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Tip^{of} the Week

Congress is back in session on Sept. 6. Stay up-to-date on the progress of the reauthorization of the Higher Education Act (HEA) by visiting TG's Reauthorization Web pages on *TG Online* at www.tgslc.org/reauth/index.cfm

Federal updates

Reversal of ED guidance brings good news for certain teacher loan forgiveness applicants

Last week, the FFELP industry received information from ED reversing a recent ruling on the eligibility of certain borrowers for increased loan forgiveness amounts under the Teacher Loan Forgiveness Program (TLFP); see ED's previous ruling in *Shoptalk Online*, Edition [305](#).

According to the revised guidance, the Secretary of Education (Secretary) has determined that some borrowers may *immediately* qualify for the increased teacher loan forgiveness amount of up to \$17,500. Qualified borrowers must, among other eligibility criteria, have completed five consecutive, complete academic years of qualifying teaching service at a Title I school 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).

ED's Office of General Counsel determined that for the purposes of teacher loan forgiveness under the Taxpayer-Teacher Protection Act of 2004, a "highly qualified" teacher is one who meets the standards of the definition contained in the NCLB Act *without regard to the date of the enactment of the NCLB Act*. Therefore, even though the NCLB Act went into effect on January 8, 2002, qualified borrowers *do not have to wait* until January 8, 2007, to receive the increased teacher loan forgiveness amounts.

TG will be notifying qualified borrowers for whom TG has already received teacher loan forgiveness applications about this revised guidance and the immediate eligibility of the borrowers for the increased teacher loan forgiveness amounts.

More information

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

TG updates

TG continues quality controls to ensure smooth foreign school loan processing

One of the most notable benefits of partnering with TG is our dedication to putting in place solid processes to implement policies that impact the FFELP. One example of the regulatory diligence that TG demonstrates concerns loan processing for borrowers attending foreign schools. For years, TG's quality controls for foreign school borrowers has demonstrated a practical approach to ensuring smooth, sound operations for lenders working with this segment of school customers while ensuring the integrity of the FFELP.

TG's current loan processing procedures for foreign schools

First, prior to issuing a guarantee, TG loan guarantee operations (LGO) applies quality control procedures to validate the eligibility of students attending foreign schools. Specifically, LGO requests and examines certain documents from various entities to confirm the student's eligibility. The information that TG collects includes:

- A copy of the Master Promissory Note and school certification from the lender.
- A letter or e-mail from the school verifying the cost of attendance.
- A copy of the Student Aid Report from the student.

In addition, TG's system contains edits that confirm the school's eligibility to participate in the FFELP prior to the guarantee of a loan at that school.

Twice a year, TG sends paper Student Status Confirmation Reports (SSCRs) to foreign schools, as well as domestic schools unable to report to the National Student Loan Data System (NSLDS) electronically, to ensure that enrollment data is collected and reported to the NSLDS on the school's behalf.

Finally, TG takes the following additional quality control steps. TG:

- Verifies student enrollment with the appropriate foreign school representative listed in the Postsecondary Educational Participants System (PEPS) prior to the disbursement of each foreign school loan guaranteed. The lender can rely on TG's notice of guarantee to signify that this verification has been completed.
- Monitors foreign school eligibility during the period between guarantee and disbursement and notifies the appropriate lender with pending disbursements if a school becomes ineligible.
- Performs program reviews of foreign schools, as appropriate.

More information

For more information on foreign school loan processing at TG, contact Clarissa Cuellar, senior LGO service representative, at ext. 4957, or send an e-mail message to clarissa.cuellar@tgsdc.org.

Skill builders: Building and leading your dream team

It's a task that some people dread. You've been chosen to bring together and lead a team to accomplish a specific task or project. Whether it's a group in your own department, a cross-campus team, or an association committee, leading a team can be intimidating. However, it can also be a rewarding experience, if you take a positive approach, keep organized, and focus on those you bring together to get the job done.

Here are a few considerations to take into account as you assemble your team and guide it to success:

Focus on teaming up diverse skill sets, perspectives, and personalities, rather than just choosing people you like.

Every individual has unique knowledge, talents, skills, and abilities. These elements are part of your toolkit needed to accomplish your project, so it's best if you have a wide variety of "tools" to choose from. Although you may be tempted to assemble your team from a group of friends, remember that this may not create an ideal situation. Friends will socialize, and this may take priority over accomplishing the task at hand. In addition, leading a project presents an ideal opportunity to work with individuals whose work ethics and qualities you admire.

Sell the opportunity to potential team members by emphasizing the benefits they will receive through the experience.

Projects are new learning experiences — and learning experiences can benefit participants. When you must “sell” a project to prospective team members, emphasize how they can benefit from participating. A project may offer an opportunity to learn new skills, develop important relationships, become part of an innovative effort, or enhance professional credentials. Projects offer opportunities for participants to try new activities and develop new interests.

Approach the task as a servant leader, committed to the project because you want to serve, not just “be in charge.”

No one wants to be told what to do, and teams are often formed of volunteers. The most effective leaders are those that demonstrate their desire to serve the cause or purpose of the task, rather than just be in control or power. If you are able to demonstrate your commitment to a project’s purpose, and others share in that commitment, you are more likely to be effective both in building your team and in achieving success.

Consider encouraging team members to choose their roles, rather than assigning them based on demonstrated skill sets.

People know their strengths, but they lose their motivation when they are constantly sought to contribute to a task based on those strengths. Have you ever been frustrated when you’ve been given a task because “you’re the best at it?” If you ask someone to join the team, give that person an opportunity to select his or her role. The new member may want to try a role he or she hasn’t held before, or select a role that requires skills he or she would like to develop further. And if the team member’s expertise is still needed, he or she is often available to assist.

Acknowledge, recognize, reward, and motivate your team regularly, focusing on making each of these actions unique to each team member.

People who volunteer for a project are there by choice, so they deserve to be acknowledged for all that they do. Whenever possible — in meetings, in presentations, and in discussions with management — recognize the contributions of those individuals. Acknowledgement is an effective reward for their efforts, and it often motivates them to contribute further. Personalized praise also demonstrates that you appreciate them, and even a simple “thank you,” when delivered effectively, can do wonders.

Best of luck with your team-building efforts!

TG Resources: Posters promote default prevention awareness

TG, in collaboration with the Council for the Management of Educational Finance (Council),



has published a series of default prevention posters. The posters promote awareness of the responsibilities of student loan repayment and the consequences of student loan default. They also highlight resources available to students as they enter repayment.

In addition to the posters, brochures and other materials were created as part of a public awareness campaign implemented by TG and the Council to target institutions regarding default prevention.

To view the latest default prevention poster and other materials, visit the *TG Online* product directory at www.tgslc.org/forms/index.cfm. Click on the *Online Forms/Publications Ordering* link at the right of the page.

Question of the week

Q: Can a school refuse to certify a loan for a student or parent who chooses a lender that is not on the school's preferred lender list?

A: No. According to the *Common Manual*, subsection 6.15.E:

"A school may not refuse to certify a loan if that refusal is based on policies that result in a pattern or practice of denying access to FFELP loans because of borrower race, sex, religion, national origin, age, income, or selection of a particular lender or guarantor."

Do you have a question?

If you have a question that needs an answer, feel free to *Ask TG™*. To submit a question to *Ask TG™*, go to <http://tgslc.custhelp.com>.

Trends and issues

The "in-school" consolidation aftermath: Reconsolidation

Shoptalk Online continues its series on the implications of the in-school consolidation rush that occurred earlier this summer. This week's article answers the question: if a borrower who obtained a Consolidation loan while in school receives a new Stafford loan(s) while completing his or her education, will the borrower be able to "reconsolidate" after graduation?

Current law allows a borrower to consolidate after the date of an existing Consolidation loan if the borrower is consolidating the existing Consolidation loan with at least one other eligible federal loan, regardless of the date that the eligible loan was made.

What this means:

- If a borrower obtains a new loan(s) after consolidating, he or she can consolidate the new loan(s) with the existing Consolidation loan.

- If a borrower has an older loan(s) that he or she chose not to consolidate into an existing Consolidation loan, the borrower can consolidate the older loan(s) with the existing Consolidation loan.

Potential advantages/disadvantages to reconsolidation

Reconsolidation may not be for everyone. It has its advantages and disadvantages, as provided below.

Advantages

When a borrower obtains a Consolidation loan while in school and then receives a new Stafford loan(s) to complete his or her education, upon graduation, the borrower may have multiple loan payments. Reconsolidating the existing Consolidation loan with the new Stafford loan(s) will allow the borrower the convenience of one monthly payment. Reconsolidation may also allow the borrower to reduce his or her monthly payment if the new Consolidation loan total allows the borrower a longer repayment period to pay his or her loan.

Disadvantages

If a borrower reconsolidates an existing Consolidation loan with a new Stafford loan(s), the borrower will not be able to transfer the interest rate on the existing Consolidation loan to the new Consolidation loan. The interest rate of the new Consolidation loan will be the weighted average of the interest rates of the loans included in the new consolidation (which are the existing Consolidation loan and the new Stafford loan[s]), rounded up to the nearest 1/8 of a percent. This means that by reconsolidating, the borrower may see an overall increase in the interest rate that the borrower will pay on the underlying loans, since the interest rate is rounded up.

Example: If a borrower has an existing Consolidation loan of \$12,500 with an interest rate of 3%, and obtains new Stafford loans totaling \$10,500 with an interest rate of 4.7%, this yields a weighted average interest rate of 3.78% on the new \$23,000 total — but since it is rounded to the nearest 1/8 of a percent, the interest rate on the new Consolidation loan will actually be 3.875%.

In addition, if the borrower takes advantage of a longer repayment period to pay his or her new Consolidation loan, the borrower may pay more interest over the life of the loan.

More articles in this series

To read previous articles in the "'in-school' consolidation aftermath" series, visit *Shoptalk Online* editions [318](#), [319](#), and [320](#).

Questions

For questions, call TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgslc.org.

This, that, and the other

Just a reminder...

TG offices will be closed on Monday, September 5, in observation of the Labor Day holiday. TG will reopen for regular business hours on Tuesday, September 6.

Enjoy the last official weekend of the summer!



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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.

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

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