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Tip^{of} the Week

Contact former students during their grace period to inform them of repayment options. TG has form letters and templates that can help.

To learn more, contact TG at (800) 338-4752.

Federal updates

Guide provides financial institutions with help in complying with Security Guidelines

Is your financial institution in compliance with the federal *Interagency Guidelines Establishing Information Security Standards* (Security Guidelines)? Are you uncertain about what the Security Guidelines are or if they apply to your institution?

To help clarify the Security Guidelines requirements, the federal bank and thrift regulatory agencies have released a compliance guide, located at <http://www.fdic.gov/news/news/press/2005/pr12705a.html>. The guide summarizes the obligations of financial institutions to protect customer information, explains the difference between the Security Guidelines and the Privacy Rule, defines terms used in the Security Guidelines, provides guidance for developing and implementing an information security program, and offers recommendations for designing security controls. The guide also includes an extensive list of resources that may further assist financial institutions in achieving compliance.

Appropriations bill provides relief for schools impacted by Hurricane Katrina

On December 30, 2005, the president signed the Defense Appropriations Act of 2006 (H.R. 2863). H.R. 2863 (which is now Public Law No. 109-148) provides a total of \$29 billion in assistance to Gulf Coast regions impacted by Hurricane Katrina, including \$200 million for higher education institutions. Schools that enrolled displaced students without charging tuition would be eligible to apply to ED for funds from a \$10 million allocation that ED has been charged with administering. The bill also provides \$95 million for schools in Mississippi, to be used for additional student aid; and \$95 million for schools in Louisiana, which may be used for student aid, faculty salaries, or any purpose authorized by the Higher Education Act.

More information

To read the text of H.R. 2863, go to Thomas, the Web site that provides legislative information from the Library of Congress, at <http://thomas.loc.gov/> and in the "Search Bill Text" field, enter HR 2863. Under that field, select "Bill Number" and then click on "Search."

Current Special Allowance Rates: Quarter Ending December 31, 2005

The following rates apply for the quarter ending December 31, 2005:

- The average of the bond equivalent rates of the 91-day Treasury bills auctioned during the quarter ending December 31, 2005, is 3.93 percent.
- The average of the bond equivalent rates of the quotes of the three-month commercial paper (financial) rates in effect for each of the days in the quarter ending December 31, 2005, is 4.32 percent.

The FFELP special allowance rates for the most recent quarter are available at <http://www.tgslc.org/pdf/SA123105.pdf>

Questions

For questions about special allowance rates, call TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgsic.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 December 2005 Closed School Monthly Report supplied by the Department of Education:

Newly reported closures

OPE School ID	School Name and Address	Unofficial Closure Date	ED's Official Closure Date
03132300	JPS Institute for Health Career Development 2400 Circle Dr. Fort Worth, TX 76119-8137	N/A	09/03/2005
00193700	Ottawa University 13402 N. Scottsdale Scottsdale, AZ 85254-4054	N/A	12/31/2004

TG updates

TG enables schools to deliver financial aid award notifications online

TG now offers TG Awards By Web™, our online financial aid award notification system, to school customers. TG Awards By Web helps financial aid professionals operate more efficiently and provide their students with more convenient access to their financial aid award information.

With TG Awards By Web, schools can notify students electronically as soon as their financial aid award package is ready. Students then can go online to view the scholarships, grants, work study, and loan amounts for which they are eligible, and accept or decline them.

A successful introduction

TG Awards By Web has been in pilot production with three schools over the past year — Texas Tech University, Sam Houston State University, and the University of Houston - Victoria. The pilot schools have had great success with this new product.

"TG Awards By Web has been well received by our students," said Carolyn Mallory, financial aid director at University of Houston-Victoria and one of TG's customers involved in early testing of the product. "Students are able to accept their awards within 24 hours of being awarded. The students are actually more inquisitive about

financial aid and want to learn more about their financial status now, instead of asking, "Where do I sign my award letter?"

The benefits of TG Awards By Web

TG Awards By Web can be customized to include descriptions of a school's awards and links to its Web site, financial aid policies, and other information of interest to students.

Financial aid offices can save time and money with TG Awards By Web, because the product eliminates the need for multiple types of student mailings, which significantly lowers postage, paper, and printing costs and saves valuable hours of staff time formerly spent preparing the mailings.

Creating a seamless student loan process from award through application, guarantee, and disbursement is easier than ever, as TG Awards By Web is a perfect complement to TG Loans By Web™.

TG Awards By Web, adapted from the online awards system developed by OvertureSM Technologies, is a stand-alone solution that eliminates the financial aid office's need for multiple systems (Web sites, paperwork, forms, databases, and mailings) to provide a consolidated award processing application.

"TG is always looking for new ways to simplify financial aid for everyone involved, especially students and institutions of higher education," said Kim Alexander, TG vice president for customer focus. "We are pleased to partner with our customers to help them meet the increasing demand for 24/7 Web-based services for their students. And we are thrilled that TG Awards By Web will reduce paperwork, mailing costs, and administrative time for our customers and their financial aid offices."

Learn more

TG Awards By Web is offered at no cost to institutions, students, or families. For more information on TG Awards By Web or any of TG's products and services, visit www.tgslc.org, or contact your TG representative at (800) 252-9743.

Meet Beth Valdez, TG claims examiner



Imagine gathering in one place every volume of federal regulations governing FFELP loans that has been issued over the past two decades. If you lined up those volumes you would probably have a library aisle's worth of information. For claims examiners, those shelves of regulatory information serve as a user's manual of sorts, perhaps one of the largest in the world — and the best guide to ensuring that student loan claims get paid promptly and correctly.

Student loan claims are filed for many reasons, including

default, disability, bankruptcy, or even death. TG's claims team processes more than 7,000 claims per month, many by hand, to ensure the speediest possible repayment to our lender and servicer customers. TG's lender and servicer partners have come to rely on TG for its prompt payment of claims.

The large volume of claims that TG's claims team processes can be a challenge, but the team handles it efficiently by dividing its 10 members into two areas — the clerical and the examination groups.

The examination team verifies that claims paperwork is complete and correct and that the requirements for due diligence —the procedures required for attempting to satisfactorily resolve a delinquency and prevent a default in accordance with federal regulations— have been met. They also work closely with lenders and servicers, smoothing out any processing issues to ensure prompt payment when payment is due.

Verifying claims can be an intensive process for the simple reason that federal regulations are so detailed. Luckily, TG's claims examiners average more than 10 years experience on the job, which means their familiarity with FFELP regulations is thorough. Beth Valdez has been working as an examiner since 1993. She typifies the intense focus and strong regulatory knowledge each examiner draws on to provide quick and smooth turnaround on claims.

Recently, *Shoptalk Online* asked Beth Valdez a few questions to learn more about her job, and what has kept her interested in claims work.

Shoptalk Online: Can you describe your work?

Beth: Each day, the clerical team sorts and routes incoming claims to my team for processing. My team enters all claim information into TG's system and verifies that any documentation we received is complete and accurate. As part of that process, we ensure the authenticity of documents like bankruptcy notices and death certificates. Once claims have been entered, TG's system runs edits and gives us a listing of approved claims and claims that have errors. We look more closely at the erred claims and try to resolve any problems, like missing balance information or incorrect loan IDs.

Shoptalk Online: How do you interact with lender and servicer customers?

Beth: Our customers want prompt service when they file claims with us, and we try to provide that on all claims, whatever the issue. We communicate directly with our customers in any way they prefer, including by fax, phone, or e-mail. Faxing information makes sorting out potential problems very easy. We can get new or completed documents fast, which saves time in processing the claim.

If lenders and servicers contact us, they generally want help in completing claim payment forms or providing complete documentation. Our team ensures a strong working relationship with customers by returning these calls and e-mails as quickly as possible. We work hard to ensure time frames are met, due diligence is done,

and that any costs attached to the loan are calculated correctly. For claims that have significant problems — missing documents or wrong information — we sometimes ship paperwork overnight to the customer, who can then resolve the issue and return any documents so that there is no significant delay in the payment process.

Shoptalk Online: What keeps you interested in your work?

Beth: We're constantly learning as professionals in this field. The regulations change from year to year and any of us could be called on to research some very obscure issues, depending on how old the loan is. It is not uncommon for us to process claims on loans from as far back as 1987, for example. That can be challenging even if the issue seems as straightforward as calculating interest payments. Terms on interest charges change annually, sometimes according to loan type. And we have to consider forbearances and deferment periods in calculating interest, which can really make things complicated. However, I enjoy learning about these issues and doing this kind of research. It's intense sometimes but rewarding to resolve a problem. I also enjoy a sense of accomplishment when I know I've helped make a customer's job a bit easier. It makes me feel I've made a real difference for others working in higher education.

Question of the week

Q: When is a school required to prorate a loan for a student?

A: Per the *Common Manual* subsection 6.11.E, a school is required to prorate a loan for an *undergraduate* student in only the following two cases:

- The duration of the student's program is shorter than the statutory minimum for an academic year (based on credit hours, clock hours, or the minimum 30 weeks of instructional time).
- The duration of the student's program is equal to or longer than the statutory minimum for an academic year, but the borrower is completing the remainder of the program in a period of enrollment that is shorter than an academic year.

Thus, loan proration is not necessary for a student who is, for instance, attending only one semester of his or her sophomore year in a baccalaureate program, because the student is neither in a program that lasts less than an academic year nor completing the remainder of the program in a period that is shorter than an academic year. Loan proration would, however, be necessary in the case of a senior student in a baccalaureate program who needs only one semester of an academic year to graduate.

Note that loan proration applies only to *undergraduate* programs — but not *graduate* programs. In addition, proration is not required for a student completing coursework necessary for a professional credential or certification

from a state, or for a student completing preparatory coursework necessary for admission into either an undergraduate or a graduate program of study.

Do you have a question?

If you have a question that needs an answer, feel free to *Ask TG™*. *Ask TG* is TG's online query tool for borrowers, schools, and lenders. *Ask TG* includes a database of frequently asked questions about financial aid, student loan processing, and TG's products and services. To submit a question to *Ask TG*, visit <http://tgslc.custhelp.com>

Trends and issues

Mapping Your Future and TG offer alternative loan resources

Alternative loans are becoming more and more common as a financing source for higher education. Many of your students may be securing alternative loans to help pay for their college costs, but because of the difference in regulations regarding FFELP and alternative loans, you may be unsure of how to address alternative loans during entrance and exit loan counseling.

Mapping Your Future (MYF) is now offering an Online Student Loan Counseling model and technology to help schools and lenders develop loan counseling sessions for state, private, or alternative loan programs. This program, *Loan Counseling Powered by MYF*, is available for a minimal fee.

Many of MYF's Sponsors and Friends organizations administer state and private loan programs. Entrance and exit counseling for these programs are needed for many reasons, including the following:

- The average high school graduate lacks the basic skills necessary to manage their personal financial affairs. Many are unable to balance a checkbook, and most don't understand the basic survival principles pertaining to earning, spending, saving, and investing. (www.jumpstartcoalition.org)
- Because of increasing tuition costs and limited financial aid resources, students are facing increasing debt burden. In 1999-2000, 42 percent of all undergraduate students had borrowed through the federal student loan programs, borrowing an average amount of \$9,900 (1999-2000 National Postsecondary Student Aid Study). The average amount borrowed varies by institution with students attending two-year public institutions borrowing less and those attending private four-year institutions or professional and graduate programs borrowing much more.
- Some postsecondary schools will not participate in these loan programs if they are "alternative loans" unless the administering agency provides loan counseling. In theory, a borrower with limited ability to manage student loan

debt is more likely to repay an alternative loan before a federal student loan, as they usually have a co-signer on the alternative loan.

Although loan counseling may not be required in state or private loan programs, as it is with the federal loan programs, this counseling will help your borrowers learn more about the implications of borrowing and their rights and responsibilities regarding alternative or private loans.

TG helps with alternative loan processing

TG's EFT and AdvanTG Web™ can help support alternative loan processing at your institution, from origination and certification through disbursement, reconciliation, and cancellations and returns.

TG's EFT is designed to electronically disburse all loan types — Stafford, PLUS, and alternative. AdvanTG Web™ provides CommonLine Disbursement Rosters and Acknowledgement files that include all loan types, and schools have the option to separate Disbursement Rosters for alternative loans, if desired, for easier account reconciliation.

In addition, change transactions can be processed through AdvanTG Web, and cancellations and loan reductions on alternative loans are forwarded to the loan provider.

Learn more

To find out more about how your school can get started with alternative loan processing through AdvanTG Web™ or TG's EFT process, please contact product support at (800) 332-1455 or by e-mail at product.support@tgsic.org

If you're interested in *Loan Counseling Powered by MYF*, contact CariAnne Behr at carianne.behr@mapping-your-future.org, or (573) 634-8641 for more information.

Common Manual

Common Manual updates

On December 15, 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.tgsic.org/resources/integrated_online_manual.cfm

Information to Be Provided on the Default Aversion Assistance Request Form

The *Common Manual* is being updated with revisions to the information that needs to be included on the Default Aversion Assistance Request (DAAR) Form. Also, the figure has been modified slightly to more clearly match the fields on the DAAR

Form. Two technical edits were made to correct terminology. Details of the changes are noted below.

The following fields have been changed from "If Available" to "Required:"

- Validity of the borrower's address.
- Validity of the address for each reference.

In the field of Figure 12-5 that references the servicer's six-digit servicer ID assigned by the Department, the cross-reference to Footnote #3, which states that the information is only required for loans disbursed on or after September 1, 1998, is being removed.

The field description for the borrower's last-known address was modified to clarify that the *complete* address is needed.

The field description for home telephone numbers, other numbers and validity of the telephone numbers for each reference was modified for simplification and clarity to read, "Home telephone number and other numbers."

The parenthetical statement in the field description for "Full name of the endorser, comaker, or PLUS student and identifying code" was modified for simplicity to read as follows: "(i.e., E = endorser, C = comaker, S = PLUS student)."

The validity fields for the "Endorser's or comaker's last-known complete address," "Endorser's or comaker's home telephone number," "PLUS student's last-known complete address," and "PLUS student's home telephone number" have been moved to create four new item description fields. All four validity fields are required.

The "Endorser's or comaker's home telephone number" is required only if it is available for all loans, regardless of the disbursement date.

Affected Sections: Figure 12-5

Effective Date: Default aversion assistance requests sent by the lender on or after July 1, 2006, unless implemented earlier by the guarantor.

Basis: None.

Policy Information: 845/Batch 1256

Guarantor Comments: None.

Glossary Updates: "Separation Date" and "Out-of-School Date"

The *Common Manual* has been updated to remove the definition of "separation date" from appendix G because the term is not currently used in the *Common Manual* text. The policy also adds the definition of "out-of-school date." "Out-of-

school date" is defined as the date the student ceases to be enrolled on at least a half-time basis at an eligible school.

Affected Sections: appendix G

Effective Date: Retroactive to the implementation of the *Common Manual*.

Basis: None.

Policy Information: 848/Batch 126

Guarantor Comments: None.

Forbearance after the Date of Default

The *Common Manual* is revised to clarify that if the lender receives a new signed agreement to repay the debt, a lender may grant a discretionary forbearance after the date of default via a verbal or written agreement with the borrower or endorser. The revised policy also clarifies that, at the lender's discretion, the agreement to repay the debt may be included in a written forbearance agreement or may be separate.

Affected Sections: 11.18.G Forbearance of Defaulted Loans

13.2.B Claim Recalls

Effective Date: Discretionary forbearance granted by the lender on or after July 1, 2003, unless implemented earlier by the lender, but not before November 1, 2002, as permitted by the guarantor.

Basis: §682.211(b) and (d)

Policy Information: 849/Batch 126

Guarantor Comments: None.

Legislative update

The December 21, 2005 issue of TG's *Legislative Report* includes updates on the HEA Reauthorization; Health and Human Services, Labor, and Education FY 2006 Budget Reconciliation and Appropriations; and an interim study that the Texas House is set to begin. 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

TG offices will be closed on Monday, January 16, in observance of the Martin Luther King, Jr., holiday.



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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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