

In this issue:

TG updates	1
Change transactions simplified with AdvanTG Web™	1
Federal updates	3
ED releases electronic requirements for schools	3
To delay or not to delay, that is the question	3
Treasury and IRS respond to industry comments on TRA.....	5
This, that, and the other	5

TG updates

Change transactions simplified with AdvanTG Web™

Processing change transactions can sometimes be quite a challenge. But did you know there are many tips and tricks in AdvanTG Web that can make processing change transactions much easier? Following are some simple steps that will help reduce processing time, simplify calculations for the return of funds, and generally make life easier — at least as far as change transactions are concerned.

- **Reduce steps when creating change transactions for combination loans**
Often, a change transaction must be processed on both a borrower's subsidized and unsubsidized Stafford loans — for example, when canceling the second disbursement or changing the loan period. AdvanTG Web allows you to toggle between the subsidized and unsubsidized loans without having to leave the Change Transaction Menu screen:
 - Change the Loan Sequence Number and click the 'Update' button and AdvanTG Web will refresh the information. Most subsidized loans have a Sequence Number of 1, and unsubsidized loans have a Sequence Number of 2.
 - Now simply select the change transaction you would like to create and you are done!

This eliminates the need to go back to the List Loans screen to select the 'other' loan. Of course, the subsidized and unsubsidized Stafford loans must have been

certified on the same application (i.e., both have the same CommonLine Unique ID) for this shortcut to work.

- **Speed up change transaction selection by double-clicking**
On the Change Transaction Menu, you can select the type of transaction you wish to process from the menu on the left side of the screen. AdvanTG Web then displays a list of functions that can be processed on the right side of the screen. To select the function you wish to process, simply double-click on it. This eliminates the need to scroll down the screen to click the 'OK' button.
- **Shortcut for correcting rejected change transactions**
Did you know that you do not have to create a brand new change transaction to correct a transaction that has been rejected? AdvanTG Web allows you to edit the rejected change transaction and resubmit it for processing. This saves time by eliminating the need to create a brand new transaction. Rejected change transactions can be identified on the List Change Transaction screen by looking for an 'E' (error) status. Select the transaction you want to correct, modify the fields in error, and click the 'Save' button. Remember to click the 'Other' tab on a change transaction to view the error message that caused the reject.
- **Let AdvanTG Web calculate the return of funds for you**
Some of the more challenging change transactions are the ones involving the return of funds. AdvanTG Web can calculate the Return Amount, Revised Disbursement amount, and the Cancellation Amounts for you, including any fees paid by the lender. The calculate feature is found on the @1-10 Full Cancellation, Partial Cancellation, Full Reissue, and Partial Reissue change transactions. Simply populate one of the fields denoted with double asterisks and click the calculator icon next to the field to calculate the other amount fields. If you know the (Net) Return Amount, AdvanTG Web will calculate the Revised Disbursement Amount and Cancellation Amounts for you and vice versa. The fields required to perform the calculation are denoted with a single asterisk.

More information

TG also offers a comprehensive *Change Transaction Reference Guide* that provides step-by-step instructions for creating each change transaction type, a summary of change transaction reports in AdvanTG Web, and definitions of each field on a change transaction. The guide is available on *TG Online* at www.tgslc.org/resources/advantgweb.cfm.

You may also order a paper copy of the *Change Transaction Reference Guide* by contacting your TG consultant or representative. For contact information on school consultants and representatives, visit www.tgslc.org/custfocus/national2.cfm and select your state. Contact information on lender consultants is available at www.tgslc.org/custfocus/integrate.cfm.

If you have any questions about change transaction processing or AdvanTG Web, please contact TG's product support group at (800) 332-1455 or product.support@tgslc.org.

Federal updates

ED releases electronic requirements for schools

ED recently issued Dear Colleague Letter (DCL) GEN-04-08 to inform schools of its September 14, 2004, *Federal Register* notice concerning the required electronic processes in which schools must participate, and the updated system requirements needed to conduct the processes.

Additional guides to aid schools

GEN-04-08 contains enclosures addressing three topics:

- Designated electronic processes.
- System requirements.
- Frequently asked questions about the system requirements.

New requirement

Of particular note is the requirement for XML capabilities by next year. TG will be providing additional information on its implementation of the latest version of the FFELP industry's electronic standard, Common Record: CommonLine, which uses an XML format, and how this will fit into the larger financial aid picture in the next few weeks. Watch future editions of *Shoptalk Online* for more on this important FFELP initiative.

More information

To access DCL GEN-04-08 online, go to www.ifap.ed.gov/dpccletters/GEN0408.html.

To delay or not to delay, that is the question

The start of a new school year brings with it old questions, as first-year students venture into postsecondary education and get their first taste of federal financial aid and student loans. Around the financial aid office, you may hear voices echoing a familiar refrain – *Where is my student loan?*

While some students may have applied late or had their loan funds delayed because of unforeseen circumstances, others may not receive their loan funds due to eligibility issues associated with federal regulations. This article reviews the rules related to delayed delivery of student loan funds and addresses some common questions.

Delayed Delivery

According to subsection 8.7.D of the *Common Manual*, schools must delay the delivery of loan funds if the student meets three criteria. The student:

- Must be a first-year undergraduate student,

- Must be a first-time borrower of a Stafford or SLS loan under the FFELP or Direct Loan Program, and
- Must not have completed the first 30 days of his or her program of study.

Delivery of funds includes crediting loan funds to the student's account as well as delivering loan funds directly to the student.

Exemptions

Eligible foreign schools are exempt from delayed delivery requirements for first-year undergraduate students who are first-time borrowers. Additionally, home institutions participating in study-abroad programs, that have a published cohort default rate of less than 5% for the most recent fiscal year, are exempt from delayed delivery requirements for first-year undergraduate, first-time borrowers studying abroad.

Questions and answers

Q: I have a first-year student who took classes during the summer term. Do I have to delay the delivery of a fall loan for this student?

A: No. To determine if a loan must be certified for delayed delivery, all three components of the rule must be met. In this case, since the student completed the first 30 days of his program of study during the summer, delayed delivery is not required.

Q: I have a transfer student who is classified as grade level 2 but who has not borrowed previously. Is this student's loan subject to delayed delivery?

A: No. Since the student is no longer classified as a first-year student, the loan is not subject to delayed delivery.

Q: What is the reasoning behind having the delayed delivery rule apply only to first-year undergraduate students?

A: First-year undergraduate students are entering a new phase of their lives and are beginning to make major decisions that can affect their well-being for years to come. Statistics show that many who enroll in postsecondary education change their minds and drop out right away. The delayed delivery rule was put in place to protect both the student and the federal fiscal interest.

More information

Additional information on the delivery of student loan funds is available in the *Integrated Common Manual*, available on *TG Online* at www.tgslc.org/resources/integrated_online_manual.cfm.

Treasury and IRS respond to industry comments on TRA

The U.S. Treasury Department and the Internal Revenue Service (IRS) last week issued a notice in response to industry comments following the May 7, 2004, release of the final Taxpayer Relief Act (TRA) Section 221 regulations.

Penalty relief

The Notice announced that the IRS will not penalize lenders that are not able to report borrower payments of capitalized interest and loan origination fees received during the 2004 calendar year on qualified education loans — loans made on or after September 1, 2004. This waiver of penalties will allow lenders more time to update their reporting systems to enable them to capture information on, and report payments of, capitalized interest and loan origination fees received in 2005 and future years for qualified education loans made after September 1, 2004.

1098-E reporting

Lenders that do not report payments of capitalized interest and origination fees on qualified loans will be required to furnish the borrower with a statement on Form 1098-E indicating that:

- The amount of interest paid for 2004, as reflected in box 1, does not include payments applied to either loan origination fees or capitalized interest, and
- The borrower may be able to deduct amounts in addition to the amount reported in box 1.

A borrower who receives a Form 1098-E (or other appropriate information statement) indicating that it does not include payments of loan origination fees may use any reasonable method to allocate the loan origination fees over the term of the loan, for purposes of the deduction allowable under section 221. A method that results in the double-deduction of the same portion of a loan origination fee would not be reasonable, according to the notice.

More information

TG encourages all affected parties to review the notice issued by the Treasury Department and the IRS. The notice is available online at www.treas.gov/press/releases/js1928.htm.

This, that, and the other

The National Center for Education Statistics recently released a statistical overview of historically black colleges and universities (HBCUs) from 1976 to 2001. The report highlights a quarter-century of trends in HBCUs, institutions established prior to 1964 with the primary mission of educating Black Americans.

The report contains information on enrollment, degrees conferred, staff, salaries, and finances, with comparisons to other, non-historically black colleges and

universities. The report also contains information on trends in enrollment, degrees, staff, and finances for individual HBCUs.

According to the data, 2 percent of all college students in 2001 were enrolled in HBCUs. Fall 2001 enrollment in HBCUs was about 290,000, and for the past four decades, women have made up a larger proportion of enrollment (61 percent) than men.

For more information, visit www.nces.ed.gov.



P.O. Box 83100
Round Rock, TX 78683-3100
(800) 252-9743
(512) 219-5700
(512) 219-4560 TDD

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.

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

Contributors to this edition: Andrés Cordero, Jennifer Evrard, Nina Hold, Art Martinez, Susan Martinez, Steve Schmidt, and Aurora Wilson. Edited by TG Communications and Policy and Regulatory Affairs. Designed by TG Communications.

©2004 Texas Guaranteed Student Loan Corporation.
AdvanTG Web and the TG logo are trademarks of Texas Guaranteed Student Loan Corporation.