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## Tip<sup>of</sup> the Week

Plan a debt management session as part of your orientation activities for your next group of incoming students. Call TG at (800) 338-4752 for ideas, handouts, and other resources.

## Federal updates

### Reauthorization watch

Last week, TG updated its Higher Education Act reauthorization page on *TG Online* with information and links on several recent developments:

#### New bills

- **Financial Literacy in Higher Education Act**  
Senator Michael Enzi introduced S. 1968, the Financial Literacy in Higher Education Act. The bill proposes to help enhance literacy in finance and economics by establishing a pilot program that would provide five grants to five different institutions of higher education, at least two of which would be Minority Serving Institutions, enabling them to provide annual personal finance counseling for students enrolled at their institutions.  
  
Bill Text: <http://thomas.loc.gov/cgi-bin/bdquery/z?d108:SN01968:@@L&summ2=m&>
- **College Affordability and Accountability Act**  
The House Education and the Workforce Committee introduced **H.R. 3519**, the College Affordability and Accountability Act. The bill, introduced by Democratic Rep. George Miller on November 18, 2003, proposes to make college affordable to low- and middle-income students by controlling tuition costs and stabilizing

tuition rates.

Bill Text: <http://thomas.loc.gov/cgi-bin/bdquery/z?d108:HR03519:@@L&summ2=m&>

Press Release: <http://edworkforce.house.gov/democrats/releases/re111803.html>

- **Student Aid Streamlined Disclosure Act**

The House Subcommittee on Oversight (a subcommittee of the House Committee on Ways and Means) introduced H.R. 3613, the Student Aid Streamlined Disclosure Act of 2003. The bill proposes to improve the process of verifying income information provided by student aid applicants and to better protect taxpayer privacy.

Bill Text: <http://thomas.loc.gov/cgi-bin/bdquery/z?d108:h.r.03613>:

Press Release: [http://www.samjohnson.house.gov/issues/press%20releases/20031124-financial\\_aid.htm](http://www.samjohnson.house.gov/issues/press%20releases/20031124-financial_aid.htm)

- **College Quality, Affordability, and Diversity Improvement Act of 2003**

The Senate Health, Education, Labor and Pensions Committee introduced **S. 1793**, the College Quality, Affordability, and Diversity Improvement Act of 2003. The bill, introduced by Senator Ted Kennedy on October 28, 2003, proposes changes to current federal financial aid programs including increasing the Pell Grant, expanding the HOPE Scholarship tax credit, providing financial incentives to schools that provide Direct Loans, and eliminating fees for low-income students.

Bill Text: <http://thomas.loc.gov/cgi-bin/query/z?c108:S.1793>:

Press Release: <http://edworkforce.house.gov/press/press108/10oct/sendemhea102903.htm>

To stay current with the latest developments in the reauthorization process, visit TG's Higher Education Act reauthorization page on *TG Online* at [www.tgslc.org/reauth/index.cfm](http://www.tgslc.org/reauth/index.cfm).

## TG updates

### TG teleconference to address loan management strategies to support institutional, student success

A growing number of students are relying on student loans. As a result, managing the student borrowing process poses new challenges to enrollment managers and financial aid officers, who now must enlist campus-wide support to help students successfully manage their finances from pre-admission through post-graduation.

To assist student services professionals in their efforts, TG will host a teleconference entitled "Addressing Student Loan Management and Default Aversion to Support Institutional and Student Success" on Tuesday, December 16, 2003. The conference, scheduled from 2 to 3 p.m. CST, will provide practical instruction on how to conduct discussions to develop campus-wide support for embedding default aversion tactics within the framework of Strategic Enrollment Management (SEM). Participants will also learn techniques for SEM committees to formulate proactive default aversion strategies, conduct in-depth statistical analyses of targeted student groups, educate students and parents, encourage cross-departmental involvement, and build partnerships to garner support to help students manage their finances wisely, focus on academic progress, and persist to graduation. Information presented in this conference is based on TG's series of SEM workshops, which will be offered at various locations across the country in spring 2004.

The presentation will be followed by a brief question-and-answer session. Questions may be submitted in advance of the event to [sheila.casey@tgscl.org](mailto:sheila.casey@tgscl.org).

The event is free of charge and open to participants from any institution. To register and obtain further details, contact Premiere Teleconferencing at (800) 474-8920 and reference confirmation number 739101. Additional information is available on *TG Online* at [www.tgscl.org](http://www.tgscl.org).

## ***Common Manual***

### ***Common Manual updates***

On November 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.tgscl.org/resources/integrated\\_online\\_manual.cfm](http://www.tgscl.org/resources/integrated_online_manual.cfm).

### **Borrower Confirmation Requirement When a Prior Loan Is Written Off**

The *Common Manual* has been revised to clarify that a borrower who has had a FFELP loan partially or totally written off must reaffirm the written-off portion of the loan and provide confirmation of that reaffirmation to the school to become eligible to receive a new FFELP loan. In addition, the language style has been revised to coordinate with the convention established by other policy language in this section.

<b>Affected Sections:</b>	5.3 Prior Loan Written Off
<b>Effective Date:</b>	Retroactive to the implementation of the <i>Common Manual</i> .
<b>Basis:</b>	None.
<b>Policy Information:</b>	713/Batch 108

**Guarantor Comments:** None.

## **CAM Usage**

The *Common Manual* has been revised to state that a lender must request default aversion assistance through the Default Aversion Assistance Request Form or an equivalent electronic process, such as the Common Account Maintenance (CAM) reporting process.

**Affected Sections:** 11.5.A Default Aversion Assistance Request (DAAR)  
11.5.B Default Aversion Assistance Request Form

**Effective Date:** Retroactive to the January 5, 2001, implementation of the Default Aversion Assistance Request Form, unless implemented earlier by the guarantor.

**Basis:** None.

**Policy Information:** 714/Batch 108

**Guarantor Comments:** None.

## **Collection Costs vs. Collection Charges**

The *Common Manual* has been revised by changing the glossary entry of “collection charges” to “collection costs” since there is only one occurrence of the term “collection charges” within the text of the manual. Instead, the manual contains more than 30 occurrences of the term “collection costs.” The definition has also been revised to provide a clearer description of this type of cost charged to the borrower, as follows:

**Collection Costs:** Costs incurred in the collection of the loan by the loan holder and charged to the borrower. These costs may include, but are not limited to, attorney’s fees, court costs, and telegrams; they may not include routine costs associated with preparing letters or notices or making telephone calls to the borrower.

Also, a corresponding change has been made in subsection 12.8.D to change the single occurrence of the term “collection charges” to “collection costs.”

**Affected Sections:** 12.8.D False Certification  
appendix G

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

**Basis:** §682.202(g).

**Policy Information:** 715/Batch 108

**Guarantor Comments:** None.

## Federal Consolidation Loan Death Discharge

The *Common Manual* has been revised to reflect changes in the regulations regarding the discharge of an underlying portion of a Federal Consolidation loan under the following circumstances:

- The underlying portion of a Consolidation loan attributable to a PLUS loan obtained for a dependent student is eligible for discharge if that student dies. The borrower of the Consolidation loan (or both comakers in the case of a joint Consolidation loan made to a married couple) is obligated to repay the remaining Consolidation loan balance.
- Upon the death of one of the comakers of a joint Consolidation loan made to a married couple, the portion of the Consolidation loan attributable to the comaker who has died is eligible for discharge. The surviving comaker is obligated to repay the remaining Consolidation loan balance.

**Affected Sections:** 12.8.C Death

**Effective Date:** Death claims filed 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:** §682.402(a)(2) and (b); November 1, 2002, *Federal Register*, page 67068.

**Policy Information:** 701/Batch 108

**Guarantor Comments:** None.

## Bankruptcy and Creditworthiness

The *Common Manual* has been revised to correct an inadvertent omission of the time frame applicable to the consideration of a prior bankruptcy when determining a PLUS loan applicant's creditworthiness and to change the reference from loans discharged in bankruptcy to the more comprehensive standard of "any debt" discharged in bankruptcy. The revised policy confirms that, among other conditions, a PLUS loan applicant is considered to have adverse credit if the applicant had any debt discharged in bankruptcy during the 5-year period before the date of the applicant's credit report.

**Affected Sections:** 7.1.B Creditworthiness  
7.1.C Effect of Bankruptcy on Creditworthiness

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

**Basis:** §682.201(b)(1)(vii)(C)(2); DCL GEN-95-40.

**Policy Information:** 709/Batch 108

**Guarantor Comments:** None.

## Dependency Overrides

The *Common Manual* has been updated to incorporate the guidance provided by the Department in *Dear Colleague Letter* GEN-03-07 regarding dependency overrides. Dependency override determinations made by a financial aid administrator (FAA) due to unusual circumstances must be made each award year. In the case of a transfer student, each school must make its own determination regarding a dependency override and each school must retain documentation to support its decision. Unusual circumstances in which a FAA may make a dependency override may include, but are not limited to, an abusive family situation or abandonment by parents. Conditions that, individually or in combination with one another, *do not* qualify as unusual circumstances are:

- A parent's refusal to contribute to the student's education.
- A parent's unwillingness to provide information on the FAFSA or for verification.
- A parent not claiming the student as a dependent for income tax purposes.
- A student's demonstration of total self-sufficiency.

An FAA is generally required to acquire third-party documentation to support a student's unusual circumstances. If the only documentation available to the FAA is a statement by the student, the student's statement must include the facts related to the unusual circumstances. The FAA must also prepare a written statement regarding the dependency determination, including the identification of the specific unusual circumstance upon which the FAA is basing the determination. If the only documentation available to the FAA is a statement by the student, the student's statement must include the facts related to the unusual circumstances and the school must include any other pertinent facts in writing.

<b>Affected Sections:</b>	6.8 Determining the Student's Dependency Status
<b>Effective Date:</b>	Retroactive to the implementation of the <i>Common Manual</i> .
<b>Basis:</b>	DCL GEN-03-07.
<b>Policy Information:</b>	716/Batch 108
<b>Guarantor Comments:</b>	None.

## Child Care Provider Loan Forgiveness

Subsection 12.9.A of the *Common Manual* has been updated to clarify that loan forgiveness under the Loan Forgiveness Demonstration Program for Child Care Providers is contingent upon annual appropriations. The manual has also been revised to add to the list of eligibility requirements that the borrower's eligible loans must have been made prior to the beginning of qualifying child care service. Revised policy also clarifies that a borrower's degree must be an associate's or bachelor's degree in early childhood education, child care, or any other educational area related to child care that the Department deems appropriate, and provides

additional information as to the particular forms necessary for a borrower to apply to the Department for loan forgiveness and to the lender for forbearance. Finally, the italicized note at the end of subsection 12.9.A, that indicated that processes and procedures for applying for loan forgiveness have not been defined, but are being addressed by the community in its discussions with the Department, has been deleted.

**Affected Sections:** 12.9.A Loan Forgiveness Demonstration Program for Child Care Providers

**Effective Date:** August 29, 2002.

**Basis:** *Federal Register* dated August 29, 2002, pages 55385 - 55388.

**Policy Information:** 717/Batch 108

**Guarantor Comments:** None.

### Teacher Loan Forgiveness

The *Common Manual* has been revised to clarify that after completing the qualifying teaching service, a borrower may request loan forgiveness by completing a Teacher Loan Forgiveness Application and forwarding it to the lender or guarantor. The lender must forward the borrower's completed application, including any supporting documentation, to the guarantor no later than 60 days after its receipt. After the guarantor notifies the lender of its determination of the borrower's eligibility for loan forgiveness, the lender must inform the borrower of the determination within 30 days. If loan forgiveness is granted and a loan balance remains, the lender must also provide the borrower with information regarding new repayment terms. If the lender files a request for payment later than 60 days after it receives the completed Teacher Loan Forgiveness Application, the lender must repay all interest and special allowance received on the forgiven loan amount for periods after the expiration of the 60-day filing period. The lender is prohibited from collecting this interest from the borrower.

**Affected Sections:** 12.9.B Teacher Loan Forgiveness Program

**Effective Date:** Teacher Loan Forgiveness Applications received by the lender on or after July 1, 2001, from a "new borrower" on or after October 1, 1998, unless implemented earlier by the guarantor.

**Basis:** §682.215(f)(2) and (4); preamble to the *Final Rule* issued November 1, 2000, page 65626.

**Policy Information:** 718/Batch 108

**Guarantor Comments:** None.

### Defining an Academic Year

The *Common Manual* has been updated to provide additional information regarding the two different types of academic years—scheduled academic years (SAY) and

borrower-based academic years (BBAY). Figure 6-2 has been updated to state that for a student enrolled in a term-based program, the total of all Stafford loans borrowed within a BBAY may not exceed the annual loan limit for a student's grade level. After the original loan is made, additional loans are permissible during the BBAY only if the student has remaining eligibility or the student progresses to a grade level with a higher annual loan limit.

Information has also been added regarding transfer students and overlapping loan periods. If a student borrows Stafford funds to attend one school and then transfers to a new school, the new school cannot certify a loan until it determines whether the student's new loan period will overlap with the loan period at the prior school. This requires the new school to determine the student's academic year at the prior school. The school may use either of the following methods to make this determination:

- Obtain documentation from the prior school about its academic year.
- Make assumptions about the prior school's academic year based on information obtained from the National Student Loan Data System (NSLDS). Schools that use this method must determine that the academic year at the prior school ended on the *later* of the following:
  - 30 weeks after the first day of the most recent loan period listed.
  - The end date of the loan period for all loans made in the academic year.

If the loan periods overlap, the new school must subtract the gross amount of the loan (less any refunds or cancellations for that loan period) that the student received at the prior school from the student's current annual loan limit to determine the amount that the student is eligible to borrow. If the loan periods do not overlap, the new school may process a loan up to the amount of the student's current annual loan limit.

**Affected Sections:** 6.1 Defining an Academic Year  
Figure 6-2 Frequency of Annual Loan Limits  
7.7.J Disbursement to Transfer Students  
appendix G

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

**Basis:** March 4, 1994, U.S. Department of Education Guidance;  
Trainee Guide, 1997-98 Delivery System Training Workshop,  
U.S. Department of Education.

**Policy Information:** 719/Batch 108

**Guarantor Comments:** None.

## Dependency Status

The *Common Manual* has been updated to clarify that a student's dependency status is determined from information provided on the Free Application for Federal Student Aid (FAFSA). In addition, the criteria for a student to be considered independent have been aligned with language on the FAFSA.

Specifically, the following criteria that also qualify a student as independent have been added to the manual:

- The student has at least one child who receives more than half of his or her support from the student.
- The student has a dependent, other than a spouse or a child, who lives with the student and receives more than half of his or her support from the student at the time the FAFSA is completed and through June 30 of the award year.

In addition, the bullets regarding the criteria for determining whether the student is a veteran and whether the student is a graduate or professional student have been updated to mirror language on the FAFSA.

The last bullet in section 6.8 that states that a financial aid administrator may make a student independent based on special circumstances has been deleted. However, the sentence immediately following the bullets has been updated to indicate that the Financial Aid Administrator (FAA) may determine that the student is independent on the basis of special circumstances. In addition, a separate proposal was developed to add a new subheading titled "Dependency Overrides" immediately following this text. See bulletin titled "Dependency Overrides," proposal 716.

<b>Affected Sections:</b>	6.8 Determining the Student's Dependency Status
<b>Effective Date:</b>	Retroactive to the implementation of the <i>Common Manual</i> .
<b>Basis:</b>	None.
<b>Policy Information:</b>	720/Batch 108
<b>Guarantor Comments:</b>	None.

## Disbursements to Transfer Students

The *Common Manual* has been updated to remove redundant language and to clarify loan disbursement and delivery provisions for lenders and schools when a student transfers to a different school before a Stafford or PLUS loan is fully disbursed or delivered. Under these circumstances, unless the student is eligible for a late disbursement or a post-withdrawal disbursement, neither the student nor the parent borrower is eligible to receive the undisbursed or undelivered loan funds that were guaranteed for the student's attendance at the previous school. The student or parent borrower seeking additional Stafford or PLUS loan funds must reapply at the new school.

<b>Affected Sections:</b>	7.7.J Disbursement to Transfer Students 8.7.G Delivery to Transfer Students
<b>Effective Date:</b>	Retroactive to the implementation of the <i>Common Manual</i> .
<b>Basis:</b>	None.
<b>Policy Information:</b>	721/Batch 108
<b>Guarantor Comments:</b>	None.

### **When Disbursements Exceed Loan Eligibility**

The *Common Manual* has been updated to clarify that the total amount of a late disbursement and all prior disbursements may not exceed the student's loan eligibility as determined by the financial aid administrator. If the total amount of all disbursements exceeds the borrower's eligibility, the school must return the balance to the lender with a notice certifying the beginning and ending dates of the loan period or payment period during which the eligible student was enrolled, and the amount of loan funds the student or parent borrower is eligible to receive for that loan period or payment period.

<b>Affected Sections:</b>	8.7.E Late Delivery
<b>Effective Date:</b>	Retroactive to the implementation of the <i>Common Manual</i> .
<b>Basis:</b>	None.
<b>Policy Information:</b>	722/Batch 108
<b>Guarantor Comments:</b>	None.

### **Due Diligence Violations for Death or Total and Permanent Disability Claims**

The *Common Manual* has been revised to clarify that any due diligence activities normally required before the lender determined that the borrower (or, in the case of a PLUS loan, the dependent student) died, or that the borrower became totally and permanently disabled, are reviewed and penalties are assessed according to subsection 13.3.A, Default Claims. If there are violations that are sufficient to result in the loss of the loan's guarantee and the guarantee is not reinstated before the date the lender determined that the borrower (or, in the case of a PLUS loan, the dependent student) died or that the borrower became totally and permanently disabled, the lender must discharge the loan even though the loan balance will not be reimbursed by the guarantor.

<b>Affected Sections:</b>	13.3.B Non- Default Claims
<b>Effective Date:</b>	Retroactive to the implementation of the <i>Common Manual</i> .
<b>Basis:</b>	None.
<b>Policy Information:</b>	723/Batch 108

**Guarantor Comments:** None.

### **Unverified Social Security Numbers**

The *Common Manual* has been revised by moving information regarding the delivery of loan funds to a student with an unverified Social Security number from subsection 5.2.B to subsection 8.7.F. This change congregates similar information (regarding circumstances in which a school may be restricted from delivering funds to a student) within the same subsection.

**Affected Sections:** 5.2.B Social Security Number Data Match  
8.7.F Delivery to Borrowers in Special Circumstances

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

**Basis:** None.

**Policy Information:** 724/Batch 108

**Guarantor Comments:** None.

### **Resolving Delinquency that Precedes Mandatory Administrative Forbearance**

Existing policy in the *Common Manual* that provides that any prior delinquency is not resolved by a mandatory administrative forbearance has been relocated from subsection 10.21.C to the more appropriate section 10.21. The placement of the language in subsection 10.21.C erroneously implied that it applied only to a mandatory administrative forbearance granted for the purpose of repayment accommodation. Further, the phrase “prior delinquency” has been replaced with language that more clearly describes the period for which the borrower is past due: “any outstanding delinquency that precedes the beginning date of a mandatory administrative forbearance period.” Section 10.21 has also been updated with cross-references to subsections 10.18.F and 10.19.F for more information about resolving a delinquency that precedes a mandatory administrative forbearance.

**Affected Sections:** 10.21 Mandatory Administrative Forbearance  
10.21.C Repayment Accommodation

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

**Basis:** None.

**Policy Information:** 725/Batch 108

**Guarantor Comments:** None.

## Legislative updates

Two new issues of TG's *Legislative Report* are now online. Read them to catch up with the latest news on federal and state student aid issues and initiatives.

The December 3 edition follows the latest developments in FY 2004 appropriations and major HEA reauthorization legislation pending before Congress. Also included are updates on the activities of the Texas Joint Interim Committee on Higher Education and plans to reinstate affirmative action to admissions at the University of Texas.

The December 8 edition includes updates on the FY 2004 omnibus appropriations conference report and options now facing Congress, and a General Accounting Office report detailing the increasing cost of federal loan consolidation to the federal government.

Read the full reports on *TG Online* at [www.tgslc.org/lege\\_report/index.cfm](http://www.tgslc.org/lege_report/index.cfm).

## This, that, and the other

In the past two years, TG has approved more than \$600,000 in student loan forgiveness for more than 125 teachers who qualified through the federal teacher loan forgiveness program. Tonight at 6 p.m. CST, student loan borrowers can join a live chat event to learn more about this and other loan forgiveness, discharge, and cancellation options.

Chat topics will include how to determine eligibility for loan forgiveness, how to apply, and where to find more information on financial aid for higher education. Anyone with Internet access can join in the chat by visiting [mapping-your-future.org](http://mapping-your-future.org).

The chat is being offered by *Mapping Your Future*, a public service Web site co-sponsored by TG and other guarantors. The site offers a general listing of loan forgiveness programs at [mapping-your-future.org/paying/loanForgiveness.htm](http://mapping-your-future.org/paying/loanForgiveness.htm).



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