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TG updates

Register now for TG's "Kaleidoscope of Dreams"

It's almost that time again. The 2004 TG conference, "Kaleidoscope of Dreams," will be held from Wednesday, April 21 through Friday, April 23, and already more than 300 industry partners have registered. Have you? This year, the conference is free to all school representatives and is a great opportunity to brush up on your notes, polish your skills, and gain expertise on the latest industry developments.

But best of all, this year's conference will be a great place to catch up with your colleagues and have fun.

In addition to informative meetings, presentations, and guest speakers, this year's conference will keep you entertained.

This year's entertainment options will feature:

- The TG Golf Classic golf tournament on Tuesday, April 20 at the Avery Ranch Golf Club.
- A scavenger hunt/tour of Austin, which will take players to some of Austin's most famous and popular hot spots on Thursday, April 22.

- If sightseeing isn't your thing, take a trip on the Adventure Express charter bus and catch a Round Rock Express baseball game on Thursday, April 22.
- A third option on Thursday, April 22, will be a night of laughs at Esther's Follies, Austin's premiere comedy club.

So, don't miss out on this year's TG Conference. Register early and make your travel arrangements. We look forward to seeing you there!

For comprehensive conference information, a tentative agenda, and registration details, please visit the TG Conference Web site at www.tgslc.org/tgconference.

Please note that due to enthusiastic early registration, rooms at the Austin Marriott at the Capitol, the host hotel of this year's conference, are full. However, there are still plenty of rooms available at two overflow hotels. Please check the TG Conference Web site for more information.

Federal updates

ED provides guidance to assist Title IV participants affected by a disaster

ED recently issued Dear Colleague Letter (DCL) GEN-04-04, which provides specific regulatory relief for Title IV participants impacted by a federally-declared disaster. The guidance in this DCL affects students, borrowers, schools, lenders, servicers, and guarantors.

The regulatory relief in the letter applies to participants who are residing in, employed in, or attending a school located in an area that is declared a federal disaster area. Federal disaster declarations are posted on the Federal Emergency Management Agency's (FEMA's) Web site at www.fema.gov/rrr/.

ED indicates that if a school, lender, servicer, or guarantor utilizes any specific regulatory relief in the letter, that institution must document the alternate process or procedure applied. If an affected student needs additional relief or assistance due to his or her specific circumstances, the school the student is attending should contact its Federal Student Aid Case Management Team Member. If an affected borrower needs additional relief or assistance, his or her lender, servicer, or guarantor (that is, the holder of the borrower's loan) should contact its FSA Financial Partner regional staff.

For more information and questions

To access the DCL, go to the Information for Financial Aid Professionals Web site at www.ifap.ed.gov/dpclatters/GEN0404.html. The guidance in this letter supplements previous information that has been published in the 2003-2004 *Federal Student Aid Handbook*, in Disaster Letter 99-28, and in DCL GEN-99-27.

ED posts default management Q&A to public listserv

As reported in *Shoptalk Online* Edition 236, at the end of last year, ED established a national default prevention discussion listserv dedicated to members of the financial aid community who value the importance of default prevention. Recently, ED posted to the listserv a useful Q&A on default management that provides resources for schools trying to bring high default rates low or low rates even lower. The Q&A document is available online at www.tgslc.org/pdf/default_qa.pdf.

TG resources

TG has developed several innovative default prevention resources for financial aid professionals, available on *TG Online* at www.tgslc.org/resources/dp_resources.cfm#achieve. And as always, TG's default prevention team is available at (800) 338-4752 or prevent.default@tgslc.org to assist you in improving your institution's default prevention efforts.

Trends and issues

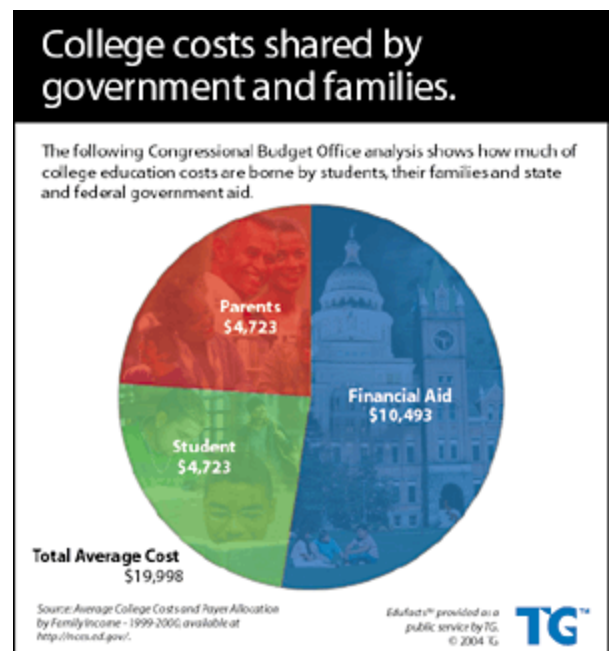
Edufacts™ — February 2004

More students are attending college today than ever before, and this rise in attendance is accompanied by rising costs in higher education. In fact, the Congressional Budget Office (CBO) reports that the average annual tuition and fees at public universities have more than doubled from \$1,883 in 1980 to \$4,231 in 2001.

And these costs don't include room, board, textbooks, transportation, and additional expenses.

In general, higher education costs are paid by the student, his or her parents, and non-family contributions, such as school-funded scholarships and federal and/or state financial aid (which may include grants and/or low-interest, federally-insured loans).

Although any increase in the cost of education can put a financial strain on families, there is help available to assist students in completing a college degree. Students and their families may be eligible to receive several different types of government-funded financial aid. The types and amounts available depend on a family's income and the family's expected contribution, but could come in the form of:



- Federal PELL grants and SEOG grants targeted toward students from lower-income families.
- Hope and Lifetime Learning tax credits targeted toward middle-income families.
- Subsidized and unsubsidized Stafford loans, Perkins loans, and PLUS loans. Upper-income families usually receive the bulk of federal aid in the form of unsubsidized student loans. Hence, the CBO found that students from lower-income families take less aid in the form of student loans than their counterparts from higher-income families, and thus graduate college with less student loan debt.

More information about sources of financial aid for college-bound students and their families is available on TG's public service Web site at www.AdventuresInEducation.org, or by calling the Texas Financial Aid Information Center at (888) 311-8881.

Source: "Private and Public Contributions to Financing College Education," published by the Congressional Budget Office, January 2004. Chart data based on the National Center for Education Statistics' data analysis system for the 1999-2000 National Postsecondary Student Aid Study, available at <http://nces.ed.gov/>.

Common Manual

Common Manual updates

On February 19, 2004, 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.

Eligibility requirements for home-schooled students

The *Common Manual* has been revised to include information indicating that a student may self-certify that he or she has at least a high school diploma or the recognized equivalent of a high school diploma, or that he or she has completed a secondary school education in a home-school setting. In addition, language was added to clarify that federal regulations do not require a home-schooled student to pass an ability-to-benefit test approved by the Department in order to qualify for Title IV assistance. An underage home-schooled student is considered to be beyond the age of compulsory school attendance in the state in which the postsecondary school is located if that state does not consider the student to be truant once he or she has completed a home-school program, or if that state would not require the student to attend school or continue to be home-schooled.

Affected Sections: 5.1.B Student Eligibility Requirements

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| Effective Date: | Provisions permitting students to self-certify the receipt of a high school diploma or GED are effective for any loan period beginning on or after July 1, 1996. Provisions applicable to home-schooled students are applicable for loans certified by the school on or after November 27, 2002. |
| Basis: | DCL GEN-02-11. |
| Policy Information: | 751/Batch 111 |
| Guarantor Comments: | None. |

Effects of Consolidation loan on new Stafford loan eligibility

The *Common Manual* is being revised to conform with federal regulations and policy guidance in *Dear Colleague Letter* GEN 03-12 regarding the treatment of Consolidation loans with respect to Stafford loan aggregate loan limits. The revised policy continues to support that portions of a Consolidation loan that are attributed to subsidized and unsubsidized Stafford loans must be included when calculating the student's aggregate loan balance. The financial aid administrator (FAA) should use the National Student Loan Data System (NSLDS) or loan records provided by the student to determine the portion of the Consolidation loan that should be applied to the subsidized Stafford loan limit and the portion that should be applied to the unsubsidized Stafford loan limit.

The NSLDS identifies the underlying loans of the Consolidation loan and uses those loan amounts to allocate the current outstanding principal balance between subsidized Stafford, unsubsidized Stafford and combined aggregate Stafford amounts, excluding Perkins and PLUS loans from the aggregate computations. The NSLDS then subtracts the total of the calculated subsidized and unsubsidized outstanding balance amounts from the actual outstanding balance of the Consolidation loan. Any remaining balance is considered to be "unallocated." Unallocated amounts occur when, with the information that has been provided by data providers, the NSLDS is unable to account for the full amount of the outstanding balance of the Consolidation loan.

If the borrower's outstanding loan balance is close to the aggregate Stafford loan limits, the FAA must also review any remaining balance of a Consolidation loan that is reported by the NSLDS as unallocated. No additional action is necessary if the FAA can assume that the unallocated amount is from either subsidized or unsubsidized Stafford loans and if, when the unallocated amount is added to the reported aggregate Stafford loan amounts, such an assumption would not affect the amount of a new Stafford loan the student would otherwise be eligible to receive. If this assumption changes the amount of a new Stafford loan for which a student may be eligible, the FAA must verify the unallocated amount. Unallocated amounts may represent any of the following:

- Capitalized interest that is included in the Consolidation loan. Capitalized interest does not count toward a borrower's aggregate limits. If the FAA determines that

all or a portion of the unallocated amount reported by the NSLDS represents capitalized interest, the FAA may deduct that portion from the reported aggregate amounts.

- An underlying Health and Human Services (HHS) loan that is included in the Consolidation loan. HHS loans are not reported to the NSLDS and are not, therefore, automatically excluded from the aggregate calculations. If the FAA determines that all or a portion of the unallocated amount reported by the NSLDS represents an underlying HHS loan, the FAA may deduct that portion from the reported aggregate amounts.
- An underlying loan that is from the borrower's spouse that is included in the Consolidation, in the case of a joint Consolidation loan. If the FAA determines that all or a portion of the unallocated amount reported by the NSLDS represents an underlying loan that is from the borrower's spouse, the FAA may deduct that portion from the reported aggregate amounts.
- An underlying FFELP or FDLP loan that has not yet been added to the NSLDS because of an edit condition that occurred when the information was sent to the NSLDS, but that is included in the Consolidation loan. If the FAA determines that all or a portion of the unallocated amount reported by the NSLDS represents an underlying Stafford loan that does not yet appear on the NSLDS, the FAA must add that portion to the reported aggregate amounts.

After identifying the underlying subsidized and unsubsidized Stafford loans, including amounts previously identified as unallocated, those outstanding principal balance amounts must be allocated to the proper aggregate loan limit for each Stafford loan type (subsidized or unsubsidized) when determining new Stafford loan eligibility. If the FAA has included or excluded all or a portion of an unallocated amount, the school must document its findings and calculations for audit purposes.

A school is only responsible for the financial aid history information that is available from the NSLDS at the time it delivers aid to the student. If the school receives written documentation that confirms that a student is eligible for additional aid, the school may deliver the aid without waiting for the NSLDS to be updated.

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| Affected Sections: | 6.11.F Effects of Consolidation Loan on New Stafford Loan Eligibility |
| Effective Date: | Stafford loans certified by the school based upon information received from NSLDS on or after October 20, 2003. |
| Basis: | §682.204(j); DCL GEN-03-12. |
| Policy Information: | 752/Batch 111 |
| Guarantor Comments: | None. |

Use of comaker

The manual has been revised to align text with regulatory language and to add, where appropriate, clarification that the term “comaker” refers to one of two parents who were joint borrowers of a PLUS loan made prior to April 16, 1999. The glossary was also updated to reflect the regulatory definition of “comaker.”

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| Affected Sections: | 7.1.B Creditworthiness 10.1.A General Deferment Eligibility Criteria Introduction to chapter 11 12.8 Discharge appendix G |
| Effective Date: | Effective for PLUS loans made on or after April 16, 1999. |
| Basis: | §682.200(b); <i>Federal Register</i> , Vol. 64, no. 73, dated April 16, 1999. |
| Policy Information: | 753/Batch 111 |
| Guarantor Comments: | None. |

Delayed delivery exemption for study-abroad programs

The *Common Manual* has been revised to include the delayed delivery exemption for an eligible home school that has students enrolled in a study-abroad program and that has a published cohort default rate of less than 5% for the most recent fiscal year for which information is available. The home school must cease certifying loans based upon this exemption no later than 30 days after the date that it receives notice from the Department of a FFELP cohort default rate, FDLP cohort default rate, or dual-program cohort default rate that causes the school to no longer qualify for this exemption.

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| Affected Sections: | 8.7.D Delayed Delivery |
| Effective Date: | Disbursements received by the school on or after October 1, 1998. |
| Basis: | HEA 428G(e); §682.603(g)(2); §682.604(c)(5)(ii). |
| Policy Information: | 754/Batch 111 |
| Guarantor Comments: | None. |

Special allowance chart

The *Common Manual* has been updated to remove the July 1, 2003, ending effective date for special allowance codes that correspond to variable rate loans.

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| Affected Sections: | appendix A |
| Effective Date: | February 8, 2002. |
| Basis: | HEA 438(b)(2)(I); Public Law 107-139. |

Policy Information: 755/Batch 111

Guarantor Comments: None.

Borrower eligibility and default

The *Common Manual* has been updated to include the requirement that a lender is responsible, when determining eligibility for a PLUS loan, for confirming that neither the borrower nor the dependent student currently owes on a defaulted loan held by the lender for which a claim has not been filed.

Affected Sections: 7.1.A General Determinations

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

Basis: §668.35; §682.201(b)(1)(iv); §682.206(c).

Policy Information: 756/Batch 111

Guarantor Comments: None.

Delayed delivery requirements

The *Common Manual* has been updated to state that the school must not deliver the first disbursement of a Stafford loan to a first-year undergraduate student who is enrolled in the first year of a program of study and who has not previously received a Stafford (FFELP or Direct) or SLS loan until the student completes the first 30 days of his or her program of study. This change is being made to more closely align language in the manual with language in the federal regulations.

Affected Sections: 8.7.D Delayed Delivery

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

Basis: §682.604(c)(5).

Policy Information: 757/Batch 111

Guarantor Comments: None.

Deferment of loans in delinquency or default

The *Common Manual* has been revised to provide centralized locations in subsections 10.1.F and 10.1.G for all applicable policy regarding the deferment of delinquent and defaulted loans, respectively. Revised policy in subsection 10.1.F also explains that a lender may grant a discretionary or administrative forbearance when a deferment does not resolve a delinquency and includes cross-references to subsections 10.19.F and 10.19.G for more information. The text of subsection 10.1.A about deferment of a delinquent or defaulted loan has been revised to be consistent with the text in subsections 10.1.F and 10.1.G. Finally, subsection 11.3.B has been enhanced by providing new cross-references to subsections 10.1.F and 10.1.G for policy on the deferment of delinquent and defaulted loans, and

subsections 11.4.A and 11.4.B for information about collection activities required for a rolling delinquency.

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| Affected Sections: | 10.1.A General Deferment Eligibility Criteria 10.1.F Deferment of Delinquent Loans 10.1.G Deferment of Defaulted Loans 11.3.B Deferment Eligibility |
| Effective Date: | Retroactive to the implementation of the <i>Common Manual</i> . |
| Basis: | §682.210(a)(7) and (8); §682.211(f)(2) and (9). |
| Policy Information: | 758/Batch 111 |
| Guarantor Comments: | None. |

Mandatory forbearance for Teacher Loan Forgiveness Program

The *Common Manual* has been revised to remove the 5-year limit on the length of time a borrower may receive forbearance while performing qualifying teacher service under the Teacher Loan Forgiveness Program.

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| Affected Sections: | Figure 10-2 Forbearance Eligibility |
| Effective Date: | Forbearance granted by the lender under the Teacher Loan Forgiveness Program retroactive to October 1, 1998. |
| Basis: | §682.215(e). |
| Policy Information: | 759/Batch 111 |
| Guarantor Comments: | None. |

Filing time frames for claims and discharge

Figure 12-3, "Timely Filing Deadlines for Claims and Discharges," has been added to the *Common Manual* to provide an at-a-glance summary of all timely filing deadlines for claims and discharges. Each summary statement includes a cross-reference to the subsection that provides comprehensive policy guidance for each claim or discharge type.

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| Affected Sections: | 12.8.F Unpaid Refund Discharge |
| Effective Date: | None. |
| Basis: | §682.402. |
| Policy Information: | 760/Batch 111 |
| Guarantor Comments: | None. |

Legislative update

The March 2 issue of TG's *Legislative Report* includes updates on the release of new estimates on the budgetary impact of making federal tax cuts from 2001 and 2003 permanent, Congress' schedule in the coming months, the status of HEA reauthorization and several other bills related to student aid.

Also provided are future hearing dates for the Texas Joint Interim Committee on Higher Education and an update on The Sunset Advisory Commission review of TG.

Keep up with the latest developments by reading the full report on *TG Online* at www.tgslc.org/lege_report/index.cfm.

This, that, and the other

Students and families are becoming increasingly frustrated with what they believe should be a purely objective, by the numbers task for colleges and universities — determining a student's financial aid award, according to the article "Who Truly Needs Financial Aid?" published in U.S. News & World Report's *America's Best Colleges 2004*.

Many parents are confused by the many factors that come into play when it's time to apply for financial aid. Income, savings, investments, and debt can make parents' heads spin — especially if they are self-employed or divorced.

While the federal government determines a family's Expected Family Contribution (EFC), the puzzle doesn't stop there. Each school's financial aid officer applies the school's own formula for calculating each aid package. So, the same family may receive very different financial aid packages from different schools — all based on the same financial information.

Helping families understand the financial aid process, what personal finance information they must report, and how this all fits into the equation that determines the financial aid package offered by your school, makes the process easier for everyone involved.

For the complete article visit www.usnews.com/usnews/edu/college/articles/brief/03need_brief.php.



Shoptalk Online is published by TG. Unless specifically noted, the policies and procedures outlined in *Shoptalk Online* apply only to loans made under the TG guarantee and not to loans underwritten by other guarantors.

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