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TG extends its concern to the victims of Katrina

First and foremost, TG wishes to express its heartfelt sympathy to those who have lost family, friends, or homes to Hurricane Katrina. Our thoughts and prayers are with all those who have been affected by this massive disaster.

Second, TG would like to commend its school, lender, and servicer partners that are identifying and assisting those students and borrowers who have been impacted, directly or indirectly, by this tragedy. We are especially uplifted to see the generous spirit of schools that are receiving displaced students who are unable to attend postsecondary schools affected by the disaster. TG is here as a partner and a resource, and we will do whatever we can to assist you in easing the burden of those affected by Katrina.

TG has provided a series of articles in this edition of *Shoptalk Online* that we hope you will find useful as we gather information on the effects of Hurricane Katrina on the financial aid industry. TG will, of course, circulate additional information as it continues to emerge.

Federal updates

ED issues part I of its guidance on Hurricane Katrina

ED announced last week that over the next several days it will issue a series of communications to provide guidance to assist students and postsecondary educational institutions in contending with the aftermath of Hurricane Katrina.

ED's first installment — a September 2, 2005, *Electronic Announcement* (the announcement) — addresses:

- Transfer students.
- SARs/ISIRs, awarding, and payments.
- The extension of certain deadlines.

Transfer students

ED encourages receiving schools to enroll affected students as *regular students* — students enrolled or accepted for enrollment in an eligible institution for the purpose of obtaining a degree or certificate offered by the school — even if the information normally required for admission is not readily available.

If a school is unable to admit a displaced student as a regular student due to timing or other issues, the school is encouraged to make Title IV aid available to the non-matriculated student provided that he or she signs a certification stating that he or she was enrolled in a degree, certificate, or other credential program at a specifically identified eligible institution impacted by Hurricane Katrina. Suggested wording for the certification is included in the announcement.

In addition to retaining a copy of the certification, the receiving school must also make a good faith effort to determine that the coursework the student will be completing at the school would likely be accepted at his or her home institution.

ISIRs, awarding, and payments

If a receiving school awards Title IV aid to a displaced student, it must do so based on its own Student Aid Report (SAR) or Institutional Student Information Record (ISIR) records. A student who did not request that a copy of his or her ISIR be sent to the school when the student originally completed the FAFSA may add the receiving school to the Central Processing System (CPS) record through one of the options outlined in the announcement. Once the receiving school is added to the CPS record, an ISIR will be generated and sent to that school within 24 to 72 hours.

ED states that loan certifications, originations, and disbursements must be made under the name and number (OPEID) of the receiving school. Since, in most cases, funds that may have been disbursed to students at impacted schools represent only one-half of the student's eligibility, a receiving school is encouraged to calculate the student's award and disburse the first portion of the award as soon as possible.

Within a few weeks – prior to the timing of most second disbursements – ED will identify a process by which schools may determine if and how much of the earlier disbursements that were received by the impacted school that the receiving school needs to consider before releasing the second disbursement.

Extension of certain deadlines

A separate *Federal Register* is expected to extend to December 1, 2005, the deadline for the submission of certain information and reports by impacted schools. In addition, previously published deadlines for FAFSA corrections by students and schools, receipt of SARs and ISIRs by schools, and the submission of verification documents to schools by students are expected to be extended.

More information

To view the September 2, 2005, *Electronic Announcement*, visit <http://ifap.ed.gov/eannouncements/0902HurricaneKatrinaGuid.html>.

TG is committed to keeping the higher education industry informed as new information is released in the wake of Hurricane Katrina. For this reason, TG will disseminate new guidance provided by ED as it is released.

Previous guidance issued by ED applies to Katrina

In the case of a federal disaster, ED has standing guidance still in effect that pertains to students and schools in areas affected by the disaster. This guidance is Dear Colleague Letter (DCL) GEN-04-04. This DCL, issued February 2004, provides information on certain regulatory relief to students, as well as to institutions, lenders, and guaranty agencies, in their administration of the federal student aid programs, in the event they are impacted by a federally-declared disaster. The guidance provided in the DCL includes information on such topics as agreements to permit study at another institution, lost student records, satisfactory progress, and others. To access this DCL, visit www.ifap.ed.gov/dpcletters/GEN0404.html.

New guidance issued Friday

Just before close of business on Friday, ED posted an electronic announcement (available at <http://ifap.ed.gov/eannouncements/0902HurricaneKatrinaGuid.html>) with guidance pertaining specifically to those students and institutions impacted by Hurricane Katrina. The announcement, which states that additional guidance is forthcoming over the next several days, includes information for schools that are admitting — and evaluating for federal aid eligibility — students who were displaced by Katrina and unable to attend schools in the affected areas. Click [here](#) for a summary of this electronic announcement.

Other relevant guidance

In its electronic announcement released Friday, ED stated that it intends to publish a *Federal Register* notice extending to December 1, 2005, certain published deadline dates for submission of information and reports by impacted institutions;

ED also intends to extend previously published deadlines for application (FAFSA) corrections by students and institutions, receipt of SARs and ISIRs by institutions, and submission of verification documents to institutions by students. It is expected that this guidance will mirror that provided in a previous Dear Colleague Letter GEN-04-09. To access this DCL, visit www.ifap.ed.gov/dpcletters/GEN0409.html.

More information

For more information on ED guidance in federal disaster situations, contact TG customer assistance at (800) 845-6267 or send an e-mail message to cust.assist@tgslc.org.

TG updates

TG develops Web page for students, schools affected by Katrina

In an effort to give students and schools affected by Hurricane Katrina a central resource of information, TG has developed a Web page on *TG Online* that contains numerous links related to the higher education community's response to Katrina. To access the page, visit www.tgslc.org, and click on the link in the News and Events section.

Resources for students

The Web page provides affected students with web sites they can visit to learn about schools outside of the impacted areas that are extending their welcome to those displaced by the disaster. The links include resources from the National Association of Student Financial Aid Administrators (NASFAA), the National Association for College Admission Counseling (NACAC), and the Texas Higher Education Coordinating Board (THECB).

Resources for schools

In addition, the Web page provides affected schools with resources that their financial aid offices can use to:

- Provide financial aid to students affected by the disaster.
- Assist students receiving Title IV aid that are affected by the disaster.
- Determine Title IV administrative extensions and/or waivers that may be available to affected schools.

More information

TG's Katrina information page will be updated as more information becomes available, so please visit frequently. For questions about any of the links on the

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

TG compiles questions for which we have answers

There are many questions circulating on financial aid industry listservs relating to the impact of Hurricane Katrina on Title IV program administration. TG has compiled several of those questions for which current guidance exists, and provides them below.

The questions and answers provided are divided into four categories: general, affected student borrowers, receiving schools (i.e., schools that are welcoming affected students that cannot currently attend schools in the disaster areas), and impacted schools (i.e., schools that are in the disaster areas). When possible, the policy reference from which an answer was taken is provided at the end of the answer.

General

1. Where can interested parties find the list of the counties that are federally-declared disaster areas?

That list is available on the Federal Emergency Management Agency's (FEMA's) Web site, located at www.fema.gov/news/disasters.fema.

2. Many institutions and organizations have received returned mail from schools in the area affected by Hurricane Katrina; is there a list of zip codes for those affected areas?

The United States Postal Service (USPS) has posted to its web site a national service update that includes a list of zip codes of those areas affected by Hurricane Katrina, and other important information regarding surface and express mail. Visit the USPS web site at www.usps.com/communications/news/serviceupdates.htm for more information.

Affected student borrowers:

1. Will an affected student borrower who is enrolled in an impacted school continue to remain in an in-school status or in-school deferment status, as applicable?

Yes. An affected student borrower who is in an in-school status who has a period of nonattendance due to a federally-declared disaster should not enter or lose any of his or her grace period. The affected student borrower remains in an in-school status during the period of nonattendance up until the point in which the borrower can enroll in the next regular enrollment period. If the student enrolls in that period, the borrower's in-school status continues. If the borrower withdraws or does not enroll in that period, the borrower's in-school status ends and the borrower enters into his or her grace period.

An affected student borrower whose loan was in an in-school deferment status who has a period of nonattendance due to a federally-declared disaster should remain in an in-school deferment status during the period of disaster-related nonattendance.

An affected student borrower, or a member of the borrower's family, should notify the borrower's loan holder of his or her status. [GEN-04-04]

2. Is an affected student borrower who is in repayment eligible to receive a forbearance on his or her loan?

Loan holders may grant an administrative forbearance for up to three months to affected student borrowers. The holder must document the reason for the forbearance but does not need to obtain supporting documentation or a signed written agreement from the borrower. Note: lenders are strongly encouraged to work with an affected student borrower to see if the borrower may instead qualify for a deferment.

Receiving schools:

1. How should receiving schools enroll affected students?

Regular student enrollment: ED encourages receiving schools to enroll affected students as regular students (i.e., enrolled for the purpose of obtaining a degree, certificate, or other recognized educational credential offered by that school), even if information that would normally be needed for an admissions decision is not immediately available. If the receiving school waives admissions requirements that it would normally impose, it should include an explanation of that action in the student's file [Electronic Announcement, 9/2/05].

Non-regular student enrollment: In limited instances in which a receiving school is unable to enroll an affected student, it may provide the student with Title IV, federal student aid program funds after the student has signed a certification that he or she was enrolled in a degree, certificate, or other credential program at an impacted school. This authority is limited to any academic terms or payment periods that begin prior to January 1, 2006. The receiving school must maintain a copy of the certification and must make a good faith determination that the coursework to be taken by the affected student would likely be accepted at the impacted school [Electronic Announcement, 9/2/05].

2. Can a receiving school redirect FFELP or Direct loan funds previously applied for, approved, and guaranteed for an impacted school or must the receiving school recertify a new loan for the affected student?

A receiving school may not redirect loan funds previously applied for, approved, and guaranteed for an impacted school. When awarding aid to students who had planned on attending an impacted school, the receiving school must use its own SAR or ISIR records, cost of attendance, and packaging policies. All loan certifications, originations, and disbursements must be made under the name and OPEID of the receiving school.

If the receiving school did not receive an ISIR from ED's Central Processing System (CPS) for the student, it must be added to the CPS record before FFELP funds can be certified. The receiving school should refer to the electronic announcement dated 9/2/05 for instructions for adding its school to the CPS record [Electronic Announcement, 9/2/05].

3. How should a receiving school consider previously applied for, approved, and guaranteed FFELP loans for a student who planned on attending an impacted school?

Lenders and guarantors can assist receiving schools in determining if a FFELP loan disbursement has been processed for a student who had planned on attending an impacted school.

If FFELP loan funds have *already been disbursed* to the impacted school for an affected student, the receiving school must take those funds into consideration when calculating the student's remaining loan eligibility.

If FFELP loan funds have *not yet been disbursed* to the impacted school for an affected student, the lender or guarantor can cancel that disbursement. The receiving school can then certify a new loan for the student, with the full annual loan limit applicable to the student's grade level. The lender or guarantor should document the reason for the loan cancellation in the student's history [Electronic Announcement, 9/2/05].

4. If a receiving school certifies a fall-only loan for an affected student, can the receiving school bypass the multiple-disbursement requirement for that student and disburse all of the loan funds at once?

Unfortunately, no. There has been no ED guidance providing for relief related to the multiple-disbursement requirement.

5. How should a receiving school determine a student's academic level and continued eligibility for financial aid when academic records are lost due to the disaster?

ED recognizes that the receiving school may be required to have on file documents that may no longer be available or legible because of the disaster. A receiving school is required to attempt to reconstruct financial aid application data and award data lost because of the disaster, but will not be held responsible for records and documentation that, because of disaster damage, cannot be reconstructed. The receiving school must document that the records were lost due to the disaster [GEN-04-04].

6. What documents are required from an affected student to complete verification or verify citizenship statistics if vital personal records are lost?

ED will not enforce the verification requirements during the award year for those applicants selected for verification whose records were lost or destroyed because of

the disaster. A school must document the student's file when it does not perform verification for this reason. For these students, the verification status code "S" may be used to report a Federal Pell Grant disbursement [GEN-04-04].

7. Can an FAA at a receiving school disregard satisfactory academic progress in awarding financial aid for students affected by the disaster?

ED will not enforce satisfactory academic progress standards in the situation in which a student may not be able to complete course requirements because he or she is a victim of the disaster and may not, for that reason, receive credit and fails to meet the school's satisfactory academic progress standards. In this situation, the Secretary encourages the school to refrain from applying its satisfactory academic progress standards at least where their application would disqualify a student from receiving Title IV aid. The school must, in this case, document in the student's file that the student's failure to maintain satisfactory academic progress was due to the natural disaster [GEN-04-04].

Impacted schools:

1. What can an impacted school that is temporarily closed because of Hurricane Katrina do to provide students with assistance in continuing their academic study?

If a school is unable to continue to provide a student's eligible program because of a disaster, the impacted school is strongly encouraged to establish a written agreement with another receiving school to enable students from the impacted school to continue their academic programs while receiving Title IV assistance. The requirements for such an agreement are found in part 34 of the Code of Federal Regulations section 668.5 [GEN-04-04].

2. Will an impacted school be required to complete a return of Title IV funds calculation for an affected student who fails to return after the school reopens? Will ED relax return of Title IV funds policies for schools who have students that are withdrawing in order to relocate with their families?

If a student withdraws because of the disaster, the school must perform the return of Title IV funds calculation, as it must for any student who withdraws. The statutory provisions for the return of Title IV funds calculation includes the concept that a student "earns" a portion of the aid for the time that he or she was enrolled. Essentially, any disbursed Title IV aid that is in excess of the amount earned must be returned to the programs. In many cases, the calculations require the school to return funds to the Title IV loan program from which the student borrowed. This, of course, will benefit the student in that it will reduce the student's loan debt. If the disbursed amount is less than the calculated amount of earned aid, the student is entitled to the difference as a post-withdrawal disbursement.

- Deadlines and time frames — ED, through the appropriate Case Management Team, will address concerns about the deadlines and time frames that are part of the return of Title IV funds requirements on a case-by-case basis.
- Institutional charges and refunds — ED strongly encourages impacted schools to provide a full refund of tuition, fees, and other institutional charges, or to provide a credit in a comparable amount against future charges, for students who withdraw from school as a direct result of a disaster. ED also urges impacted schools to consider providing easy and flexible re-enrollment options to such students. However, before an impacted school makes a refund of institutional charges, it must perform the required return of Title IV funds calculation based upon the originally assessed institutional charges. After determining the amount that the impacted school must return to the Title IV federal student aid programs, any reduction of institutional charges should take into account the funds that the school is required to return. In other words, ED does not expect that a school would both return funds to the federal programs, and also provide a refund of those same funds to the student.
- Leaves of absence — A leave of absence that meets the definition of an approved leave of absence generally applies to clock hour or non-term programs. It is unlikely that a leave of absence at a term-based school would meet our definition of an approved leave of absence. When requesting a leave of absence, a student who was directly affected by a disaster need not provide that request in writing. The school's documentation of its decision to grant the leave of absence must include the reason for the leave of absence and the reason for waiving the required written request.
- Post-withdrawal disbursements — ED, through the appropriate Case Management Team, will address concerns about the time frame for allowing a student (or parent) to respond to the offer of a post-withdrawal disbursement on a case-by-case basis [GEN-04-04].

3. Will ED adjust future campus-based allocations for an impacted school?

The Higher Education Act (HEA) requires that if a school returns more than 10 percent of its allocation under the Federal Perkins Loan, Federal Work-Study (FWS), or Federal Supplemental Educational Opportunity Grant (FSEOG) program, the school's allocation for that program for the second succeeding award year will be reduced by the amount unexpended. The HEA authorizes ED to waive this reduction for a school if enforcing the reduction would be contrary to the interest of the program. ED would consider the failure of a school to expend funds solely due to a disaster as an appropriate waiver criterion. A school must submit a request for a waiver of the underutilization penalty along with a statement that explains the reason for its failure to comply with the requirement. An impacted school should make such a waiver request as soon as it is able by contacting the Campus-Based Call Center at (877) 801-7168 for waiver submission guidelines [GEN-04-04].

4. What reports will an impacted school need to file once it reopens?

If, as a direct result of a disaster, an impacted school is temporarily closed for a period of time that impacts the length of its academic year, ED will assist such the school on a case-by-case basis to determine the continued eligibility of its programs and its students for Title IV assistance. Such a school should promptly contact its Case Management Team to discuss the specifics of its situation. [GEN-04-04; GEN-04-09 also provides some answers to questions on reporting and recordkeeping requirements]

More information

To access Dear Colleague Letter (DCL) GEN-04-04, visit www.ifap.ed.gov/dpclatters/GEN0404.html. To access GEN-04-09, visit www.ifap.ed.gov/dpclatters/GEN0409.html.

To access ED's September 2, 2005, electronic announcement, visit <http://ifap.ed.gov/eannouncements/0902HurricaneKatrinaGuid.html>.

TG is participating in a financial aid industry effort, in conjunction with the National Council of Higher Education Loan Programs (NCHELP), to compile a list of Q&As to submit to ED for which there is no current guidance. If you have a question related to the impact of Hurricane Katrina, that is not answered above, contact TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgslc.org.



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