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## Tip of the Week

Compile a calendar of important dates for students to remember regarding their financial aid. Then submit it to your campus newspaper editor to be included in the publication's calendar of events.

## Federal updates

### Sally Stroup to leave ED for House committee

On Thursday, an ED spokeswoman confirmed that Sally Stroup is stepping down from her position as ED's assistant secretary of postsecondary education. Stroup has served as ED's top advisor on higher education related matters for the last four years and is headed back to serve as the deputy staff director of House Committee on Education and the Workforce, where she served as a top aide from 1993 to 2001.

Throughout her career, Stroup has worked in various roles in the higher education community and played a key role in the reauthorization of the Higher Education Act in 1998. Before joining ED as assistant secretary, Stroup was the director of industry and government affairs for the Apollo Group, which owns the University of Phoenix, and served as the Pennsylvania Higher Education Assistance Agency's (PHEAA's) legal counsel from 1981 to 1993. More recently, in the wake of hurricanes Katrina and Rita, Stroup, a graduate of Loyola University School of Law in New Orleans, has been a leader and advocate in the Gulf Coast recovery effort.

Stroup will assume her role with the House Committee on Education and the Workforce on April 24. ED has not released any information on Stroup's last day on the job or of any candidates being considered for her current position.

## **ED reiterates commitment to enforce single-holder rule**

ED recently issued Dear Colleague Letter (DCL) FP-06-03 to "reiterate and confirm" its position that, beginning April 1, 2006, it will enforce the single-holder rule in the making of FFELP Consolidation loans.

Under the single-holder rule [Higher Education Act Section 428C(b)(1)(A)(i)], a FFELP lender may not make a Consolidation loan to a borrower unless:

- The lender holds an outstanding FFELP loan of that borrower;
- The borrower has FFELP loans held by multiple FFELP lenders; or
- The borrower's FFELP lender does not offer Consolidation loans or does not offer the borrower income-sensitive repayment terms.

DCL FP-06-03 states that any FFELP Consolidation loan made after March 31, 2006, that does not comply with the single-holder rule will not be eligible for reinsurance and other program benefits unless the consolidating FFELP lender submitted all applicable Loan Verification Certificates (LVCs) to the holder(s) of the underlying loans on or before March 31, 2006.

### **Background**

Since April 2004, ED has released a series of DCLs reminding the lending community of the restrictions on loan consolidation in the FFELP and Direct Loan Program, including the single-holder rule provisions; and that FFELP Consolidation loans made in violation of the single-holder rule would not meet the requirements for reinsurance and other benefits under the FFELP.

With the hope that Congress would enact legislative changes to the single-holder rule through reauthorization, ED temporarily postponed the denial of reinsurance on FFELP Consolidation loans made in violation of the single-holder rule until September 30, 2005 (see [DCL FP-04-06](#)) and later extended the compliance deadline to March 31, 2006 (see [DCL FP-05-09](#)).

### **More information**

To access DCL FP-06-03, go to the Information for Financial Aid Professionals Web site at [www.ifap.ed.gov/dpclletters/FP0603.html](http://www.ifap.ed.gov/dpclletters/FP0603.html). If you have questions about FFELP Consolidation loans or TG's consolidation policy, contact TG customer assistance at (800) 845-6267 or send an e-mail message to [cust.assist@tgslc.org](mailto:cust.assist@tgslc.org).

## Correction to previous *Shoptalk Online* edition

In *Shoptalk Online*, [Edition 341](#), TG ran the article “Top ten things schools should know about the Deficit Reduction Act of 2005.” In the article, TG described a provision on the reconciliation bill, also known as the Higher Education Reconciliation Act (HERA), signed by President Bush on February 8, 2006, as the following:

“Exit counseling: As is already required under federal regulations, schools are required under the reconciliation bill to provide specific information in exit counseling regarding the consequences of borrowing a Consolidation loan, repayment options, variances among borrower benefit programs, and borrower tax benefits.”

This provision did not make it into the final version of the HERA. Therefore, a school should not make any special changes to its exit counseling materials to accommodate this particular provision. A school should follow the current guidance regarding exit counseling requirements per the *Common Manual* subsection 4.4.C and the federal regulations in 34 CFR 682.604(g).

TG regrets the error.

## TG updates

### TG offers two free telephone conferences on ED guidance on the Higher Education Reconciliation Act

Now that ED has weighed in on the loan-related provisions of the Higher Education Reconciliation Act (HERA), TG would like to provide its school and lender partners with an analysis of this latest guidance to help you to implement the forthcoming changes at your institution. Thus, TG invites you to join one of two free telephone conferences, titled “ED Guidance on the Higher Education Reconciliation Act.”

The material provided in both telephone conferences will be identical; TG scheduled two events in order to provide flexibility, as we understand how busy our business partners’ schedules can be. The telephone conferences will be held on the following dates:

- Tuesday, March 28, from 2 p.m. to 3:30 p.m. CST.
- Thursday, March 30, from 10:30 a.m. to noon CST.

Each telephone conference will cover the topics on which ED provided guidance, clarification, and triggering events in its recent Dear Colleague Letter (DCL) GEN-06-02/FP-06-01. A brief question-and-answer session will follow each telephone conference. Participants may submit questions in advance of the events to [viola.perez@tgslc.org](mailto:viola.perez@tgslc.org).

## To register

To participate in either teleconference, participants must pre-register with AT&T online by visiting [www.att-rsvp.com](http://www.att-rsvp.com), or by telephone at (877) 471-4350.

- When pre-registering for the March 28 telephone conference, please reference confirmation number 822823.
- When pre-registering for the March 30 telephone conference, please reference confirmation number 823374.

Each telephone conference is free of charge and open to participants from any institution.

## More information

For more information about the events, visit [www.tgslc.org/custfocus/teleconf.cfm](http://www.tgslc.org/custfocus/teleconf.cfm) or contact Viola Perez at (800) 252-9743, ext. 4507, or send an e-mail message to [viola.perez@tgslc.org](mailto:viola.perez@tgslc.org).

For more information about the topics covered in the DCL, see "ED releases guidance pertaining to loan issues stemming from Higher Education Reconciliation Act" in *Shoptalk Online* [Edition 346](#).

## 2006 TG Conference includes second Financial Aid 4K

Attention runners and walkers: The 2006 TG Conference, which will be held April 18 – 20 in Austin, Texas, will feature the second annual Financial Aid 4K Fun Run/Walk. Those looking to start Wednesday morning on a healthy note can get in a short run, jog, or walk on the scenic Town Lake Hike and Bike Trail and help raise money for an educational charity.

### 4K benefits education charity

The \$10 race registration fee will benefit Reading is Fundamental (RIF). RIF was founded in 1966 in Washington, D.C., to encourage children to read by helping them establish their own home library with books they had chosen themselves. Austin's RIF program ([www.rifaustin.org/](http://www.rifaustin.org/)) began in 1974. The organization works to provide books to children from low-income families to motivate them to become lifelong readers and to teach their parents effective ways of sharing books with their children.

The 4K will take place on Wednesday, April 19, at 7 a.m. Participants will meet in the lobby of the Hilton Austin Hotel between 6 a.m. and 6:30 a.m. where \$10 registration fees will be collected and official t-shirts distributed. The group then will walk the short three blocks to the Town Lake Hike and Bike Trail. From our designated start and finish spot, you choose the pace — walk, jog or run the 2.5 mile scenic loop.

## How to register

Registration for the Financial Aid 4K is available by visiting the TG Conference Web page at [www.tgslc.org/tgconference/index.cfm](http://www.tgslc.org/tgconference/index.cfm). For more information on the Financial Aid 4K, contact Judith Cunningham at (800) 252-9743, ext. 2905, or send an e-mail message to [judith.cunningham@tgslc.org](mailto:judith.cunningham@tgslc.org).

## Question of the week

### Q: Can a lender pay the origination fee on behalf of a borrower?

A: A lender may not reduce or pay the origination fee on behalf of a PLUS loan borrower. A lender may reduce or pay the origination fee on behalf of a Stafford loan borrower, but the following restrictions apply. According to the *Common Manual* subsection 3.5.A:

“The lender may reduce or waive the origination fee it charges its Stafford borrowers, but must ensure that origination fees are assessed equally to all Stafford borrowers who reside in a particular state or attend school in that state. The exception to this rule is that the lender may charge a lesser fee to a Stafford borrower who demonstrates ‘greater financial need’ based on any one of the following qualifications:

[§682.202(c)(1)]

- The borrower’s expected family contribution (EFC), used to determine loan eligibility, is equal to or less than the maximum qualifying EFC for a Federal Pell Grant at the time the loan is certified.  
[§682.202(c)(2)(i)]
- The borrower qualifies for a subsidized Stafford loan.  
[§682.202(c)(2)(i)]
- The borrower meets a comparable standard approved by the Department.  
[§682.202(c)(2)(ii)]

If a lender charges a lesser origination fee to a Stafford borrower who has been determined by the lender to have ‘greater financial need,’ the lender must charge all such borrowers who reside in that state or attend school in that state an origination fee that is calculated at the same percentage rate. In addition, if the lender charges the borrower a lesser origination fee on an unsubsidized Stafford loan, the lender must charge that borrower an origination fee that is calculated at the same percentage rate on a subsidized Stafford loan.

[§682.202(c)(3) and (4)(ii)]”

## Do you have a question?

If you have a question that needs an answer, feel free to *Ask TG*<sup>™</sup>. *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>.

## Legislative update

The March 17 issue of TG's *Legislative Report* includes updates on the Higher Education Act of 2006. Keep up with the latest developments by reading the full report on *TG Online* at [www.tgslc.org/lege\\_report/index.cfm](http://www.tgslc.org/lege_report/index.cfm).

## This, that, and the other

The iPod has become ubiquitous among teens and young adults as a convenient way to store and listen to music. But now, iPods are finding homes in the classrooms of colleges and universities as more professors begin to use the gadgets as education tools — to download movies and other course material, receive podcasts and even view campus brochures. Apple Computer Inc. has even launched "iTunes U," a nationwide service that makes lectures and other materials available online. To read the *CNN.com* article, visit [www.cnn.com/2006/EDUCATION/03/20/ipod.university.ap/index.html](http://www.cnn.com/2006/EDUCATION/03/20/ipod.university.ap/index.html)



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

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