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Tip^{of}the Week

Make plans to provide debt management workshops to students next year. The TG Speakers Bureau can help by bringing programs like “Money Management 101” to your campus. Call TG at (800) 252-9743, ext. 4650, to find out more.

TG updates

Default prevention, collections, and claims teams back online after successful system upgrade

TG’s default prevention and collections call centers and claims representatives are once again available to assist you by phone, fax, and e-mail. Normal business operations resumed first thing this morning after a smooth and successful upgrade of our mainframe systems for default prevention, collections, and claims over the holiday weekend.

Normal processing of Common Account Maintenance (CAM) file submissions, including Default Aversion Assistance Requests (DAARs) and claims, also resumed this morning.

TG sincerely appreciates the cooperation of its business partners both before and during the upgrade. The changes we have made will allow us to continue improving the service and support we offer to you and the families and students we all serve.

More information

If you have questions about our system upgrade, please contact any of the following TG team members:

- **Default Prevention inquiries**

Shelia Dunlap, assistant vice president for default prevention
(512) 219-4642
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- **Collections inquiries**

Susan High, assistant vice president for default recovery services
(512) 219-4723
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- **Claim inquiries**

Ron Stroud, assistant vice president for claims
(512) 219-4779
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Strategic enrollment management workshops coming to Arizona, New York, and Georgia

TG and the Council for the Management of Educational Finance are once again hitting the road with a workshop to help campuses align debt management practices with their strategic enrollment plans. Workshops are coming to Phoenix on June 8, New York City on June 11, and Atlanta on June 15. There's still time to register, and there is no fee to participate.

"These workshops offer a combination of expertise and practical guidance that can truly make a difference for students and for the campus as a whole," said Ed Apodaca, associate vice president for enrollment management at the University of Houston and co-chair of the Council for the Management of Educational Finance.

TG and the Council's latest publication, *A Clear and Present Danger to Institutional and Student Success: A Training Model for Embedding Student Loan Default Aversion within Strategic Enrollment Management*, provides the framework for workshop participants and serves as the basis for discussions and exercises.

"Through our experience and success in working with institutions to lower default rates, we've realized the benefit — and necessity — of cross-campus collaboration," said Milt Wright, TG president and CEO. "These efforts not only affect cohort default rates, they affect retention, matriculation, and the general quality of the students' experience on campus. In a time of increasing emphasis on institutional accountability, TG is excited to share these proven techniques and strategies to help campus professionals strengthen their enrollment management efforts."

More details on the workshops and online registration are available on *TG Online* at www.tgslc.org/workshops/sem/sem.cfm.

School Default Management Report to include new status codes

Beginning June 11, 2004, the Default Management Report (DMR) that TG makes available to school partners through AdvanTG Web™ will include a new set of loan status codes. These new TG loan status codes will replace the National Student Loan Data System (NSLDS) values currently included on the DMR, but will provide the same type of loan status information that users have come to expect from the NSLDS values.

The new codes are part of TG's ongoing efforts to offer its partners more powerful default management reporting tools. The move to TG loan status codes will help facilitate more frequent, weekly report updates beginning this fall.

For those who wish to familiarize themselves with the new codes before they are introduced next week, following is list of the new codes.

List of new codes

AE	Subrogated Loan
AL	Abandoned Loan
C1	Claim – Default
C2	Claim – Bankruptcy, Chapter 7 or 11
C3	Claim – Death
C4	Claim – Disability
C5	Claim – Ineligible Borrower
C6	Claim – Closed School
C7	Claim – Bankruptcy, Chapter 13
CP	Claim – Pending
CR	Claim – Rejected
D1	Deferment – In-School, Full-Time
D2	Deferment – Rehabilitation Training
D3	Deferment – Full-Time or Graduate Fellowship
D4	Deferment – Military Service
D5	Deferment – Peace Corps or Action Service
D6	Deferment – Volunteer Service
D7	Deferment – Borrower/Spouse Disability
D8	Deferment – Professional Internship
D9	Deferment – Unemployment
DB	Deferment – NOAA Member
DC	Deferment – Teaching in Shortage Area
DE	Deferment – Mother in Work Force
DF	Deferment – Parental Leave
DH	Deferment – In-School, Half-Time
DJ	Deferment – Beneficiary Study
DK	Deferment – Economic Hardship
DL	Deferment – Unemployment, Less Than 3 Years
DM	Deferment – ACTION Programs
DW	Defaulted, Write-Off

FB	Forbearance
G	Grace – Out-of-School Date Received
GA	Grace – Assumed from Out of School Date
IM	In Military Grace
J	Paid in Full – After Claim
JC	Paid in Full – After Claim by Consolidation
JR	Paid in Full – After Claim by Refinance
P	Paid in Full – To Lender
PC	Paid in Full – By Consolidation
PK	Paid in Full – By Closed School
PM	Presumed Paid in Full
PQ	False Certification – Claim Paid
PR	Paid in Full – By Refinanced Loan
R	Repayment – Confirmed by Lender
RA	Repayment – Assumed But Not Yet Confirmed
RO	Repurchased
S	In School – Confirmed by Enrollment Verification
SA	In School – Assumed But Not Yet Confirmed
UA	Temporarily Uninsured – No Default Claim Requested
UB	Temporarily Uninsured – Default Claim Denied
UC	Permanently Uninsured – No Default Claim Requested
UD	Permanently Uninsured – Default Claim Denied
UI	Uninsured Loan
WL	Canceled – Application Withdrawn by Lender
WR	Canceled – Withdrawn Application – Resubmitted
WT	Canceled – Application Denied by TG
X	Canceled – After Loan Guarantee by Lender
XA	Canceled – Assumed Source Other Than Lender
XP	Cancel Pending – Waiting for Paperwork

More information

If you have any questions regarding the new codes or the DMR in general, please call TG's product support group at (800) 332-1455 or e-mail product.support@tgsllc.org.

Federal updates

Treasury issues final Section 221 regulations

Last month, seven years after the enactment of the Taxpayer Relief Act of 1997, the U.S. Treasury Department released the final Section 221 regulations. These regulations contain provisions for a multitude of issues surrounding student loan interest deductions, including the following:

- **Treatment of capitalized interest, origination fees, and insurance fees**
The final regulations define interest as compensation paid for the use or

forbearance of money. The final regulations treat capitalized interest added to the unpaid principal balance of a postsecondary education loan as deductible interest for income tax purposes. Generally, fees such as loan origination fees and late charges are also considered deductible interest if the fees represent a charge for the use or forbearance of money. However, certain fees, including insurance (i.e., guarantee) fees, are similar to fees paid for services and are not deductible as interest.

- **Payment allocation**

The final regulations treat loan payments as applied first to interest (to the extent that interest has accrued and remains unpaid at the time payment is due) and second to principal. This means that because more of a borrower's payments are applied to interest than principal at the beginning of loan repayment, the borrower will have more interest to deduct at the beginning of loan repayment than he or she will have toward the end.

- **Clarification of treatment of payments by a third party**

Under the final regulations, third-party payment of interest is viewed in two different ways — as a gift (e.g., by a parent or grandparent) and as a payment made by an employer. In both cases, the interest is considered paid first to the taxpayer, and then paid by the taxpayer to the lender. The taxpayer may deduct interest payments made on their behalf, such as payments made by a family member as a gift. The taxpayer may deduct interest payments made by the taxpayer's employer if they are reported as income for the taxable year.

- **Voluntary payment of interest**

Interest payments made during the 2002 tax year or later are deductible even if the payments are made during a period when interest payments are not required, such as during a grace, deferment, or forbearance period.

- **Definition of qualified education loan and reasonable period of time**

Federal regulations define a "qualified education loan" as a loan used to pay expenses incurred by the borrower solely for higher education costs and paid within a reasonable amount of time. The final regulations have expanded the definition of "reasonable amount of time." Education expenses are treated as paid or incurred within a reasonable amount of time if the qualified education expenses are paid with the proceeds of education loans from a federal postsecondary education loan program; or the expenses relate to a specific academic period, and the loan proceeds used to pay for that period are disbursed within 90 days prior to or 90 days after the related academic period.

- **Clarification of federal postsecondary education loan programs**

Final regulations clarify that an eligible federal postsecondary education loan program includes the Federal Perkins Loan, Federal Family Education Loan, and William D. Ford (Direct) Loan Programs under Title IV of the Higher Education Act of 1965, and Health Education Assistance Loan and Nursing Student Loan Programs under the Title VII and VIII of the Public Health Services Act.

- **Information reporting**

The previous regulations stated that lenders or other payees that receive payments of interest on qualified postsecondary education loans were required to consider origination fees and capitalized interest as interest in determining whether the lender was required to send the borrower a 1098E (that is, if the borrower's total interest paid for the taxable year met or exceeded \$600) for interest reporting purposes on loan payments made on or after January 1, 2004. Due to the delay of the final Section 221 regulations, the final regulations extend the reporting compliance date to loans made on or after September 1, 2004.

More information

TG encourages all affected parties to review the final Section 221 regulations. To access these regulations, go to www.treas.gov/press/releases/js1512.htm and select the "TD 9125" link at the end of the page.

Common Manual

Common Manual Governing Board subject of latest training brief

The latest training brief from the *Common Manual* Policy Committee explains the general structure and function of the *Common Manual* Governing Board, a panel of representatives from the nation's guarantors charged with overseeing the manual. The brief, available on *TG Online* at www.tgslc.org/resources/cm_training.cfm, is the twelfth in a series of training resources created by the committee.

TG hopes that you find the training briefs useful. If you have any comments or suggestions on the briefs, please contact Michelle Anderson, TG senior policy advisor and a member of the *Common Manual* Policy Committee, at michelle.anderson@tgslc.org or (800) 252-9743, ext. 4608.

The current version of the *Integrated Common Manual* is available on *TG Online* at www.tgslc.org/resources/integrated_online_manual.cfm.

Legislative update

The May 25 issue of TG's *Legislative Report* provides updates on the passage of the FY 2005 federal budget conference report in the House, HEA reauthorization bills and other student aid-related legislation before Congress, and FY 2005 appropriations. Also included are updates on the Texas Joint Interim Committee on Higher Education and the Texas Sunset Advisory Commission review of TG. Keep up with the latest developments by reading the full reports on *TG Online* at www.tgslc.org/lege_report/index.cfm.

This, that, and the other

The NASFAA 2004 conference is only seven weeks away – have you registered yet?

The National Association of Student Financial Aid Administrators (NASFAA) will hold its national conference in Minneapolis this year from Sunday, July 18, through Wednesday, July 21. If you plan to make the trip, registering by June 25 will save you \$100 on your conference fee.

Online registration is available at www.nasfaa.org/Conference.asp. The site also provides information on conference sessions and schedules, speakers, the NASFAA book and video drive, and other special events.

Watch *Shoptalk Online* for more on NASFAA 2004 in the weeks to come.



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To ask questions about *Shoptalk Online*, please contact Communications at (800) 252-9743, ext. 4732 or communications@tgslc.org.

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