effectively, and are more focused on their academic work than students who don't work at all.

Fortunately, most college students receive some type of financial aid to help cover the costs of college, which may include grants, scholarships, work-study, and/or low-interest federal education loans. TG operates the Texas Financial Aid Information Center to help families and students learn more about the types of financial aid available and how to apply for them. For more information, contact the Texas Financial Aid Information Center at (888) 311-8881.

Legislative updates

The April 2, 2003, issue of the *Legislative Report* summarizes and provides updates on bills filed for consideration by the 78th Texas Legislature that concern student financial aid, tuition, fees, Closing the Gaps, and the Sunset Advisory Commission bill concerning the Texas Higher Education Coordinating Board. The report also provides information on major financial aid legislation filed during the First Session of the 108th Congress. Read the full report at www.tgslc.org/lege_report/index.cfm.

Common Manual

Common Manual Updates

On March 20, 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.

Reissuing a loan disbursement

A school may request that a lender reissue a loan disbursement for a variety of reasons, such as when a check is lost. The *Common Manual* policy for the reissue of disbursements has been revised to state that, upon the receipt of a school's request, the lender may reissue a disbursement no later than 120 days after the earlier of the last day of the period of enrollment for which the loan is intended or the student's last date of at least half-time enrollment. For proceeds originally disbursed as a late disbursement, the lender must reissue a disbursement no later than 120 days after the date on which the original late disbursement was made.

In exceptional cases, the lender may reissue a loan disbursement more than 120 days after the last date of the student's eligible enrollment or more than 120 days after the date on which the original late disbursement was made, so that the student will not be harmed by circumstances beyond his or her control. The request for reissue under this exception should come from both the student and the school, and the lender should document the exceptional circumstances.

Affected Sections: 6.2.G

Effective Date: Disbursements reissued by the lender on or after July 1, 2003, unless implemented earlier by the lender. Lenders may implement these provisions no earlier than November 1, 2002.

Basis: None. Coordinates with 34 CFR 668.164(g) and private letter to the Student Loan Marketing Association from the Department, dated July 15, 1994.

Policy Information: 647/Batch 102

Guarantor Comments: None.

Eligible lender definition

The *Common Manual* has been revised to clarify that loans held in trust by a trustee lender are not considered part of the trustee lender's consumer credit function when determining if a lender meets the definition of an eligible lender as prescribed by federal regulations.

Affected Sections: 3.1

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

Basis: §682.200(b).

Policy Information: 648/Batch 102

Guarantor Comments: None.

Leave of absence

The *Common Manual* has been updated to reflect revised regulations regarding leave of absence. The regulations now allow a school to grant multiple leaves of absence as long as the total number of days for all leaves does not exceed 180 days in a 12-month period. The student's request for the leave of absence must include the reason for the leave. A student enrolled in a clock-hour or non-term credit-hour program who returns from a leave of absence is not required to complete the same coursework she or he began prior to the leave of absence.

Affected Sections: 4.5, appendix G

Effective Date: For leaves of absence granted by the school on or after July 1, 2003, unless implemented earlier by the school. Schools may implement these provisions no earlier than November 1, 2002.

Basis: §668.22(d)(1)(vi-vii); §668.22(d)(3)(iii)(B).

Policy Information: 649/Batch 102

Guarantor Comments: None.

Late delivery and post-withdrawal disbursement

The *Common Manual* has been revised to delete redundant late disbursement policy language from the description of aid that could have been disbursed and to clarify that, before making a post-withdrawal disbursement of FFELP funds, the school must determine that the borrower is eligible for a late delivery under the provisions in subsection 6.3.H. If the borrower is determined eligible for a late delivery, the

school must offer a post-withdrawal disbursement of FFELP funds and, if accepted, must deliver the funds to the borrower. Revised policy states that a school must make the post-withdrawal disbursement of a credit balance within 120 days of the date the school determined that the student withdrew.

Affected Sections: 4.7.A

Effective Date: Post-withdrawal disbursements made by the school on or after July 1, 2003, unless implemented earlier by the school. Schools may implement the post-withdrawal determination time frame change no earlier than November 1, 2002.

Basis: §668.164(g).

Policy Information: 650/Batch 102

Guarantor Comments: None.

Multiple disbursement and delayed delivery exemptions

The *Common Manual* has been revised to eliminate references to the statutory exemptions authorized in HEA 428G(a)(3) and (b)(1). These exceptions waive, for schools with low cohort default rates, the multiple disbursement requirement for a single term loan and the 30-day delayed delivery requirement for a first-year undergraduate student who is a first-time borrower. The statutory authority for these exemptions expired on September 30, 2002. The information being deleted will be incorporated into appendix H of the manual.

Affected Sections: 5.8.D, 6.2.B, 6.3.E, 6.3.I

Effective Date: For loans certified on or after October 1, 2002.

Basis: HEA 428G(a)(3) and (b)(1); Dear Colleague Letter (DCL) GEN-02-06.

Policy Information: 651/Batch 102

Guarantor Comments: None.

Late delivery of loan proceeds by the school

The *Common Manual* has been updated to reflect the regulatory changes applicable to some of the requirements for the late delivery of loan proceeds by the school, including:

- Except in the case of a PLUS loan, the Department must have *processed* a Student Aid Report (SAR) or Institutional Student Information Record (ISIR) with an official expected family contribution (EFC) before the student became ineligible. The requirement that the school *receive* a valid SAR or ISIR prior to the date the student became ineligible is eliminated.
- In the case of a second or subsequent disbursement, the student graduated or successfully completed the period of enrollment for which the loan was intended. In this circumstance, the school must offer the borrower the amount of Stafford or PLUS funds the student (or parent) was eligible to receive while the student was enrolled at the school. The school may credit the student's account to pay for current and allowable charges (as currently described in subsection 6.3.E of

the manual), but must pay or offer any remaining amount to the student or, in the case of a PLUS loan, to the parent.

- The time frame in which the school may deliver the funds is extended from 90 days to 120 days from the date the school determines the student has withdrawn. If the student has not withdrawn, the school may make a late delivery of loan funds up to 120 days after the earlier of the end of the loan period or the date on which the student ceased to be enrolled at least half time.
- On an exception basis, and with the approval of the Department, the school may make a late delivery of loan funds after the applicable 120-day period, if the reason the late delivery was not made within the 120-day period was not the fault of the student.

A comprehensive summary of all the criteria that must be met in order for the school to make a late delivery of loan proceeds is provided in subsection 6.3.H of the manual.

Affected Sections: 6.3.E, 6.3.H

Effective Date: Late delivery of FFELP loan proceeds by the school on or after July 1, 2003, unless implemented earlier by the school. Schools may implement these provisions no earlier than November 1, 2002.

Basis: §668.164(g).

Policy Information: 652/Batch 102

Guarantor Comments: None.

Requesting an extension of the repayment period

The *Common Manual* has been updated to remove the requirement that the borrower request in writing an extension of the repayment period if the borrower's repayment is scheduled for less than 5 years. The borrower still must request the repayment extension but no longer needs to supply a written request.

Affected Sections: 7.6.B

Effective Date: Borrower requests received by the lender on or after July 1, 2003, unless implemented earlier by the lender. Lenders may implement these provisions no earlier than November 1, 2002.

Basis: §682.209(a)(8)(iv).

Policy Information: 653/Batch 102

Guarantor Comments: None.

Changes in unemployment deferment requirements

Federal regulations published in November 2002 amend the unemployment documentation requirements and the time frames for which a lender may process an unemployment deferment. Based on final rules, borrowers may provide evidence of eligibility for unemployment benefits or may certify that they are currently seeking full-time employment and making all required attempts to obtain full-time employment. Borrowers are no longer required to provide information regarding potential employers contacted during the job search or to document the employment agency with which they are registered. Borrowers must certify—in

writing or in a format approved by the Department—that they are registered with an employment agency if one is available within 50 miles of their current address, and that they have made six diligent attempts in the preceding 6-month period to find full-time employment. Borrowers applying for an initial period of unemployment deferment are not required to certify that they have made attempts to obtain full-time employment.

Lenders should also note changes to the permissible unemployment deferment time frames. An initial period of unemployment deferment based on the borrower's self-certification may be backdated up to 6 months prior to the date the lender receives the necessary documentation from the borrower, and must be scheduled to end not later than 6 months after the date the lender receives required documentation. An extension to an unemployment deferment and any unemployment deferment based on the borrower's eligibility for unemployment benefits is not subject to the 6-month backdating limitation. An extension of a deferment may be granted for up to 6 months following the date the borrower provides the lender with evidence or certification of deferment eligibility.

Affected Sections: 7.10.E

Effective Date: Borrower requests processed by the lender on or after July 1, 2003, unless implemented earlier by the lender. Lenders may implement these provisions no earlier than November 1, 2002.

Basis: §682.210(h)(2)(i) and (h)(4).

Policy Information: 654/Batch 102

Guarantor Comments: None.

Changes to economic hardship deferment eligibility calculation

Federal regulations revise the calculations to determine a borrower's eligibility for economic hardship deferment. If the borrower's loans are scheduled to be repaid in 10 years or less, the lender must use the actual repayment amount in determining the borrower's federal postsecondary education debt burden. If the borrower's loans are scheduled to be repaid in more than 10 years, the lender must use the monthly payment amounts that would have been owed on federal postsecondary education loans based on a 10-year repayment schedule. As always, lenders must count a proportional share of any payments due—or that would have been due—less frequently than monthly, and must include payments due on a defaulted loan if the borrower has made repayment arrangements satisfactory to the holder of the defaulted loan.

Affected Sections: 7.10.P

Effective Date: Borrower requests processed by the lender on or after July 1, 2003, unless implemented earlier by the lender. Lenders may implement these provisions no earlier than November 1, 2002.

Basis: §682.210(s)(6)(vii).

Policy Information: 655/Batch 102

Guarantor Comments: None.

Verbal forbearance agreements

New federal regulations remove the requirement that the forbearance agreement between a borrower or endorser and a lender for a discretionary forbearance be in writing. Regulations permit the lender to negotiate a verbal agreement with the borrower or endorser. If the forbearance agreement is verbal, the lender is required to send, within 30 days of that agreement, a notice to the borrower or endorser confirming the terms of the agreement. The lender must document the borrower's request for forbearance, the reason for the forbearance, and the terms of the forbearance agreement.

Affected Sections: 7.8.C, 7.9.E, 7.11.A, 7.11.B, 7.11.F, 7.11.G

Effective Date: Borrower requests processed by the lender on or after July 1, 2003, unless implemented earlier by the lender. Lenders may implement these provisions no earlier than November 1, 2002.

Basis: §682.211(b).

Policy Information: 656/Batch 102

Guarantor Comments: None.

New administrative forbearance provisions

Previously, lenders were permitted to grant forbearance to a borrower or endorser who requested forbearance due to the borrower being adversely affected by a natural disaster. New federal regulations expand the lender's options to grant an administrative forbearance based solely on the lender's determination that the borrower's or endorser's ability to make payments has been adversely affected by a natural disaster, a local or national emergency (declared by the appropriate government agency), or a military mobilization. The lender may grant the administrative forbearance for a 3-month period and must document in the borrower's loan file the reason for the forbearance. To grant an extension of the administrative forbearance for the same situation, the lender must document an agreement with the borrower or endorser and obtain documentation supporting the borrower's reason for extending the forbearance period.

Affected Sections: 7.11.B

Effective Date: Administrative forbearance granted by the lender on or after July 1, 2003, unless implemented earlier by the lender. Lenders may implement these provisions no earlier than November 1, 2002.

Basis: §682.211(f)(11).

Policy Information: 657/Batch 102

Guarantor Comments: None.

Forbearance contact

New federal regulations eliminate the 3-month forbearance contact requirement and replace it with new forbearance contact provisions. If the lender grants a forbearance that involves postponing all payments on the loan, the lender must contact the borrower or endorser at least once every 6 months during the

forbearance period. The lender must inform the borrower or endorser of all the following information in each such contact:

- The obligation to repay the loan.
- The outstanding balance of principal and interest on the loan.
- That interest will accrue on the loan for the entire forbearance period.
- That the borrower or endorser may opt to discontinue the forbearance at any time.

This notification requirement does not apply for postponement of interest payments during a deferment period, a period of forbearance for an internship or residency, or a period of mandatory administrative forbearance.

Affected Sections: 7.11.G

Effective Date: Borrower requests processed by the lender on or after July 1, 2003, unless implemented earlier by the lender. Lenders may implement these provisions no earlier than November 1, 2002.

Basis: §682.211(e).

Policy Information: 658/Batch 102

Guarantor Comments: None.

Post-withdrawal disbursement and PLUS loans

The *Common Manual* has been revised to clarify that if the student is eligible for a post-withdrawal disbursement, it must be offered to the student or, in the case of a PLUS loan, the parent, within 30 days of the date of determination of the student's withdrawal.

Affected Sections: 4.6

Effective Date: Post-withdrawal disbursements made by the school on or after October 7, 2000, unless implemented earlier by the school. Schools may implement these provisions no earlier than July 1, 2000.

Basis: §668.22(a)(4)(ii)(A); §668.164(g).

Policy Information: 659/Batch 102

Guarantor Comments: None.

Correction to bankruptcy information

Subsection 5.2.F has been corrected to be consistent with information in section 5.4 regarding the impact of a bankruptcy filing on the PLUS applicant's credit. Section 5.4 has been revised to more clearly state that loans discharged in bankruptcy must be considered adverse credit for purposes of determining a PLUS borrower's creditworthiness. However, the lender may not deny a PLUS loan solely on the basis of any previous or pending bankruptcy filing.

Affected Sections: 5.2.F, 5.4

Effective Date: May 21, 2001.

Basis: *Taylor v. United States of America, Department of Education* (appeal); §682.201(b)(1)(vii).

Policy Information: 660/Batch 102

Guarantor Comments: None.

New borrower deferment eligibility updates

The *Common Manual* has been revised to clarify borrower eligibility for certain deferments. Based on the revised and updated deferment forms recently published by the Department, “new borrower” definitions throughout the manual have been updated to coincide with the new, more inclusive deferment form text. The two general categories of “new borrowers” are defined as follows:

A “new borrower” from July 1, 1987 to June 30, 1993, is defined as a borrower whose first FFELP loan was made on or after July 1, 1987, and before July 1, 1993, or who had an outstanding balance on a loan obtained on or after July 1, 1987, and before July 1, 1993, when he or she obtained a loan after July 1, 1993; or a borrower who had no outstanding balance on a Federal Consolidation loan that was made before July 1, 1993, that repaid a loan first disbursed before July 1, 1987.

A “new borrower” on or after July 1, 1993, is defined as a borrower whose outstanding FFELP loans were all made on or after July 1, 1993, and when his or her first FFELP loan was made on or after July 1, 1993, had no outstanding FFELP loans that were made before July 1, 1993.

Affected Sections: 7.9.A, 7.10.A, 7.10.F, 7.10.G, 7.10.H, 7.10.I, 7.10.J, 7.10.K, 7.10.L, 7.10.M, 7.10.N, 7.10.O, 7.10.P, 7.10.Q

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

Basis: §682.210(b)(7); §682.210(s)(1); Dear Colleague Letter (DCL) GEN 02-08, published October 2002. Additional clarification is provided in the newly approved deferment forms from the Department of Education.

Policy Information: 661/Batch 102

Guarantor Comments: None.

This, that, and the other...

A survey released last year by the University of Texas at Austin and the Greater Austin Chamber of Commerce indicated that of parents surveyed, only 53 percent knew for sure that their children were enrolled in courses that would prepare them for college.

To help students and parents with the difficult task of selecting courses to prepare academically for college, Adventures In Education (AIE)—TG’s public service awareness site at www.AIE.org—provides guidance, checklists, and schedules to keep students on track.



Shoptalk Online is published by 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 *Shoptalk Online*, please contact Communications at (800) 252-9743, ext. 4732 or communications@tgslc.org.

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