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## Tip<sup>of</sup> the Week

Plan a debt management session as part of your orientation activities for your next group of incoming students. Call TG's default aversion consultants at (800) 252-9743, ext. 4696, or ext. 4765, for ideas, handouts, and training resources.

## TG updates

### TG's plan to implement Grad PLUS

As you know, the PLUS loan program recently was expanded to include graduate and professional students (Grad PLUS). The FFELP industry has since adopted the "GB" Grad PLUS loan type to allow service providers and software providers to electronically exchange, identify, and appropriately process Grad PLUS loans on their systems.

Following is a summary of how TG will implement Grad PLUS into our mainframe system and Web-based products.

#### TG's mainframe system

Effective July 1, TG's mainframe system will support the processing of guarantees, disbursements, change transactions, and reporting for Grad PLUS loans in accordance with the Higher Education Reconciliation Act of 2005 (HERA) for all TG customers who use AdvanTG Web™ or similar loan management software products.

In addition, TG will use "M" as its Grad PLUS suffix code. Currently, customers can distinguish a Stafford loan (loan suffix code "G") from a parent PLUS loan (loan suffix code "P"). As of July 1, customers also will be able to use the Grad PLUS loan suffix code of "M."

TG will provide school and lender customers with an automated way to transmit Grad PLUS applications, even though some customers' financial aid management system enhancements may not be ready to support Grad PLUS by July 1. Schools that do not use AdvanTG Web will be able to submit the current federal PLUS loan type code of "PL" to TG's mainframe, and TG's mainframe will guarantee the loan as a "GB" or Grad PLUS loan, if all of the following criteria are met:

- Borrower and student information match.
- The student's grade level is six or above.
- The loan is certified on or after July 1, 2006.

School and lender systems may have edits in place that require the parent borrower and the student information to be different, as is the case for a parent PLUS loan. If you will not be able to send the "GB" loan type on July 1, and want to use the "PL" loan type for your Grad PLUS loans, you will need to modify your system programs if your existing edits require the borrower and student information to be different.

TG's mainframe Lender Manifest processing will be modified to accommodate the "GB" loan type and the new military operations "MO" deferment code by July 1. For those lenders not able to support the "GB" loan type by July 1, the NCHELP contingency plan will be supported until March 31, 2007. This plan allows lenders to submit a loan type of "PL" and populate both the student and borrower Social Security number (SSN) fields with the student's SSN for reporting on Grad PLUS loans. Also, the new military operations deferment will be reflected as a loan status of "DN" on TG's system when using Real Time Access and in your default management reports.

TG's mainframe will also be modified to accommodate the "GB" loan type and "MO" deferment type for the appropriate CAM transactions effective July 1.

### **Lender Manifest PC package**

Effective July 1, the Lender Manifest PC package and its corresponding documentation will support the new Grad PLUS loan type code of "GB" and the new military deferment type of "MO." To receive a copy of the new Lender Manifest PC package and its corresponding documentation, please e-mail your request to TG's data reporting team at [good.data@tgslic.org](mailto:good.data@tgslic.org).

### **Receive and Print CAM**

No system changes are necessary in support of the HERA provisions for TG's Receive and Print CAM product used for weekly enrollment and demographic updates.

## AdvanTG Web

In order to accommodate all of the changes required by the HERA, it is necessary for TG to implement Grad PLUS loans within AdvanTG Web in two separate phases. The first phase will include the essential changes needed to accommodate the processing of Grad PLUS loans within the AdvanTG Web system. The second phase will include changes needed to accommodate the processing of Grad PLUS loans within TG Loans By Web™.

### *Phase I*

TG will release phase I of the Grad PLUS implementation process on June 25 in preparation for July 1 Grad PLUS processing. On July 1, AdvanTG Web will provide ALL of the functionality required to process Grad PLUS loans:

- Application and loan processing.
- Electronic Funds Transfers.
- Reports.

Lenders will be able to send Grad PLUS certification requests to schools via AdvanTG Web beginning on June 25, 2006. Because the loan certification date MUST be on or after July 1, 2006, schools should NOT transmit Grad PLUS loan applications for guarantee until on or after July 1, 2006.

Additionally, on July 1, the Application Printing and Processing Service (APPS) will be ready to accommodate APPS processing. This means that the appropriate addendum will be included in the application packet mailed to a borrower. In addition, TG has enhanced the PLUS MPN wrap to better facilitate the correct completion of PLUS Loan Application and Master Promissory Notes (PLUS MPNs) by graduate and professional students.

### *Phase II*

TG will release phase II of the Grad PLUS implementation process on September 25. On this date, TG Loans By Web will have ALL of the requirements for Grad PLUS loan application processing, including TG PLUS Credit Connection™, borrower-request flow, and school-certified flow. This phase also will accommodate the e-signature process for Grad PLUS loans.

It is important to note that schools using TG Loans By Web (LBW) that want to process PLUS loan applications before September 25 will be able to certify Grad PLUS loan applications and submit them individually from AdvanTG Web. As an alternative, schools using LBW may temporarily modify their guarantee process by moving it to a batch guarantee process. However, since LBW Grad PLUS functionality will not be ready until September 25, schools using LBW should submit their Grad PLUS loan applications to TG for guarantee with a "GP" processing type code so that TG's mainframe will print a PLUS MPN. The PLUS loan addendum and a PLUS MPN wrap will accompany the MPN. The option to print the MPN and the

addendum will also be available within AdvanTG Web should schools wish to print the forms locally.

### **Quality assurance note**

TG maintains a process of strict quality assurance to ensure that our product applications will meet the demands of all of our customers. It is necessary to split the AdvanTG Web and Loans by Web Grad PLUS implementation into two phases to allow TG to develop and rigorously test our technology before it is distributed to our business partners. While we understand that a TG Loans By Web delay may not be optimal, we want to ensure the delivery of a quality product that maintains the highest standards.

### **More information and questions**

If you require more information or have questions about this information, please contact TG's business partner services team at (800) 332-1455, or send an e-mail message to [businesspartner.services@tgscl.org](mailto:businesspartner.services@tgscl.org).

## **TG establishes \$500,000 Textbook Awards fund to help students affected by hurricanes Katrina and Rita**

TG's Public Benefit Grant Program, a philanthropic initiative of TG, has set aside \$500,000 to help students whose education was interrupted by hurricanes Katrina and Rita. The TG Textbook Awards program will provide 1,000 students with \$500 grants to purchase textbooks and education-related supplies for the 2006 summer session or the fall 2006 semester.

"Our school partners who were most affected by last fall's hurricanes have conveyed how significant the interruptions have been for students — and that a large number of students have not re-enrolled or have withdrawn over the course of the past year," said Sue McMillin, TG's president and CEO. "TG is offering these funds to help ease the financial burden for students directly — so that they won't have to worry about finding extra resources for books and supplies on top of all the other demands they may be facing."

### **Who is eligible?**

To be eligible for a TG Textbook Award:

- A student must be enrolled at a "designated affected postsecondary institution," as determined by ED.
- A student must have realized an interruption in the progress of his or her higher education. Priority will be given to students who are re-entering postsecondary education after an absence resulting from the hurricanes (i.e., students who were enrolled during 2005-06 but later withdrew). Students who recently re-enrolled also may be eligible.

- Additional consideration will be given to students who are Pell-eligible for the period of enrollment during which the textbook stipend will be applied.

The amount of funds available to institutions in each of the affected states will be proportional to the number of institutions that are deemed eligible in each state. TG is in the process of contacting eligible schools to invite them to apply for funds.

These TG Textbook Awards are offered as a part of the TG Public Benefit Grant Program and in addition to ongoing support for the Charley Wootan Grant Program, a need-based grant program established by TG in 2000. Through these programs TG provided \$3.5 million to help students enrolled in postsecondary education during the 2005-06 academic year alone.

### **Learn more**

For more information about the TG Textbook Awards or TG's Public Benefit Grant Program, visit [www.tgslc.org/public\\_benefit/](http://www.tgslc.org/public_benefit/), or contact Jacob Fraire, assistant vice president for educational alliances and partnerships, at (800) 252-9743, ext. 4964.

## **Question of the week**

**Q: Can a borrower apply for two separate Consolidation loans at one time?**

A: No. According to the federal regulations, a Consolidation loan borrower must certify, at the time that he or she is applying for a Consolidation loan, that "no other application for a Consolidation loan is pending" [34 CFR 682.201(c)(1)(ii)]. This certification is included on the Federal Consolidation Loan Application and Promissory Note in section F.

If a borrower wanted to obtain two separate Consolidation loans, the borrower would have to complete the consolidation process for one loan or set of eligible loans, and then complete the consolidation process for another, separate loan or set of eligible loans.

### **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**

### **PLUS or minus: Including the new Grad PLUS in your federal student aid programs**

Since the passage of the Higher Education Reconciliation Act of 2005 (HERA), schools have been weighing the pros and cons of participating in the new Grad

PLUS program. Schools not currently participating in the PLUS loan program may be interested in offering this loan option to their graduate and professional students. Conversely, schools currently offering PLUS loans to the parents of their dependent undergraduate students may be unsure about awarding Grad PLUS loans to eligible students at their institutions.

### **Schools not currently participating in PLUS**

A school that wishes to offer PLUS loans, but is not currently approved to participate in the PLUS loan program, must update its existing Program Participation Agreement (PPA). A school may update its PPA online through ED's E-app, available at [www.eligcert.ed.gov/](http://www.eligcert.ed.gov/) (question 37 on the E-App allows a school to request changes to its Federal Student Aid [FSA] program eligibility). Be aware that a school approved to participate in the PLUS loan program must offer PLUS loans to eligible parent borrowers as well as its graduate and/or professional students, if applicable.

According to the *Federal Student Aid Handbook* (FSA Handbook), page 2-64, when requesting an addition to its FSA programs, a school must complete the E-App and then wait for written approval before disbursing funds under the program which the school is requesting to add. Given the processing time involved in updating a PPA, a school wanting to add PLUS to its FSA programs is advised to begin this process as soon as possible. Please note that approvals from the school's accrediting agency and state authorizing agency are **not** required for this change.

### **Schools currently participating in PLUS**

A school currently approved to participate in the PLUS loan program may award Grad PLUS loans without updating its PPA. However, some schools who are already participating in the PLUS program have expressed concerns about offering Grad PLUS loans to their students.

It is important to remember that Grad PLUS is not a new program that a school currently participating in the PLUS loan program may choose to opt out of; it is instead an extension of the existing PLUS loan program. Just as a school applying to add PLUS to its PPA must offer both Grad PLUS and parent PLUS loans, if applicable, a school currently offering PLUS loans to parent borrowers must offer them to its graduate and/or professional students, if applicable. A school wishing to discontinue its participation in the PLUS loan program may do so by updating its E-App, as discussed above.

### **More information**

More information about the E-App and PPA process is available in the FSA Handbook, volume 2, chapter 2. For questions about participation in the PLUS loan program, contact Charles Kracy of TG's compliance administrative operations at (800) 252-9743, ext. 4877, or send an e-mail message to [charles.kracy@tgsic.org](mailto:charles.kracy@tgsic.org).

## This, that, and the other

TG offices will be closed on Monday, May 29, in observance of Memorial Day. TG will resume normal business hours on Tuesday, May 30.

Enjoy your weekend!



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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.

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