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Tip of the Week

Importing and exporting application and loan data to and from AdvanTG Web™ saves you time and updates your database. In addition, with TG Loans By Web™ you can import both certification records and complete applications in the same file. To find out more about how TG's Web-based suite of tools can help improve your student loan processes, contact TG product support at (800) 332-1455, or e-mail product.support@tgsic.org.

TG updates

TG implements new SLI sign-on to protect borrowers

TG has implemented password protection for student and parent borrowers who access account information through the Student Loan Inquiry (SLI) page on TG's *Adventures In Education* Web site at www.aie.org. A site registration process has been added to help safeguard the online privacy of borrowers' personal information.

Instead of requiring a borrower to enter his or her Social Security Number (SSN) and date of birth, SLI visitors are now directed to a registration page to apply for a user ID and password. Borrowers will create their own passwords and password hints. Site registration is a one-time process that verifies a borrower's identity against TG's data.

After successful registration, students will be passed directly to their individual account information page, and will no longer be required to provide their SSN.

TG customer assistance is available to help students who forget their password or who need assistance with the registration process. Customer assistance can be reached at (800) 845-6267, or by e-mail at cust.assist@tgsllc.org.

PLUS MPN implementation date approaches

The date is drawing close or, at your school, it may already be here. What date, you ask? The PLUS Loan Application and Master Promissory Note (PLUS MPN) implementation date, of course.

Use of the PLUS MPN has been voluntary for some time. FFELP participants could begin using the PLUS MPN for loan periods beginning on or after July 1, 2003. But use of the form is mandatory for all 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. If you are getting ready to certify loans for this summer and/or fall, you may be on the verge of working with the PLUS MPN for the first time.

TG wants you to know that we are here and we are ready to help. TG has been processing PLUS MPNs for a number of Texas schools since March 2003. So you can count on TG to assist you in making your transition to the PLUS MPN as smooth as possible. The following is one item to consider in your transition.

Obtaining a requested loan amount

Because there are differences between the common PLUS application and the PLUS MPN, you may need to make some changes to the way you process your PLUS loans.

One important difference between the common PLUS application and the PLUS MPN is the requested loan amount (RLA). Because the PLUS MPN is a multi-year note, it no longer asks the borrower for the RLA. However, before each PLUS loan can be disbursed, the parent borrower must indicate the RLA to either the school or the lender, depending on the process agreed to by the parties.

Some schools currently processing PLUS MPNs use the PLUS Loan Information and School Certification form (available at www.tgsllc.org/pdf/plus_mpn_cert.pdf) or a form that the school has developed internally to obtain this information. Another option to obtain the RLA is to certify the PLUS loan through TG Loans By Web™, which accepts borrower-initiated certification requests. The RLA is included in the Loans By Web PLUS loan certification process.

In the event that TG receives a PLUS MPN in which the RLA or Lender Approved Amounts are not present or have an invalid value, the TG loan guarantee operations team will work those notes on an individual basis to obtain the RLA from the borrower prior to guarantee. Please note, however, that this is a manual process that could affect your processing time.

When a common PLUS application is submitted by mistake

Currently, you can submit a common PLUS application for guarantee as long as the loan period begin and certification dates are not set at July 1, 2004, or later. If either of these dates is set to July 1, 2004, or later, a common PLUS application will be rejected by TG.

AdvanTG Web™, TG's student loan management solution, will not currently allow you to enter a certification date that is later than the current date. Soon, it will also prevent you from selecting the common PLUS application while entering a loan period begin date of July 1, 2004, or later. Finally, soon after July 1, 2004, AdvanTG Web will be upgraded to no longer create or import common PLUS applications.

TG is offering a similar service to what we offered financial aid professionals during the transition to the Stafford Loan Master Promissory Note. If, in the certification process, you happen to accidentally submit a common PLUS application through AdvanTG Web when a PLUS MPN paper application is being completed by the borrower, not to worry. Let TG loan guarantee operations know, and we can convert the common PLUS loan to the PLUS MPN loan. Both the school and the lender will receive a new guarantee response as a result of the change.

Making the transition

Because TG Loans By Web allows a certification to remain available beyond the mandatory implementation date of July 1, 2004, schools may want to carefully consider which version they are using to certify their current PLUS awards. It may be in the best interest of the borrower to move ahead with the PLUS MPN implementation for the summer sessions. By implementing the PLUS MPN now, schools are more likely to avoid submitting common PLUS certifications for the fall and having to correct rejects.

More information

If you have questions or concerns regarding changes to your PLUS loan process or the PLUS MPN itself, please send them to product.support@tgslc.org or use the *Ask TG™* (<http://tgslc.custhelp.com>) online support feature provided on *TG Online*. One of our representatives will provide you a prompt and informative response.

For even more information, come to the 2004 TG Conference and attend the session "The PLUS MPN — It's Not a Dream Any More!" at 8:45 a.m. on Friday, April 23. Topics will include policy and operational issues related to the implementation of the PLUS MPN.

TG Conference sessions to explore future of CommonLine

You already know that the implementation of CommonLine has streamlined the electronic processing of FFELP and alternative loans for schools, lenders, servicers, and guarantors. You already know that with CommonLine, schools are able to

communicate with any number of service providers in a standardized format using just one software product of their choice. But are you fully aware of how the latest and upcoming versions will impact your organization? Come find out at the TG Conference, "Kaleidoscope of Dreams."

TG will present two sessions for professionals interested in the past, present, and especially the future of CommonLine and related technologies:

- **Change – Processing CommonLine 5 at TG**

Thursday, April 22, 10 a.m.

Aurora Wilson, product manager in TG customer services, will provide a high-level overview on TG's implementation of CommonLine 5 (CL5), disbursement rosters, change transaction processing, and the major differences from CL4. New functionality and features are introduced with each version of CommonLine, and this informative session will help you to identify those differences and understand what that means for your day-to-day processes.

- **CommonRecord: CommonLine**

Thursday, April 22, 1:30 p.m.

Take a look into the future of CommonLine with an introduction to the most recent version, CommonRecord: CommonLine (CRC), and what service providers are doing – or should be doing – to prepare their systems for CRC. Cheri McAdow, TG program director of data reporting (formerly NSLDS), and Howard Seizinger, TG technology consultant, will host the learning session and discuss CRC and the XML technology being used. Discover why CRC moved from flat file to XML, the difference between flat file and XML, and the basics of the new structure. Understand what this means to your institution, how it will impact your systems, and where to find the resources to assist you in moving your system to CRC.

- **XML 101: What XML Can Do for You!**

Thursday, April 22, 2:45 p.m.

Those interested in finding out more about Extensible Markup Language (XML) should be sure to catch this informative session, to be presented right after the CRC session. This session offers a beginners' look at XML and its advantages for the student loan industry and community. Will Thien, TG technology consultant, will cover XML basics, community standards, core components, repository, and XML advanced discussions.

More information

For more information or to register for the 2004 TG Conference, please visit us online at www.tgslc.org/tgconference.

TG policies

ED issues Consolidation loan guidance letter

In a March 15, 2004, letter addressed to the National Council of Higher Education Loan Programs (NCHELP), ED provided guidance on the topic of consolidating non-FFELP loans into a FFELP Consolidation loan.

The letter addresses situations in which borrowers have both FFELP and non-FFELP loans and wish to consolidate loans. The letter discusses the consolidation of non-FFELP loans into a FFELP Consolidation loan.

Unfortunately, the guidance provided in the letter is ambiguous, especially as to its intended coverage. Since the guidance did not go through a formal rulemaking process, there are substantial questions regarding its legal enforceability.

Determination of a borrower's eligibility to consolidate education loans remains a lender responsibility. TG relies on the lender's determination of eligibility when a FFELP Consolidation loan is presented for guarantee.

More information

NCHELP members can read ED's March 15 letter on loan consolidation in the NCHELP Afternoon Briefing dated March 18, 2004.

If TG becomes aware of any clarification from ED regarding the guidance letter, an update will be provided in a future edition of *Shoptalk Online*.

Federal updates

ED issues FFELP Lender/Servicer Compliance Guide

On March 30, 2004, ED posted the *Federal Student Aid Lender/Servicer Review Guide* to the Information for Financial Aid Professionals (IFAP) Web site.

The guide provides information on program reviews of lenders, servicers, and secondary markets as conducted by ED and guarantor program review teams. It describes the "review elements" to be covered in program reviews and provides other guidance about how to approach lender, servicer, and secondary market reviews.

According to the introduction, the guide is "formulated based upon current statutes, regulations, and policies governing the FFEL program as of July 1, 2001 and does not consider outside publications or guaranty agency policies or procedures in FFEL program administration."

More information

Be on the lookout for more information on lender, servicer, and secondary market program reviews at the 2004 TG Conference. The session entitled “Common Review Initiative Update” (at 2:45 p.m. on Thursday, April 22) will touch on the characteristics of these program reviews based on the newly released *FSA Lender/Servicer Review Guide*.

To read ED’s letter announcing the guide and to access the guide itself, go to <http://ifap.ed.gov/eannouncements/0330FFELPLenderGuide.html>.

SEC scrutinizes college savings plans

State-sponsored tuition savings plans (529 plans) are going to come under heightened federal scrutiny following Securities Exchange Commission (SEC) Chairman William H. Donaldson’s establishment of the Task Force on College Savings Plans. The task force will investigate high costs and fees associated with some plans and limited disclosure that could hurt investors.

Families had invested more than \$35 billion into 529 plans at the end of last year, following the plans’ exemption from federal taxes in 2002. The plans are an attractive way for families to save for college expenses because they allow large after-tax contributions — up to \$257,460 in Texas, for example — to grow tax-free, and are not subject to federal tax upon withdrawal for education-related expenses until 2010. Also, because the accounts are treated as parental assets, not income, only 5.4 percent of their value is calculated in determining financial aid eligibility.

The SEC is concerned because 529 plans vary widely from state to state, and lack standardized investor disclosure and regulation. Many have high sales fees and administrative costs — some as high as 2 percent a year, which the SEC now fears may strip families of the accounts’ tax advantages. The majority of 529 plans today are invested in mutual fund-type accounts through investment companies, such as Fidelity or Enterprise Capital Management, Inc. However, owners of the accounts essentially hold interests in a state trust fund, which is exempt from most federal securities laws, including federal disclosure requirements that normally apply to mutual fund companies and investment advisors.

These concerns led Chairman Donaldson to create the task force to “closely examine issues raised by the structure and sale of college savings plan participants.”

In a letter to House Financial Services Chairman Michael G. Oxley (OH), Donaldson said he shared the congressman’s concerns “regarding the ability of parents to understand the operation of these plans and the economic implications that high fees may have on families as they save for their children’s higher education.”

More information

For more information on the SEC inquiry, visit <http://financialservices.house.gov/news.asp>.

To find out more about college savings plans, visit www.collegesavings.org or www.savingforcollege.com.

Common Manual

Common Manual updates

On March 18, 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.

Assignment of a loan and the Claim Form

The *Common Manual* has been updated to acknowledge that the Claim Form contains the loan assignment language that meets the requirement that the claim file contain the holder's original assignment of a loan to the guarantor. A lender that files its claims using the paper Claim Form is not required to provide any other information or certifications. Other assignment options previously provided in the manual have been removed.

A lender using an electronic claim filing process should continue to work directly with the guarantor to develop an accurate, timely assignment process that corresponds with the claim filed.

Affected Sections:	12.1.D Claim File Documentation
Effective Date:	Claims filed by the lender on or after July 1, 2003, unless implemented earlier by the guarantor.
Basis:	Claim Form.
Policy Information:	761/Batch 112
Guarantor Comments:	None.

Unemployment deferment eligibility criteria

The *Common Manual* has been revised to provide additional policy information for determining an unemployment deferment period, as follows:

- An initial unemployment deferment period may not begin earlier than the begin date that a borrower requests.

- The ending of the condition that entitled a borrower to an unemployment deferment is one of the events that determines the end date of an unemployment deferment period.

Affected Sections:	10.16.C Length of Deferment—Unemployment
Effective Date:	Unemployment deferment requests processed by a lender on or after March 14, 2003.
Basis:	§682.210(a)(6)(i); §682.210(b)(1)(v); §682.210(h); DCL GEN-03-04.
Policy Information:	763/Batch 112
Guarantor Comments:	None.

Convictions for drug possession or distribution and their effect on Title IV aid eligibility

The *Common Manual* has been revised to update information regarding drug convictions to differentiate between a student who has his or her eligibility for Title IV aid denied when sentenced by a court due to conviction of possession or distribution of a controlled substance and a student who has his or her eligibility for Title IV aid denied due to drug conviction information that he or she reports on the Free Application for Federal Student Aid (FAFSA). In addition, language quoted directly from the Student Aid Report (SAR) has been replaced with a general statement that advises schools and lenders that the SAR provides a warning regarding a student’s potential loss of Title IV aid eligibility if he or she is convicted of possession or distribution of a controlled substance.

Affected Sections:	5.1.B Student Eligibility Requirements
Effective Date:	None.
Basis:	None.
Policy Information:	764/Batch 112
Guarantor Comments:	None.

Delinquency existing before an out-of-school date change

The *Common Manual* has been revised to state consistently that when a lender processes an earlier out-of-school date on a loan that is delinquent, the lender may not resolve that delinquency with an administrative forbearance. The lender may apply an administrative forbearance for the period from the adjusted (correct) repayment start date to the previous repayment start date.

Affected Sections:	9.5.E Revised Out-of-School Dates after Conversion to Repayment
Effective Date:	Retroactive to the implementation of the <i>Common Manual</i> .

Basis: §682, Appendix D.

Policy Information: 765/Batch 112

Guarantor Comments: None.

Claim Form data requirements

The *Common Manual* has been updated to align the claim filing policy with the Claim Form instructions. Revised policy clarifies that all loans included on the Claim Form must have the same lender ID and, if available, the same claim review status, in addition to the same loan type, due date, and interest-paid-through date.

Affected Sections: 12.1.A Claim Filing Requirements

Effective Date: The same "lender ID" requirement is effective for claims filed by a lender using the Claim Form on or after July 1, 2002.

The same "claim review status, if available" requirement is effective for claims filed by a lender using the Claim Form on or after July 1, 1998.

Basis: Claim Form.

Policy Information: 766/Batch 112

Guarantor Comments: None.

Timely filing for default claims

The *Common Manual* has been revised to provide consistency in the explanation of filing time frames for default claims by aligning the text in subsection 12.6.A with text in subsections 11.4.A and 11.4.B. Revised policy states that a lender is strongly encouraged to file a default claim on or after the 300th day of delinquency and may not file a default claim before the 271st day of delinquency for loans with monthly installments. For loans with installments due less frequently than monthly (e.g., quarterly), a lender is strongly encouraged to file a default claim on or after the 360th day of delinquency and may not file a default claim before the 331st day of delinquency.

Affected Sections: 12.6.A Default Claims

Effective Date: Effective for loans for which the first day of delinquency on the oldest outstanding due date is on or after July 1, 2000, unless implemented earlier by the guarantor.

Basis: None.

Policy Information: 767/Batch 112

Guarantor Comments: None.

Glossary definitions for application and promissory note processes

Several glossary definitions have been added, updated, or deleted to reflect the current application and promissory note processes used in the FFELP. The definition of “common application” is being deleted from the glossary and the following definitions of “common form” and “Federal Consolidation Loan Application and Promissory Note” are being added:

Common Form: A standardized form for the administration of the FFELP that is developed and maintained by FFELP participants and approved by the Department. For more information and a list of the common forms, see subsection 2.3.C.

Federal Consolidation Loan Application and Promissory Note: A common form that a borrower—or, as applicable, spouses as comakers—must complete to apply for a Federal Consolidation loan. For more information about Federal Consolidation loans, see chapter 14.

In addition, the definition of “Master Promissory Note” has been updated and definitions of “Federal PLUS Loan Application and Master Promissory Note (PLUS MPN),” “PLUS MPN,” “Federal Stafford Loan Master Promissory Note (Stafford MPN),” and “Stafford MPN” have been added, as follows:

Master Promissory Note: (MPN): See “Federal Stafford Master Loan Promissory Note (Stafford MPN)” and “Federal PLUS Loan Application and Master Promissory Note (PLUS MPN).”

Federal PLUS Loan Application and Master Promissory Note: (PLUS MPN): A common form that allows a parent borrower to receive loans for either a single academic year or multiple academic years. The parent borrower must complete a separate PLUS MPN for each dependent student for whom he or she wishes to borrow (see section 6.16).

PLUS MPN: See Federal PLUS Loan Application and Master Promissory Note.

Federal Stafford Loan Master Promissory Note: (Stafford MPN): A common form that allows a student borrower to receive loans for either a single academic year or multiple academic years (see section 6.16).

Stafford MPN: See Federal Stafford Loan Master Promissory Note.

Affected Sections:	appendix G
Effective Date:	None.
Basis:	None.
Policy Information:	768/Batch 112
Guarantor Comments:	None.

Legislative update

The March 30 issue of TG's *Legislative Report* provides updates on the House and Senate budget resolutions, which have gone to a conference committee, and on reauthorization bills and other student aid related legislation before Congress. The report also provides dates for upcoming hearings of 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

All TG offices will close at noon on April 9 in observance of Good Friday. TG operations will resume at normal business hours on Monday, April 12.

The early closing will not affect the Friday noon run, or the nightly batch process. There will be a Friday noon run with responses returned by 12:30 p.m. CDT, as normal. The TG product support team will ensure that all noon files are returned successfully before leaving for the holiday. Files submitted after 12:00 noon CDT on Friday will process with the Friday night batch process.



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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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