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Tip^{of} the Week

Not receiving your weekly edition of *Shoptalk Online* on a regular basis? Your spam filter may be removing it from your Inbox.

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Federal updates

ED gives green light for FFELP “in-school” consolidation

With student loan interest rates about to rise for the first time in several years, many borrowers are scrambling to consolidate their loans under the current low interest rates. In addition to the time crunch due to the July 1 rate changes, some borrowers who want to consolidate are still in school, creating a second processing hurdle. Under FFELP rules, a borrower who is in an “in-school” status cannot obtain a Consolidation loan. However, yesterday ED provided interpretive guidance that permits a borrower to consolidate while still in school — by entering repayment early.

Dear Colleague Letter (DCL) GEN-05-08 covers the “in-school” consolidation issue and also addresses questions related to determining FFELP Consolidation loan interest rates during the transition period to the new rate.

Entering repayment early

The HEA permits a borrower to request that his or her loan(s) enter repayment at any time. The DCL clarifies that this option is available to all borrowers, including those currently in school. The HEA also prescribes a 6-month grace period before repayment begins.

If a borrower chooses to consolidate while in school in order to receive the current low interest rate, he or she must request that the lender of the underlying loans: permit the borrower to enter repayment early, waive the borrower's grace period, and grant the borrower an in-school deferment. The lender then can approve the requests and permit the consolidation process to begin.

The consolidating lender can use the deferment interest rate (which is the same as the in-school rate) in calculating the weighted average interest rate of the Consolidation loan.

Each borrower should carefully consider whether entering repayment early and permanently relinquishing his or her grace period is appropriate given individual circumstances — especially since the lender cannot reinstate the grace period once it is relinquished even if the borrower decides not to consolidate.

Additional questions and answers

GEN-05-08 includes several Q&As that provide further clarification on consolidation issues. To access the DCL and the Q&A document, visit the Information for Financial Aid Professionals (IFAP) Web site at <http://ifap.ed.gov/dpctletters/GEN0508.html>.

ED provides clarification on increased teacher loan forgiveness eligibility requirements

The FFELP industry recently received information from ED clarifying the eligibility of certain borrowers for increased loan forgiveness amounts under the Teacher Loan Forgiveness Program (TLFP). The information came in the form of written guidance from Pam Moran with the policy team of ED's Office of Postsecondary Education.

Basics

When Congress created the TLFP in the 1998 reauthorization of the Higher Education Act, the maximum amount of loan forgiveness that a borrower could receive under the program was \$5,000.

The Taxpayer-Teacher Protection Act of 2004 provided for increased loan forgiveness of up to \$17,500 for certain borrowers. To qualify for the increased amount, a borrower, among other qualifications, must work for five consecutive, complete academic years in a targeted subject area (mathematics, science, or special education) while meeting the definition of a "highly qualified" teacher as defined in the No Child Left Behind Act (NCLB Act).

Clarification

The recent guidance from ED clarifies that because the definition of a "highly qualified" teacher as provided in the NCLB Act was not effective until January 8, 2002, a borrower could not qualify for the increased loan forgiveness amount of \$17,500 any earlier than January 8, 2007. This is the earliest date that a borrower

could have completed five years of qualifying teaching service as a "highly qualified" teacher.

A borrower can apply in stages or all at once

A borrower who is seeking the increased loan forgiveness amount and who has been performing qualifying teaching service may choose to apply for the base forgiveness amount of \$5,000 (under the eligibility criteria provided when Congress created the TLFP in 1998) and then come back after completing five consecutive, complete years as a "highly qualified" teacher to apply for the balance of up to \$17,500 in loan forgiveness.

The same borrower may instead decide to wait until he or she has completed the five consecutive, complete years of service as a "highly qualified" teacher and apply for the maximum loan forgiveness amount of up to \$17,500 at that time.

A borrower should remember to apply for teacher loan forgiveness forbearance annually while performing his or her qualifying teaching service to maximize the forgiveness amount for which the borrower may qualify at the end of his or her fifth year of service as a "highly qualified" teacher.

Teacher Loan Forgiveness Application

It is important to note that the clarification provided by ED concerning the date of the enactment of the NCLB Act is not specifically articulated on the Teacher Loan Forgiveness Application. Therefore, when reviewing the form, a borrower may be confused about the requirements and apply for (and expect more) than he or she is eligible to receive at the time of application. You can help by counseling borrowers about the particulars of this requirement and how this requirement will be used in the determination of the borrower's eligibility for loan forgiveness.

More information

For more information on the TLFP and this new ED guidance, contact TG customer assistance at (800) 845-6267 or send an e-mail message to cust.assist@tgsllc.org.

TG updates

2005 TG Conference presentations available on *TG Online*

TG has added selected presentations from the training sessions of the 2005 TG Conference, *Breakthrough! Higher expectations in higher education*, to its catalog of training resources available on *TG Online* at www.tgsllc.org.

For our customers who were unable to attend the conference, or for those who missed some of the sessions, you now can gain the valuable information provided at the conference by viewing the PowerPoint presentations. The presentations also

can be used for internal training programs on various industry- and TG-related topics.

The following is a list of presentations now available on *TG Online*:

- A Tool for Evaluating Diversity-Related Programs
- AdvanTG Web™ Advanced
- AdvanTG Web™ for Beginners
- Alternative Management for Alternative Loans
- Breaking Through the Cost Myths of Funds Delivery
- Consolidation Loans in Default Aversion
- Financial Literacy: Training and Consumer Awareness
- Gizmos & Gadgets: An Overview of TG's Solutions and Tools
- IDA™, Your Integrated Default Assistant
- Implementing a State Wide Outreach Program
- New to FFELP
- Privacy Update
- Real Time Access
- TG PLUS Credit Connection
- TG Process Flows: How to Accommodate Them
- To Eat on Thursdays
- Understanding Change Transactions

Other conference presentation topics are available through the TG Speakers Bureau or through TG's new financial literacy program, POSITIVE+BALANCE™.

More information

To learn more about the TG Conference presentations available online, you may contact Judith Cunningham at (800) 252-9743, ext. 2905, or send an e-mail message to Judith.cunningham@tgslc.org.

To schedule a program or to find out more about the TG Speakers Bureau, visit www.tgslc.org/speakers/index.cfm, or send an e-mail message to customer.services@tgslc.org.

To learn more about POSITIVE+BALANCE, visit www.tgslc.org/balance/index.cfm. You may also contact Joe Braxton or Clarissa Peereboom, TG's default prevention

consultants, at (800) 252-9743, ext. 4696 or ext. 4765, respectively, or send an e-mail message to prevent.default@tgslc.org.

TG Users Group introduces new “FAM-ily”

The TG Users Group (TUG) has established a new subcommittee for financial aid management system (FAMs) users. The subcommittee is called the TUG “FAM-ily” and will provide a forum for TG’s school customers to share experiences, lessons learned, and best practices for using FAMs.

Background

TG received feedback from school customers through the Lender and School Advisory (LSA) Committees regarding the need for technical assistance in choosing, purchasing, implementing, and interfacing with the various financial aid management systems available.

This feedback generated the idea to create a TUG subcommittee of consultants from school financial aid offices where FAMs are used. The TUG FAM-ily will provide technical support to financial aid offices in choosing, implementing, and incorporating FAMs with TG’s solutions and tools.

Subcommittee’s role

The subcommittee is composed of individuals committed to sharing their specific FAMs user, implementation, and troubleshooting experiences. The members of the TUG FAM-ily subcommittee will serve as a point of contact that schools can use to find assistance or referrals for their FAMs issues.

The TUG FAM-ily will provide FAMs assistance to schools, and TG’s customer services testing and certification team (CSTC) will serve as the coordinating point for the subcommittee. CSTC will connect schools with knowledgeable professionals who can assist them with their FAMs issues. This process also will assist with the creation of a FAMs knowledgebase at TG.

TG senior technical support analyst Suzy Epley will serve as the TG-TUG FAMs Subcommittee liaison.

“The intent of this subcommittee is to create a communication tool and network for schools where they can help each other resolve issues they’ve experienced or worked through, and to share this wealth of knowledge among financial aid offices,” Suzy said.

Subcommittee members

Subcommittee members have agreed to be available approximately eight hours each month to answer questions related to their FAMs via the telephone, TUG listserv, or *Ask TG™™*, TG’s question and answer database, available at <http://tgslc.custhelp.com>. Members also will be available for one visit to another school each quarter.

Subcommittee members, along with their area of expertise, are:

- SCT Banner – Ron Williams, Assistant Director of Financial Aid, University of Texas at El Paso, (915) 747-5204, rwilliams@UTEP.edu
- SCT Plus – James Anderson, Associate Director of Systems, Texas Tech University, (806) 742-0454, ext. 230, james.anderson@ttu.edu
- Datatel-Colleague – Jackie Adler, Financial Aid Director, Texas State Technical College – Waco, (254) 799-3611, Jackie.Adler@tstc.edu
- Oracle/Peoplesoft – Scott Moore, Dean, Scholarships and Financial Aid - University of St. Thomas, (713) 525-2151, moores@stthom.edu
- College Board – Powerfaids – Kathy Booker, Associate Director for Systems, Rice University, (713) 348-4148, krbooker@rice.edu
- POISE – Devon Wiggins, Financial Aid Director, Tyler Junior College, (903) 510-2385, dwig@tjc.edu

More information

To contact the subcommittee with a FAMS-related question from your school, send an e-mail message to Suzy at FAMILY@tgscl.org to have your support requests forwarded to the respective subcommittee member. In addition, TG has created a mailing list of nearly 100 individuals who expressed interest in the subcommittee at the 2005 TG Conference. If you would like to be added to this list, contact Suzy at (800) 252-9743, ext. 4942, or send an e-mail message to suzy.epley@tgscl.org.

You can also visit the TUG FAMS Subcommittee Web page on *TG Online* at www.tgscl.org/tug/tug_fams.cfm.

Legislative update

The May 11 issue of TG's *Legislative Report* includes a Congressional update on the adopted FY 2006 Budget Resolution; a Texas legislative update on how the House and Senate appropriations bills differ in approach and funding; and a TG Sunset Advisory Commission review update. Keep up with the latest developments by reading the full report on *TG Online* at www.tgscl.org/lege_report/index.cfm.

This, that, and the other

For many families, saving enough money to put one child through college is an awesome endeavor. Multiply that by four for the Wood family of Stow, Mass., whose quadruplets just graduated from Assumption College after four years and \$467,000 in tuition. The family said they paid for their children's private-college tuition — \$31,000 a year each — through scholarships, savings, money from their children's after-school jobs, and only \$12,000 in student loans. To read the Wood family's story, visit the *USA Today* Web site at www.usatoday.com/news/education/2005-05-15-woods-quads-graduate_x.htm.



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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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