

In this issue:

Federal updates	1
ED issues DCL providing promissory note addenda and revised Plain Language Disclosures for industry partners to distribute to borrowers	1
Current special allowance rates: Quarter ending March 31, 2006	3
TG updates	4
TG's 14th annual conference draws record crowd .	4
TG EFT enhancements: disbursement customization and snooze	6
Meet Karen Priputin, TG's lead in product management	7
Question of the week	10
Legislative update	10
This, that, and the other	11

Tip^{of} the Week

Strengthen your campus-student connections through TG's Spring 2006 Positive+Balance™ Workshops. To learn more and to register for a workshop near you, visit www.tgslc.org/balance/workshops/index.cfm.

Federal updates

ED issues DCL providing promissory note addenda and revised Plain Language Disclosures for industry partners to distribute to borrowers

Earlier today, ED issued Dear Colleague Letter (DCL) FP-06-05 that provides the long-anticipated Stafford, PLUS, and Consolidation loan addenda to accompany the promissory notes for those loan types, and the revised Plain Language Disclosures (PLDs) for borrowers who have already completed a Stafford or PLUS Loan Master Promissory Note (MPN). These addenda and PLDs provide the necessary information to bring federal student loan borrowers up to speed on the provisions of the Higher Education Reconciliation Act of 2005 (HERA) that impact their loan types.

Addenda and PLD distribution

FP-06-05 states that until the next revision of the Stafford and PLUS MPNs, the addenda must be used with the current Stafford and PLUS MPNs to inform borrowers of the changes made to the terms of their loans by the HERA (Note: the PLUS MPN addendum and PLD will be used for both parent PLUS and grad PLUS borrowers).

Further, the revised PLDs must be provided to borrowers who are receiving second or subsequent Stafford or PLUS loans made under a previously signed Stafford or PLUS MPN, or who may have signed an MPN for the first time before the addenda were available.

Additionally, program participants must notify current Stafford and PLUS loan borrowers who are not completing new promissory notes or receiving subsequent loans of the changes to loan terms and conditions that may apply to their loans.

Finally, program participants must provide a borrower who applies for a Consolidation loan on or after July 1, 2006, with a Consolidation loan addendum to accompany his or her promissory note. For those borrowers who have already completed a Consolidation Loan Application and Promissory Note, program participants must notify such borrowers of changes to loan terms and conditions that may apply to their loans.

Bonus material in the DCL pertaining to awarding grad PLUS loans

The DCL provides information to program participants on awarding PLUS loans to graduate/professional students. In particular, FP-06-05 states that:

- Grad PLUS loans may not be certified until on or after July 1, 2006. The DCL states that schools may, however, provide grad PLUS loans in aid packages and graduate/professional students may sign PLUS MPNs before this date.
- A graduate/professional student must complete the FAFSA (and, of course, a PLUS MPN) in order to obtain a PLUS loan. In addition, the school must determine the student's eligibility for the maximum annual subsidized and/or unsubsidized Stafford loan for which the student is eligible prior to awarding PLUS loan funds. However, while it is naturally to the student's advantage (based on interest rate and other terms of the loan) to borrow the maximum amount possible in Stafford loan funds for the period of enrollment, a graduate/professional student is not required to receive Stafford loan funds as a condition for receiving a PLUS loan.
- A graduate/professional student may borrow a PLUS loan up to his or her cost of attendance for the period of enrollment, minus other estimated financial assistance.
- A graduate/professional PLUS borrower must not have an adverse credit history in order to obtain a PLUS loan. If a graduate/professional student applies for a

PLUS loan and is determined to have adverse credit history, he or she may receive a PLUS loan if the borrower obtains a creditworthy endorser.

- The repayment period on a grad PLUS loan begins on the date of the final disbursement of the loan, and the first payment due date is within 60 days after the date the loan is fully disbursed. There is no grace period for grad PLUS borrowers and there is no authority for lenders to align payments of principal on a grad PLUS borrower's PLUS and Stafford loans. Of course, a graduate/professional student borrowing a PLUS loan may obtain an in-school deferment while attending school at least half time.
- The maximum interest rate for grad PLUS borrowers is the same fixed rate as that for parent PLUS borrowers (under the FFELP, the interest rate is a fixed 8.5% for loans disbursed on or after July 1, 2006).
- A graduate/professional student attending a foreign school will have to complete a new PLUS MPN for each loan period.

More information and questions

To access FP-06-05, visit the Information for Financial Aid Professionals Web site at <http://ifap.ed.gov/dpccletters/FP0605.html>. To download the new addenda and PLDs, visit the New Addenda and PLDs page on *TG Online* at www.tgslc.org/forms/frms_addenda.cfm.

To order the new addenda and PLDs in bulk quantities contact Joyce Henderson at (800) 252-9743, ext. 4546, or joyce.henderson@tgslc.org.

For more information about these addenda and PLDs or the provisions of the HERA that affect student loan borrowers, contact TG customer assistance at (800) 845-6267 or send an e-mail message to cust.assist@tgslc.org.

Current special allowance rates: Quarter ending March 31, 2006

The following rates apply for the quarter ending March 31, 2006:

- The average of the bond equivalent rates of the 91-day Treasury bills auctioned during the quarter ending March 31, 2006, is 4.49 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 March 31, 2006, is 4.75 percent.

The FFELP special allowance rates for the most recent quarter are available at *TG Online* at: <http://www.tgslc.org/pdf/SA033106.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@tgslc.org.

TG updates

TG's 14th annual conference draws record crowd

A record-setting crowd of 734 financial aid and higher education professionals



gathered in Austin from April 18 – 20 to participate in the 2006 TG Conference, *Caring for Our Generation and the Next*. The largest TG Conference yet featured more than 40 sessions on assorted industry and professional development topics and top-notch speakers like David Dunn, acting undersecretary for the Department of Education (ED); Dallas Martin, president of the National Association of Student Financial Aid Administrators (NASFAA); and Brett Lief, president of the National Council of Higher Education Loan Programs

(NCHELP).

Most importantly, TG's customers were extremely pleased with this year's conference and its training opportunities. "TG is a great resource. They helped us work with all of our lenders to simplify our alternative loan process," said Cara Hendricks of Southern Methodist University.

Setting the stage

This year's conference took its inspiration from what drives many who work in financial aid — the desire to pass on an empowering education, one generation to the next. The conference opening session helped to frame this idea in several different ways — with a look back at 25 years in cultural, technological, and TG history; with a thank you to TG's business partners for its first guarantee 25 years ago; and with a commemoration of two exceptional mentors working in financial aid today.

Some opening highlights included:

- The two mentor honorees were Terry Bazán, financial aid director at Austin Community College, and Taft Benson, regional vice president at Collegiate Funding Services. Both were moved by their nominations and extended gratitude to all those dedicated to working with students.
- Ruben Esquivel, vice chair for TG's Board of Directors, helped set the stage for the conference by describing his experience as a Cuban immigrant arriving in the U.S. with his sister and just the clothes in his suitcase. His emotional description served to underscore the advantages that an education can bring.

- TG marked the silver anniversary of its first guarantee by recognizing its business partners on that loan: Baylor University and Herring Bank of Amarillo, Texas. Cliff Neel represented Baylor University and Zack Workman accepted a commemorative plaque on behalf of Herring Bank.
- TG wrapped up the opener by thanking conference sponsors in a novel, "cross-generational" way. Various team members and their children were invited on stage to provide special commemorative pins to sponsors. The children served as a reminder of the many future generations that TG will help to go on to postsecondary education.

Closing on a high note

On the final day of the conference, customers were treated to speakers that offered two things: practical knowledge on the latest legislative changes to higher education, and practical wisdom, in the form of Coach Ken Carter's take on work and life.



Dallas Martin (NASFAA), Elise Nowikowski (Nelnet), and Brett Lief (NCHELP) answer audience questions about recent legislation.

To address industry changes, TG invited David Dunn, acting undersecretary and chief of staff for ED, who spoke on the direction of higher education given the recent passage of the Higher Education Reconciliation Act of 2005 (HERA).

Following David's presentation, Dallas Martin, president of NASFAA; Elise Nowikowski, managing director of policy for Nelnet; and Brett Lief, president of NCHELP, gave an overview of the practical implications of the HERA.

Energized by Coach Carter

The charismatic Coach Ken Carter provided the finale to the TG Conference, offering a rousing keynote address on Thursday afternoon that brought customers to their feet and left them wanting more. Coach Carter, whose life story is the inspiration for the movie *Coach Carter* starring Samuel L. Jackson, shared his take on life with the passion of an evangelical minister.

TG golf tournament and Financial Aid 4K results

The TG Conference's slogan for this year — "Relax, Retool, and Recharge" — worked like a formula. Attendees who followed it could clear their mind of office distractions, learn more about student aid, and return to work energized with information and a fresh commitment to helping students. To provide the relaxation part of this equation, TG offered some friendly athletic competition with the TG Golf Classic and the Financial Aid 4K Fun Run/Walk.

TG Golf Classic — On Monday, April 17, 81 golfers forming 22 teams endured 101-degree temperatures to participate in this year's Golf Classic. The tournament, which was open to both customers and TG team members, was held at the Teravista Golf Club in Round Rock. Jim Anderson and Jackey Ey of Texas Tech, Mike Fuller of Student Capital, and Barry Lawson of College Loan Corporation took home first place with a team score of 61. Longest drive went to Terry Mucha of UT Austin. And the award for "closest to the pin" went to Rod Castillo of Titan Solutions.



School and lender customers rose by 6:30 a.m. to complete this year's Financial Aid 4K Fun Run/Walk.

Financial Aid 4K Fun Run/Walk — TG had a record 52 participants for this year's 4K. School and lender customers along with TG team members assembled in the lower lobby of the Austin Hilton on Wednesday at 6:30 a.m. The group ran or walked a 2.5 mile loop of the Town Lake Hike and Bike Trail. Registration fees for the run/walk were provided to a local chapter of Reading Is Fundamental (RIF), which introduces kids to the rewards of reading at an early age. About \$1,000 was raised for this year's charity. Following is a list of early finishers.

Men: Darron Grussendorf, TG; Bennie Hayden, TG ; and Vincent Carales, TG

Women: Monica Comeaux, University of Houston; Jennifer Phillips, North Texas Higher Education Authority; Tracy Stine, Sallie Mae; and Sherry Hildebrand, Mapping Your Future

TG EFT enhancements: disbursement customization and snooze

Looking for more flexibility in your disbursement scheduling process? Then look no further, because TG recently introduced two new options for schools to customize their disbursement process for all loans disbursed through TG's electronic funds transfer (EFT) process.

Disbursement Customization

Disbursement customization is a new profile option that will allow schools to specify a day(s) of the week on which they wish to receive EFT disbursements for each loan type. For example, a school can choose to receive all Stafford disbursements on Monday, PLUS disbursements on Wednesday, and alternative disbursements on Friday — or any other combination they choose.

To establish a customized disbursement schedule, a school will need to contact its TG account executive. The school's TG account executive will assess the possible options with the school and assist the school in completing a new EFT Profile form to authorize TG to disburse on the selected day(s).

Snooze

Another enhancement that has been implemented to TG's EFT is disbursement snooze. Two types of snooze will be offered: scheduled snooze and immediate snooze. A scheduled snooze will allow a school to suspend all disbursement activity during a specified period of time. The snooze dates can be scheduled up to one year in advance for those periods of time when a school knows its offices will be closed. While a school is on snooze, the school will receive no disbursements; however, EFT will still process returns. To request a scheduled snooze, a school will need to contact its TG account executive. Again, the TG account executive will discuss choosing snooze dates and provide guidance on defining snooze periods.

The immediate snooze feature should be used for unexpected or emergency situations, such as a natural disaster, a fire, or some other unforeseen situation. An immediate snooze feature will allow a school to stop funds from moving beginning with the next funding cycle. Due to the unexpected nature of the immediate snooze, no scheduled end date will be scheduled. Therefore, a school must call and request the immediate snooze to be lifted in order to resume the receipt of funds. To request an immediate snooze, a school should contact the TG product support group at product.support@tgslc.org as soon as it is aware of the unexpected or emergency situation.

Learn more

TG remains committed to providing flexibility, innovation, and choice for our customers. For more information about TG's new EFT features, options, and processes, please refer to *Shoptalk Online* [edition 340](#) and [edition 334](#), or you can contact your TG account executive.

Meet Karen Priputin, TG's lead in product management

Schools and lenders process the majority of their loans electronically, which is a boon to an industry that guarantees well more than \$40 billion in loans each year.



In fact, given the right set of tools, every phase of student loan processing — from award to repayment — can be handled with the click of a mouse. TG's suite of electronic products offers this type of "virtual office" where schools and lenders can package awards, offer loan counseling, track applications, make disbursements, monitor default, and much more.

To create its suite of products, TG relies on a specialized team that understands both student financial aid and the process of software product development. This group — the product management team — serves as the voice of the customer. The team articulates what schools and lenders need and they work to translate that need into a software system or feature.

Karen Priputin heads TG's product management team. She brings to her work almost a decade of experience in higher education, along with a foundation in many of the special knowledge areas important to managing student loans, such as

regulatory policy, *Common Manual* protocol, CommonLine standards, and the business practices of a financial aid office.

Her comprehensive background provides Karen insight as she tries to wed business process with software technology. It also allows her to collaborate with an assortment of team players — from customers to software developers — who help build TG's systems.

Collaboration truly is the essence of effective product management, but other factors also have helped Karen. "I think that having a good understanding of TG's business model and processes, strong communications skills, and an inquisitive nature all have prepared me for my role in product management," Karen said. "It's a challenging assignment, but I like the pace and change of it."

Recently, *Shoptalk Online* asked Karen a few questions to learn more about product management at TG and her work on the team.

Shoptalk Online: Describe what you and the product management team do.

Karen: We try to provide our customers with technology to simplify their office routines. Our priority is to build systems that cut time and expense from administering financial aid. For example, we integrate our products so that schools and lenders can manage every aspect and every phase of a loan online. We take advantage of Web-based technology to make communicating with students about financial aid easier. We also keep our products up-to-date with any changes to CommonLine standards or *Common Manual* policies.

In terms of how we work, the product management team collaborates with an extended team of software developers, business analysts, testers, and customers, since our customers often provide feedback about our products. Together, we oversee development and enhancements to TG's various products, including AdvanTG Web™, TG Loans By Web™, TG Awards By Web™, Electronic Funds Transfer, and others. Although that sounds like a lot, we work well together so that I never feel that the product management team is an island unto itself.

I also serve as the TG Users Group (TUG) liaison. TUG members provide feedback about our products. So my day-to-day activities vary, which is what makes this area of work so interesting. I never have a boring minute! I routinely discuss a variety of subjects with software developers, other business units within TG, and our customers, so I frequently have to change my train of thought. But quite honestly, I wouldn't have it any other way.

Shoptalk Online: How does product management work at TG?

Karen: Perfecting our products is a team effort that extends beyond the product management area. Everyone at TG that supports our products or who has contact with TG's customers plays a role in helping us meet our customers' needs. If there were a typical process for enhancing our products, it would run something like this: analyze and prioritize requests or ideas for change; write business requirements for

the change (a document that describes and substantiates the need for change); talk with systems analysts about these requirements; and write a proposal or project plan for implementing them. After the work of development is done, we then perform user acceptance testing, where we test the products. We also provide training to internal and external users, and communicate with customers regarding the upcoming changes.

Shoptalk Online: What are you working on now?

Karen: We just finished testing for TG's Funding Initiative project, which was implemented the weekend of March 25. This project introduced hourly change transaction processing, hourly roster processing, school disbursement customization options, enhanced reporting features, and next-day funding, by which borrowers apply for a loan and funds are disbursed the next day for loans that are guaranteed. In addition, the entire product management team is working on preparing business requirements as they relate to the various changes that occurred with the Higher Education Reconciliation Act. These changes affect all of our products, and they require a lot of analysis, as well as communication and interaction with TG's various development teams.

Shoptalk Online: How do you interact with customers?

Karen: Most of my conversations with customers have been by telephone. As much as possible, I try to help them use our products to solve a problem or streamline a process. At times, we do train our customers on TG products, although the majority of training is performed by TG's account executives and by members of TG's business integration team. I believe it is very important for our product managers to interact with our customers whenever possible, whether via WebEx™, teleconference, or phone. This interaction is crucial in ensuring that TG's products meet our customers' needs.

As a TUG liaison, I interact with the TUG Board members, 10 energetic and extremely knowledgeable individuals who share with us challenges that our business partners face and who help make our products better by providing feedback on current products and future product enhancements.

Shoptalk Online: What's most fulfilling about your work?

Karen: The most fulfilling part of my work is that I know that TG has great products on the market and that the product management team plays an integral role in maintaining and growing these products. I also find it extremely gratifying that every day I learn something new about our products, our customers' processes, the industry itself, or even about TG. Perhaps most importantly, being part of the TG team and being able to participate in creative and collaborative efforts is very fulfilling.

Question of the week

Q: If a borrower has two federal loans, each with a different lender, but both loans are serviced by the same servicer, does that borrower have the option to consolidate with any lender that participates in the Federal Consolidation Loan Program or is the borrower subject to the single-holder rule?

A: The federal regulations in 34 CFR 682.200(b) define a "holder" as "an eligible lender owning a FFELP loan, including a Federal or State agency or an organization or corporation acting on behalf of such an agency and acting as a conservator, liquidator, or receiver of an eligible lender*."

Thus, if each of the borrower's lenders meets the definition of a "holder," even though both lenders contract with the same servicer (defined in the *Common Manual* as "an entity that enters into a contract with a program participant to administer any aspect of its participation in a Title IV program"), the borrower has multiple holders and is *not* subject to the single-holder rule. The borrower can choose to consolidate with any lender that participates in the Federal Consolidation Loan Program.

*Note: Webster's defines the terms conservator, liquidator, and receiver as follows:

- *Conservator*: one that preserves from injury or violation: PROTECTOR; an official charged with the protection of something affecting public welfare and interests.
- *Liquidator*: one that liquidates; *especially*: an individual appointed by law to liquidate assets.
- *Receiver*: TREASURER; (1): a person appointed to hold in trust and administer property under litigation (2): a person appointed to settle the affairs of a business involving a public interest or to manage a corporation during reorganization.

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>.

Legislative update

The April 24 issue of TG's *Legislative Report* includes an update on HR 2573 and S. 5150 — The Reverse the Raid on Student Aid 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.

This, that, and the other

These days, a majority of students are taking what some are calling a “nomadic” path to a degree; about 60 percent of students graduating from college have attended more than one institution, a number that has risen steadily over at least the last two decades, according to an April 23 *New York Times* article.

In large part, those numbers reflect the growing population of nontraditional-age students — adults who go to college later in life and often start at a two-year institution. But even traditional students — those who head to a four-year college right out of high school — are approaching the experience in a nontraditional way.

They transfer to get a more agreeable major or social life, or take classes at a college back home during the summer to get a leg up on the next year's credits. They take an online class, or earn credits during the year at a nearby community college where they find a required course cheaper, less demanding or at a more convenient hour. Or they do some of each.

College officials call it swirling, mix and match, cut and paste, grab and go. Whatever the term of art, it makes sense for the so-called millennial generation, students famously lacking in brand loyalty, used to having things their way, and can-do about changing anything they don't like. The new nomads are creating challenges for colleges and universities, which have spent years shaping what they believed to be a signature experience only to have students try to take it apart. Researchers and college officials worry that students who campus-hop to check off all their required courses may be getting a degree, but not an education.

To read the article in its entirety, visit

www.nytimes.com/2006/04/23/education/edlife/zernike.html?_r=1&oref=slogin.

Free site registration is required.



P.O. Box 83100
Round Rock, TX 78683-3100
(800) 252-9743
(512) 219-5700
(512) 219-4560 TDD

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.

Contributors to this edition: Rob Davenport, Kelly Kaelin, Art Martinez, Susan Martinez, Carly McGuire, Michael McSpadden, Karen Priputin, and George Torres. Edited by TG Communications and Policy and Regulatory Affairs. Designed by TG Communications.

©2006 Texas Guaranteed Student Loan Corporation.
AdvanTG Web and the TG logo are trademarks of Texas Guaranteed Student Loan Corporation.