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Tip^{of} the Week

Are you looking for up-to-the-minute information about TG's electronic products and services? Do you have ideas you'd like to share?

Why not become active in the TG Users Group (TUG)?

Learn more and sign up at www.tgslc.org/tug/index.cfm

Federal updates

Updated information available pertaining to Hurricane Katrina

Over the last few days, there have been a couple of developments pertaining to Hurricane Katrina and its impact on the administration of federal student aid. These developments include:

- A new Federal Student Aid Web page that contains information for students, borrowers, and schools affected by Katrina. To access the page, which links to a series of recently released ED electronic announcements and a *Federal Register*

announcement that provides extensions of institutional and applicant filing and reporting deadlines, visit <http://ifap.ed.gov/eannouncements/katrina.html>. The electronic announcements referenced above that are available on the site include:

- Announcement #1: Transfer Students
 - Announcement #2: Deadline Extensions
 - Announcement #3: Adding Federal School Codes
 - Announcement #4: CPS and COD Technical Support
- The unanimous passage of two bills in the House pertaining to grant repayment relief for students affected by Hurricane Katrina. Last week, the House approved the Pell Grant Hurricane and Disaster Relief Act (HR 3169). The bill, sponsored by Rep. Ric Keller, allows the Secretary of Education to waive Pell grant repayment requirements for students impacted by natural disasters. This bill has been referred to the Senate.

The House also passed and referred to the Senate the Student Grant Hurricane and Disaster Relief Act (HR 3668), sponsored by Rep. Bobby Jindal. This legislation, which would ensure similar flexibility and protections for students receiving other grant aid, would provide further assistance to the students and families impacted by Hurricane Katrina.

To access the text of either of these bills, visit <http://thomas.loc.gov/> and type the bill number or name into the Web site's search feature. (Comment: please tab these to paragraphs under the bullet above them, as they pertain to that bullet)

More information

Students, parents, schools, lenders, servicers, and guaranty agencies may contact ED with questions related to Hurricane Katrina by sending an e-mail message via ED's newly established e-mail address KatrinaFSAHelp@ed.gov. You can also contact TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgsic.org.

ED releases FY 2003 cohort default rates

On September 12, ED released the official cohort default rates for FY 2003. A domestic school that is enrolled in the electronic cohort default rate (eCDR) process will receive its eCDR through the Student Aid Internet Gateway (SAIG) destination point designated by the school. A domestic school not enrolled in eCDR will not receive notification packages from ED but may download its cohort default rate and accompanying Loan Record Detail Report at www.nslsdfap.ed.gov. (ED strongly encourages schools not already signed up for eCDR to complete the enrollment form available at www.fsawebenroll.ed.gov.) A foreign school will continue to receive its cohort default rate through a hard copy notification package.

Guide available online

ED's *Cohort Default Rate Guide* is available online. You can download the latest version of the guide at <http://ifap.ed.gov/drmaterials/finalcdrq.html>. Please note that updates to this publication will be reflected *only* at <http://ifap.ed.gov/drmaterials/changelog.html>. Therefore, periodic review of the site is recommended for maintaining an up-to-date version of the *Guide*.

Consequences of high cohort default rates

A school with an official cohort default rate of 25 percent or greater for the three most recent fiscal years (FY01, FY02, and FY03) will lose eligibility to participate in the Federal Family Education Loan Program (FFELP), Direct Loan Program, and Federal Pell Grant Program, unless that school successfully appeals the eligibility loss. A school that was not participating in the FFELP or Direct Loan Program on October 7, 1998, and has not participated in those programs since that time, is exempt from the loss of Pell Grant Program eligibility.

A school with an official FY 2003 cohort default rate that exceeds 40 percent is also subject to loss of eligibility to participate in the FFELP and Direct Loan Program, unless the school successfully appeals the eligibility loss.

Time frame for appeals

The time frame for a domestic school to initiate the appeals process begins the sixth business day following the announced transmission date of the eCDR packages. In other words, if the announced transmission date is September 13, 2005, the appeal clock starts ticking on September 21, 2005. For a foreign school, the appeal time frame begins on the date the hard-copy cohort default rate package arrives.

Appeals and adjustments

A school may appeal its official FY 2003 cohort default rate based on allegations of incorrect data, improper loan servicing and collection, and/or exceptional mitigating circumstances, as described in federal regulations and the *Cohort Default Rate Guide*. As in the past, appeals based on incorrect data and improper loan servicing of FFELP loans must be submitted to the school's guarantor(s) within specified time frames to permit the school's continued eligibility while the appeal is pending. A school must submit an appeal regarding exceptional mitigating circumstances directly to ED. A school must also submit any appeal pertaining to Direct loans directly to ED.

A school also may be eligible to submit an Uncorrected Data Adjustment or a New Data Adjustment based on official FY 2003 cohort default rates. The *Guide* explains the procedures, time frames, and other requirements for submitting these requests for adjustment.

Schools are advised to send cohort default rate appeals to TG's Compliance Administrative Operations at the corporate mailing or overnight shipping address, as appropriate:

Mailing address

TG
Attn: Compliance Analyst
P.O. Box 83100
Round Rock, Texas 78683-3100

Overnight delivery services

TG Distribution Center
Attn: Compliance Analyst
3500 Wadley Place, Building C, Suite 303
Austin, Texas 78728-1244

Loan Record Detail Report

All schools with FY 2003 cohort rates of 10 percent or greater should receive a Loan Record Detail Report (LRDR) along with ED's notification of the official cohort default rate. If a school does not receive its report or wishes to request the LRDR in an electronic format (also known as the eLRDR), the school may request an FY 2003 eLRDR through ED's NSLDS Web site at www.nslsdfap.ed.gov. For more details about the eLRDR, visit www.ifap.ed.gov/eannouncements/0211Draft2000eLRDR.html.

Questions?

For questions about the FY 2003 official cohort default rate and its appeal procedures, call Ken Johnson in compliance administrative operations at (800) 252-9743, ext. 4701, or send an e-mail message to ken.johnson@tgsic.org.

Total and permanent disability claim issues resolved

Representatives of the FFELP industry and ED recently resolved several issues regarding the process of assigning loans to ED's Conditional Disability Discharge Unit in accordance with the conditional discharge process required under total and permanent disability discharge regulations. The resolution of two of the issues affects how a lender or servicer determines if a Loan Discharge Application: Total and Permanent Disability form is acceptable for filing a claim with TG.

To help ensure assignment acceptance by ED for the conditional discharge process, lenders and servicers should implement the following changes effective immediately for any claim filed due to a borrower's total and permanent disability:

- Any change or alteration to field 3.b. on the form (which asks for the date the borrower became unable to work and earn money) must be accompanied by documentation from the physician explaining the change or alteration.

- Any change to Section 1 (Borrower Identification) does not need to be initialed or explained.
- Any change or alteration to the form other than in Section 1 or field 3.b. must be initialed by the physician in close proximity to the item being changed.

Learn more

For more detailed information about this guidance, please contact Ron Stroud, TG assistant vice president for Claims at (800) 252-9743, ext. 4779, or send an e-mail message to ron.stroud@tgslc.org.

Closed school corner

Following is a list of newly reported school closures and error corrections from the Postsecondary Educational Participants System (PEPS) and from the August 2005 Closed School Monthly Report supplied by ED:

Newly reported closures

OPE School ID	School Name and Address	Unofficial Closure Date	ED's Official Closure Date
01202703	Galen College of California – Visalia Campus 3908 W. Caldwell, Ste A Visalia, CA. 93277	N/A	6/10/2005
02508700	Omni Technical School 2242 W. Broward Blvd. Fort Lauderdale, FL 33312-1460	N/A	3/26/1999
00648200	Presbyterian Hospital School of Nursing 1901 E. 5th St. Charlotte, NC 28204-2429	N/A	8/9/2004

Common Manual

Common Manual updates

On August 18 2005, guarantor representatives who serve on the *Common Manual* Governing Board approved several changes to the *Common Manual*. Details on these changes and a newly updated *Integrated Common Manual* incorporating the changes are now available online at www.tgslc.org/resources/integrated_online_manual.cfm. Following are summaries of the latest policy changes.

Acceptable Source Documents for Social Security Number Changes

The Common Manual is revised to remove "Income tax return" and "Official military orders, documents, or papers" from the list of acceptable source documents that may be used by a lender or school to report Social Security number (SSN) changes. The policy adds "Unexpired U.S. military ID" to the list of acceptable documentation.

Affected Sections:	3.5.F Social Security Number Change Reporting 9.1 Reporting Social Security Number Changes
Effective Date:	Social Security number changes made by the lender or school on or after January 1, 2006, unless implemented earlier by the guarantor
Basis:	Acceptable Forms of Documentation (12/17/04); NSLDS Quick Access; Financial Partners Portal Web site (www.fp.ed.gov)
Policy Information:	827/Batch 122
Guarantor Comments:	None.

Eligible Parent Borrower

The *Common Manual* is updated to remove language limiting the number of eligible parent borrowers who may borrow for a dependent student to two. All of a dependent student's eligible parent borrowers may borrow separately to provide for the educational expenses of the dependent student provided that the combined borrowing of the parent borrowers does not exceed the calculated cost of attendance (COA) minus estimated financial assistance (EFA).

Affected Sections:	5.1.C Parent Borrower Eligibility Requirements
Effective Date:	Retroactive to the implementation of the Common Manual
Basis:	§682.201(b)(3); December 1, 1995, Federal Register, Volume 60, No. 231, pages 61807 - 61808
Policy Information:	828/Batch 122
Guarantor Comments:	None.

Withdrawal Rates

The Common Manual has been updated to eliminate subsection 4.2.C and to move the information about student withdrawal rate requirements for schools seeking initial participation in a Title IV program to subsection 4.1.A "Establishing Eligibility." A school seeking to participate for the first time in a title IV program must not have a withdrawal rate during its latest completed award year that exceeds 33% of its regular, undergraduate students. In addition, instructions have been added explaining the calculation of the withdrawal rate.

Affected Sections:	4.1.A Establishing Eligibility 4.2.C Withdrawal Rates
Effective Date:	Retroactive to the implementation of the Common Manual.
Basis:	§668.16(l)
Policy Information:	830/Batch 1122
Guarantor Comments:	None.

TG updates

TG requests DAAR cancellation notification

Following the devastation of Hurricane Katrina, the student lending community has risen to the occasion by helping the storm victims who have student loan obligations. Many lenders and servicers are taking the initiative to suspend activity on affected borrowers' accounts by applying an administrative forbearance of up to 90 days. These efforts allow hurricane survivors the opportunity to focus on restoring their lives without the worry of their student loan obligation. In situations like this, and in other situations in which a lender or servicer provides a borrower a benefit that subsequently brings a delinquent account current, TG asks the lending community to notify TG of the cancellation of the default aversion assistance request (DAAR).

How to notify us

TG requests that lenders immediately notify TG of DAAR cancellations for previously reported delinquencies that are brought current. TG also requests lenders to send to TG any updated demographic information they receive on borrowers affected by Hurricane Katrina.

You can send TG the DAAR cancellation by mail to:

TG
Attn: Default Prevention
P.O. Box 83100
Round Rock, Texas 78683-3100

Or you may fax the DAAR cancellation to TG at (512) 336-4712.

TG also accepts verbal DAAR cancellations at (800) 338-4752, ext. 2824.

Question of the week

Q: A school receives scholarship funds for a student after all the student's FFELP loan disbursements have been delivered, creating an overaward. Must the school return some of the loan funds in order to resolve the overaward?

A: If all disbursements of the student's FFELP loan(s) have been delivered to the student before the overaward occurs, the school is not required to return any loan funds to resolve the overaward. However, the school may determine that it is appropriate to adjust a student's campus-based or other type of aid to offset the student's receipt of additional funds.

If the student's loan has not been fully disbursed, the school must reduce or eliminate the overaward using one of the following options:

- Use the student's unsubsidized Stafford, PLUS, state-sponsored, or private loan to cover the EFC, if not already done.
- Return the entire undelivered disbursement to the lender or escrow agent and provide the lender with a written statement describing the reason for the return of proceeds and the student's revised financial need. The school should request that the lender re-disburse the revised amount and, if necessary, revise subsequent disbursements to eliminate the overaward.
- Return to the lender the portion of the disbursement for which the student is ineligible and provide the lender with a written statement explaining the return of proceeds.

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™, visit <http://tgslc.custhelp.com>.

Trends and issues

Provide your comments on Common Record: CommonLine

The National Council of Higher Education Loan Programs (NCHELP) Electronic Standards Committee (ESC) has proposed "Common Record: CommonLine (CRC)" as an approved and recognized FFELP industry electronic standard. Subsequently, the Postsecondary Electronic Standards Council (PESC) is calling for community comment on the standard and welcomes public input.

The Common Record is a new standard that allows schools to transmit data and receive funds for several different types of aid using a single structure to format and transport the data. Thus, whether a school participates in FFELP or Direct lending, it will need to process financial aid data using the Common Record. Common Record achieves this task by standardizing the data elements, definitions, edits, and structure of all of the incorporated aid programs. Currently, Common Record accommodates the Pell grant, Direct loan, and campus-based aid programs and is a "flexible record" that can now be used for FFELP and alternative loan processing. CRC will be the mechanism used by schools to transmit student financial assistance data to their guarantor, lender, and servicer partners for FFELP and alternative loans.

To comment on the CRC, send an e-mail by close of business Friday, September 30, 2005, to the PESC Executive Director at Sessa@PESC.org. The comment e-mail should clearly identify the:

- Responder name and appropriate contact information;
- Source of the comments, i.e., whether the comments are individual or represent those of a group the responder represents;
- Nature of the responder's interest in CRC (what is the issue and why is it important?);
- Element(s) of CRC with which issue is taken;
- Changes suggested to resolve the issue(s).

More information

For more information on this request for comments, visit www.pesc.org/Workgroups/CommonRecord/.

TG co-sponsors Nursing entrance counseling through Mapping Your Future™

Mapping Your Future™ now offers Federal Nursing Student Loan entrance counseling as a part of its Online Student Loan Counseling (OSLC).

Co-sponsored by TG, Mapping Your Future provides Online Student Loan Counseling that enables schools and students to meet federal loan counseling requirements conveniently. It also enhances the loan management education of the student by actively involving the student in the counseling, making Online Student Loan Counseling an important default prevention tool.

To experience Nursing entrance counseling from the student perspective, follow these steps:

1. Visit the Mapping Your Future Web site at www.mapping-your-future.org.
2. Mouse over "Student Loan Counseling Interview" on the site menu on the left-hand side of the page
3. Select "Federal Nursing Loan Program Entrance Counseling"
4. Choose Texas as your state
5. Select the MYF Demo School

If you complete the student form at the end of the session, don't enter your true Social Security number or other private data.

Schools with an existing OSLC account that would like to add Nursing Student Loan entrance counseling to their participation categories can contact Beth Ziehmer at feedback@mapping-your-future.org, or at (573) 796-3730.

Schools that don't have an OSLC account can complete the school submission form at www.mapping-your-future.org/fao/signup/ to request participation.

Legislative update

The September 9 issue of TG's *Legislative Report* includes updates on the final weeks of the first session of the 109th Congress — HEA Reauthorization; Health and Human Services, Labor, Education; FY2006 Budget Reconciliation; and Appropriations. Keep up with the latest developments by reading the full report on *TG Online* at www.tgslc.org/lege_report/index.cfm.

This, that, and the other

It's almost September 17, and you know what that means — Constitution Day is almost here! As reported in *Shoptalk Online* [Edition306](#), [Art – this needs embedded] starting this year, any school that receives federal funding must hold an educational program on the U.S. Constitution on September 17 of each year. If September 17 falls on a Saturday (as it does this year), Sunday, or holiday, Constitution Day must be held the previous or following week.

So, hopefully, your school's Constitution Day activities are all ready to go! TG wishes you the best of luck with your event, whether it's a series of lectures, an online lesson, or a recreation of the signing of the Constitution complete with powdered wigs!

For the *Federal Register* that describes the Constitution Day requirement, visit <http://a257.g.akamaitech.net/7/257/2422/01jan20051800/edocket.access.gpo.gov/2005/05-10355.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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