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Tip^{of} the Week

Going to the NASFAA conference in July? Stop by the TG booth (No. 501) to learn the latest about TG's products and services.

Federal updates

Charting new territory in study-abroad disbursements

As schools begin processing FFELP awards for the upcoming fall semester, and students finalize their study-abroad plans, it is important to be aware of a change in the disbursement rules for students enrolled in study-abroad programs.

The Higher Education Reconciliation Act of 2005 (HERA) requires a lender to disburse a loan directly to the student in a study-abroad program if the following conditions apply:

- The loan is first disbursed on or after July 1, 2006.
- The student requests direct disbursement.
- The student's enrollment in the study-abroad program has been verified with the home institution.

Previously, a student in a study-abroad program was allowed to request and receive direct disbursement of a loan without any enrollment verification.

To facilitate this change in processing, the National Council of Higher Education Loan Programs (NCHELP) Electronic Standards Committee has created a new study-abroad indicator in CommonLine called the Direct Disbursement to Borrower

Indicator, which allows schools to identify a study-abroad student who has requested a direct disbursement. The school may enter a "Y" in this new field to indicate that the lender should disburse funds directly to the student. For those records, the originator of the disbursement must perform verification of enrollment prior to disbursing the funds to the borrower. If this field is blank, the lender should disburse the student's funds to the home institution. The earliest implementation date to exchange the new indicator in electronic files is July 1, 2006.

All versions of CommonLine (Releases 4, 5, and Common Record: CommonLine [CRC]) are updated to contain language regarding this new indicator. TG will adhere to this language, which states that it is the originator's responsibility to verify enrollment prior to making a direct disbursement to the borrower.

More information

For more information about this new CommonLine indicator or the procedure associated with it, contact Kyle Smith, TG assistant vice president of loan guarantee operations/data reporting, at (800) 252-9743, ext. 4894, or send an e-mail message to kyle.smith@tgslc.org.

ED announces approval of FFELP Stafford and PLUS MPNs

On Tuesday, May 23, ED released Dear Colleague Letter (DCL) FP-06-08, announcing the OMB approval of the FFELP Stafford and PLUS Master Promissory Notes (MPNs). The DCL also provides guidance on the implementation of the newly approved forms.

These Stafford and PLUS MPNs have been approved without any changes; however, they do have new OMB expiration dates. The Stafford MPN is set to expire on February 29, 2008, while the PLUS MPN is scheduled to expire on March 31, 2008. ED states that FFELP participants should distribute the newly approved version of the MPNs as soon as possible by Web and should print hardcopy versions of the newly approved forms the next time that they are scheduled to replenish their paper stock.

Highly anticipated revised forms

The FFELP industry is working with ED to revise the Stafford and PLUS MPNs to reflect the recent changes to the loan programs brought about by the passage of the Higher Education Reconciliation Act of 2005 (HERA). Even though the MPNs have just been extended in their current format, the revised forms on which ED and the industry are working may be released sooner than the end of this extension period, as the industry is diligently working to make them available as soon as possible. *TG Online* will inform customers as soon as the revised versions are available.

Don't forget that until the revised versions of the MPNs are available, any FFELP participant who is distributing an MPN should also be distributing the appropriate Stafford or PLUS loan addendum reflecting the terms and conditions of the loan as

a result of the passage of the HERA. You may access a PDF copy of the Stafford and PLUS addenda at www.tgslc.org/forms/frms_addenda.cfm.

More information

To access FP-06-08, visit www.ifap.ed.gov/dpcletters/FP0608.html.

To access copies of the newly approved (extended) MPNs, visit www.tgslc.org/forms/index.cfm

For questions about MPNs, contact TG customer assistance at (800) 845-6267 or send an e-mail message to cust.assist@tgslc.org.

TG updates

E-mail encryption and TG Loans By Web™

Over the past few months, TG has been implementing an e-mail encryption program to help protect our customers' non-public, personal information (NPI).

The e-mail encryption process makes it easier for TG to communicate with its business partners by eliminating the need to remove NPI from e-mail correspondence with customers and business partners. To help maintain the security of all communications between TG and its customers and business partners, we will be implementing the encryption process for all TG Loans By Web (LBW) auto-dispatch e-mail customers.

There are several groups of auto-dispatch e-mails which will be encrypted on a staggered schedule. To begin the implementation process, TG has been in testing with four schools that use the initial-certification auto-dispatch e-mail notification, and implementation is progressing with very little impact reported by either the schools or their borrowers.

LBW encryption overview

The following step-by-step process outlines the e-mail encryption process for LBW e-mails:

1. TG sends out the encrypted LBW e-mail message.
2. Borrowers receive a message in their e-mail inbox stating that they have received an encrypted e-mail from TG. The message also explains TG's role in the process.
3. The borrower selects the message.
4. A Web browser window opens and asks the borrower to register on a secure e-mail server to read their message.

5. The borrower enters his or her login name, which is the e-mail address to which the message was sent, and creates a password.
6. The borrower then is able to retrieve his or her message.
7. Password resets and other assistance is provided by TG's customer assistance team at (800) 845-6267.

E-mail encryption

In accordance with TG's e-mail encryption and security policies, all LBW e-mails must be encrypted. If you already use the auto-dispatch e-mail function, the messages will be encrypted automatically, regardless of whether you use the generic or a customized text message. The following types of auto-dispatch messages will be included in the encryption process:

- **School-initiated auto-dispatch e-mail**

- **LBW Certifications** — An e-mail is sent when the school saves the application in AdvanTG Web™. The application is in an "L" (LBW) status. This is the initial e-mail that is generated telling the borrower that he or she needs to visit LBW and complete their loan.
- **LBW Reminder Notifications** — A reminder e-mail that is generated based on any older "L" status records that have already had an e-mail notification sent. An older record is defined as one that is certification date plus one day.

- **Borrower Request**

- **Awaiting Certification** — This e-mail notification is sent to a borrower who has requested a loan or loans and is waiting for the school to certify his or her request. This message will notify the borrower that the request has been received by the school and will be processed.
- **Awaiting Lender Approval** — For schools that are set up for TG PLUS Credit Connection™ (PCC), an e-mail can be sent to tell a borrower that his or her request has been received and that it is awaiting approval by the lender.

LBW encryption timeline

TG would like all LBW schools to implement the encryption e-mail process no later than September 30, 2006. TG appreciates the cooperation and support of its customers during this necessary transition.

Schools that would like to volunteer for early integration or have a date in mind should send an e-mail to pmrequests@tgsdc.org.

More information

To learn more about TG's e-mail encryption process and LBW, contact TG's product management team at (800) 252-9743 or send an e-mail message to pmrequests@tgscl.org.

You may also visit TG's e-mail encryption information page on *TG Online* at www.tgscl.org/resources/securemail.cfm.

Reporting Back: 1989



By 1989 TG was entering a new phase in its history. With a larger than ever number of team members, a cache of diversified and sophisticated services, and a successful Sunset review by the state's Sunset Advisory Commission, TG had become an established resource for financial aid industry professionals, while always keeping its eyes on the future. Here are some highlights from that year's report:

"TGSLC experienced unprecedented growth this past year guaranteeing almost 300,000 Stafford loans representing over \$800 million to students pursuing postsecondary education. On the financial side, the corporation's assets totaled \$57.3 million

— double the amount of 1985. The guarantee reserves were at \$39.2 million, an all time high.

"Corporate staff also increased. We now number more than 400 employees. New employees attend a series of training sessions designed to make them familiar with the corporation and the guaranteed student loan program. Continuous training opportunities are available for experienced employees as well...



"On May 24, 1989 the 71st Texas Legislature approved legislation extending the Texas Guaranteed Student Loan Corporation for another twelve years. This legislation was the successful completion of an intensive two-year review by the state's Sunset Advisory Commission. This vote of confidence and renewal of our legislative mission ensures the longevity of this corporation through the year 2000...

"Ten years ago in 1979, the 66th Texas Legislature created TGSLC. The growth in our size and in loan volume has been dramatic since that formation. The early years of this decade were spent building a base of lenders, establishing the partnership between participating lenders and schools and TGSLC, formulating and implementing a foundation of systems and programs for TGSLC operations, and revising and expanding as growth occurred...

"The entire student financial aid delivery system is changing and evolving, and TGSLC is maturing along with it... By the year 2000 financing a postsecondary education for students and their families will be a major expense — even more difficult to overcome than it is today. TGSLC is dedicated to assisting our students

in meeting the educational expenses of the future by maintaining our level of service while fulfilling our corporate commitment to keep fees as low as possible...

"It promises to be a challenging and rewarding experience. Everyone involved in this effort, from our initial creation to the successes of the 1980s, can be proud of our accomplishments and look for greater ones in the years ahead."

Question of the week

Q: Can a borrower be denied a student loan because he or she has filed bankruptcy?

A: No. According to the *Common Manual* section 5.6, "The Bankruptcy Reform Act of 1994 prevents a school or lender from denying a federal loan or grant to an applicant solely because he or she has filed a bankruptcy petition. Thus, a FFELP applicant is eligible for new loan funds despite the filing of a bankruptcy petition.

"If the school has information about a previous or pending bankruptcy action by a Stafford or PLUS loan applicant, the school may not refuse to certify the loan if the applicant is otherwise eligible. Also, the school may not, solely because of the bankruptcy action, certify a loan for an amount that is less than the amount for which the applicant would otherwise be eligible."

In addition, per the *Common Manual* subsection 7.1.C, "In the PLUS loan process, the lender must consider any debt discharged in bankruptcy to be adverse credit. However, if the lender has information on a previous or pending bankruptcy filing by a PLUS loan applicant, the lender may not deny the loan solely based on that filing."

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>.

This, that, and the other

ED recently announced, in a response to a letter from the National Governors Association, that qualifying dual-enrollment students (i.e., students who take college courses while still in high school) will be eligible for the new Academic Competitiveness Grant, which takes effect in just about a month, on July 1, 2006.

ED had originally stated that such students would not be eligible for the grant because the program, created under the Higher Education Reconciliation Act of 2005 (HERA), excludes students who have previously enrolled in a program of undergraduate education. ED has stated that dual-enrollment students may qualify

for the new grant as long as they do not enroll in a formal degree or certificate program.

For more information about the Academic Competitiveness and SMART Grant Programs, see *Shoptalk Online* editions [355](#) and [351](#).



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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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