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Tip^{of} the Week

TG has a strong research team, providing an assortment of reports on default aversion, student graduation rates, and various trends in higher education. To learn more about the team's efforts, visit *TG Online* at www.tgslc.org/research/index.cfm.

Federal updates

ED releases interim final rules for 9/11 discharge

On December 28, 2006, ED issued interim final rules for the new loan discharge for survivors of victims of the September 11, 2001 attacks. The interim final rules are

available for download at <http://a257.g.akamaitech.net/7/257/2422/01jan20061800/edocket.access.gpo.gov/2006/pdf/E6-22245.pdf>. The rules were issued as a result of the passage of the Third Higher Education Extension Act of 2006 (THEEA), which amended the Higher Education Act (HEA), among other changes, by inserting language providing for this new loan discharge. See *Shoptalk Online*, Editions [375](#) and [385](#), for announcements of the THEEA and a corresponding *Dear Colleague Letter*, respectively.

Why "interim" final rules?

Under normal circumstances, ED develops final rules, or regulations, through a process called negotiated rulemaking, in which ED and a committee of industry representatives negotiate the construction of regulatory language. According to the *Federal Register* notice, "the requirements for a proposed rule and negotiated rulemaking do not apply to these regulations."

However, ED is allowing the public a 30-day period to submit comments on these interim final rules. To submit comments, follow the instructions provided in the *Federal Register* under the subheading "ADDRESSES." Comments are due by January 29.

Effective date

According to the *Federal Register* notice, these interim final regulations are effective the same date that comments are due, January 29.

Draft form issued

ED is also working on a form that borrowers will use to apply for this loan discharge. The form, which will be called the Loan Discharge Application: September 11, 2001 Survivors, should be approved and released soon.

More information

For more information on the 9/11 loan discharge, call TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgsic.org.

Closed school corner

The following table provides a list of newly reported school closures and error corrections from the Postsecondary Educational Participants System (PEPS) and from the January 2007 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
02218802	AIBT – International Institute of the Americas 4136 North 75th Ave.	N/A	11/24/2006

01112102

Bryman College – New Orleans N/A
859 Convention Center Blvd.
New Orleans, LA 70123-1754

9/30/2006

Current special allowance rates: quarter ending December 31, 2006

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

- The average of the bond equivalent rates of the 91-day Treasury bills auctioned during the quarter ending December 31, 2006 is 5.03 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, 2006 is 5.38 percent.

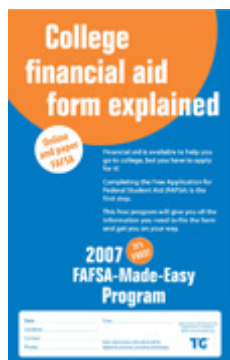
The FFELP special allowance rates for the most recent quarter are available on *TG Online* at www.tgslc.org/pdf/SA093006.pdf.

Questions

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

TG updates

Offer your students FAFSA help with TG's *FAFSA Made Easy* program



Looking for an interesting, informative, and free way to help students complete the Free Application for Federal Student Aid, or FAFSA? Try TG's *FAFSA Made Easy*, an annual program that guides students and families through each section of the application, offering useful tips and information. For many students, filling out the form can be confusing and frustrating. By providing students access to TG's program, you give them another tool for completing the most important document needed to receive financial aid.

The *FAFSA Made Easy* program provides instructions to complete both the paper and online versions of the form. TG also offers a Spanish version of the program, called *Los Pasos Sencillos de la FAFSA*. English and Spanish programs provide an overall understanding of the FAFSA process and explain what students can expect once they've submitted the form.

TG will broadcast its 12th annual FAFSA program on Thursday, February 1, 2007, from 7 p.m. to 8 p.m. CST. However, if your school can't receive satellite signals, or if you would like to show the program on a different date, TG can provide you with DVD copies of the program, in English and Spanish.

To help you promote the event, TG will supply an assortment of collateral, including posters, flyers, fact sheets, and student evaluation forms. Student evaluation forms returned to TG will enter the student in a drawing for scholarships and a grand prize.

To register for the program

To register as a host site, please complete the registration form at www.aie.org/FAFSAMadeEasy/index.cfm. Once you've registered, collateral for the event will be mailed to you. A DVD of the program will also be delivered to you via courier, with delivery to start after January 22. For more information about the *FAFSA Made Easy* program, or other TG outreach services, please contact Richard Sapp at (800) 252-9743, ext. 2865, or send an e-mail message to richard.sapp@tgslc.org.

Register today for TG's annual lender and servicer training

Throughout the year, TG works closely with lenders and servicers, meeting on-site, talking over the phone, attending regional conferences, and inviting lenders and servicers to the TG Campus. Once a year, TG offers a workshop on-site to which all lenders and servicers are welcome. The Annual Lender and Servicer Training provides lenders and servicers an opportunity to learn more about how TG can enhance lender services; it also offers an update on various TG initiatives.

TG's 2007 Lender and Servicer Training will be held on Thursday, January 25, 2007, from 8 a.m. to 3 p.m. at the Hilton Austin Airport in Austin. This year's agenda stresses a number of different topics vital to TG's partnership with lenders and servicers, including:

- TG's strong financial literacy and default aversion program offered free to schools;
- Regulatory and statutory developments and how they affect lenders and servicers;
- The expanded Public Benefit Grant program, which is helping students across the nation; and
- TG's recently-launched Hispanic Initiative, a new partnership with national organizations devoted to the college access and success of the Hispanic community.

As technology changes, regulations become more complex, and the student demands on your school customers grow, it's good to know you have a strong

business partner in TG. Come find out why more lenders and schools find TG's business expertise to be a great asset in the fast-changing world of student aid.

Register today

To register online for TG's 2007 Annual Lender and Servicer Training, visit *TG Online* at www.tgslc.org/training/lender/index.cfm. If you have questions about the event, call Viola Perez at (800) 252-9743, ext. 4507, or send an e-mail message to viola.perez@tgslc.org.

TG issues guidance about correct GB loan status reporting

Since the advent of Grad PLUS loans, the FFELP industry is continually becoming more used to their existence — counseling graduate and professional students about them, discussing their terms and conditions, setting up their disbursement schedules, disbursing them, and delivering them to borrowers. One area that demands careful attention is reporting Grad PLUS loan statuses.

FFELP Grad PLUS loans, known on the National Student Loan Data System (NSLDS) by loan code GB, should be reported the same way in which parent PLUS loans are reported. That is, when the loan is guaranteed and first disbursed, the lender should report the loan in an in-school status; when the final disbursement of the loan is made, the lender should report the loan in one of the repayment loan statuses: repayment, deferment, or forbearance.

TG has had several lenders reporting GB loans in an in-school deferment status from the point at which the loan is guaranteed, or from the point the loan is first disbursed — on a loan with multiple disbursements. A GB, or Grad PLUS, loan should only have an in-school deferment status at the point at which the final disbursement of the loan is made.

If a lender has reported a Grad PLUS loan with an in-school deferment status from the point at which the loan is guaranteed, or from the point the loan is first disbursed on a loan with multiple disbursements, TG's electronic process will reject the Lender Manifest or Common Account Maintenance (CAM) record and return it to the lender; the lender will need to correct the loan status.

More information

For more information on GB loan status reporting, call TG's data reporting team at (800) 801-8416, or send an e-mail message to good.data@tgslc.org.

TG releases NSLDS submittal schedule for 2007

TG's data reporting team has released the TG NSLDS reporting schedule for 2007.

Here is how the schedule works. Please refer to chart below.

- A lender sends in its Lender Manifest or Common Account Maintenance (CAM) records by the date in the left-hand column each month.

- Behind the scenes, TG processes the file and updates its database.
- TG then sends loan changes to the NSLDS, which updates its system, making the most current data viewable to schools by the corresponding date in the right-hand column. In this way, schools have the freshest data available — hot, right out of the oven — on their borrowers in order to make subsequent borrower eligibility determinations.

NSLDS Submittal Schedule

Lender Manifest received by 10:00 am	Data viewable on NSLDS
1/12/2007	1/17/2007
2/9/2007	2/14/2007
3/9/2007	3/14/2007
4/13/2007	4/18/2007
5/11/2007	5/16/2007
6/15/2007	6/20/2007
7/13/2007	7/18/2007
8/10/2007	8/15/2007
9/14/2007	9/19/2007
10/12/2007	10/17/2007
11/9/2007	11/15/2007
12/14/2007	12/19/2007

More information

For more information on TG's submittal schedule, call TG's data reporting team at (800) 801-8416, or send an e-mail message to good.data@tgsic.org.

Product spotlight: TG's *Options After Default* brochure



Borrowers who default on student loans may feel trapped, with few choices to make and little hope for restoring their credit. In actuality, defaulted borrowers have a number of options available to them, all of which can help them escape the negative effects of student loan default. That's a message your student borrowers will be glad to hear, and one you can easily provide them with TG's updated *Options After Default* brochure.

In a concise, portable form, the *Options After Default* brochure defines what default means; lists the rewards of staying on track with payments or setting a path to recovery; defines various ways of recovering from default; and makes clear the consequences of doing nothing on a defaulted loan.

Managing defaulted loans can be a complex business, and the brochure does an effective job of spelling out how borrowers can make the smartest decisions given their financial needs. Mail the brochure to graduating students or keep it available as a hand-out in your office lobby. Whether your students have defaulted or not, they'll find the publication serves as a useful guide for steering out of default or avoiding it altogether.

The brochure close-up

To give you a better sense of the focus of *Options After Default*, here's a summary look inside:

- **Default defined:** After default, loans change hands with the guarantor assuming ownership and responsibility for ensuring payment. Though default represents a serious situation, borrowers still have options, which they should take advantage of.
- **It's possible to recover:** The rewards for recovering from default are many, among them: a restored credit rating, flexible repayment plans, eligibility for more students loans, no wage garnishment, and, eventually, a completely repaid loan, which means a more secure financial future.
- **Recovering from default — your options:** The brochure details four ways out of default: payment in full; loan rehabilitation, which means completing a payment plan of nine on-time payments over 10 consecutive months; reinstated eligibility for federal student aid, which comes after making six voluntary, on-time payments over consecutive months; and loan consolidation, which often offers favorable repayment arrangements that meet the financial needs of many borrowers.
- **Negative consequences:** A list of some of the many disadvantages of not paying back a loan in default; among them: withheld tax refunds; wage garnishment, up to 15 percent of a paycheck; a bad credit rating potentially lasting years; and a loss of access to deferment and forbearance options.
- **Next steps:** TG serves as a strong support to student borrowers, whether they have loans that TG owns or not. TG offers both online and over-the-phone assistance.

To order the brochure

You can order the *Options After Default* brochure by visiting *TG Online* at www.tgslc.org/forms/index.cfm. Note that this brochure replaces any previous TG *Options After Default* brochure. If you stock a previous brochure, be sure to order its replacement.

To find out more

If you have questions about information available in this brochure, please call TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgslc.org.

Trends and issues

Former Senator Robert T. Stafford, namesake of the Federal Stafford Loan Program, dies at 93

Senator Robert T. Stafford, after whom the nation's largest student loan program is named, died on December 23, 2006, at the age of 93. Senator Stafford, who retired in 1989 after serving 17 years as a senator for Vermont, made education one of his primary causes, helping to shape the student loan program early on. He was also a staunch defender of any effort to which he lent his support, including education and ecology. In 1988, Congress officially recognized his efforts by renaming the Federal Guaranteed Student Loan Program the Robert T. Stafford Student Loan Program. Each year, the program provides tens of billions of dollars in student loans to borrowers, and, to date, has helped millions of students get a college degree.

Question of the week

Q: I am preparing to complete the FAFSA; but because my parents are divorced I am not sure which parent's information I should use to complete the parent portion of the application. Would I use the parent who claimed me as a tax dependent on their tax return for the relevant year, or would I use the parent with whom I live? My parents make about the same amount of yearly income: Is income a factor that should be considered? What other factors should a student and/or a parent consider when completing the FAFSA if the student's parents are divorced?

A: If a student's parents are divorced, the student should report the information of the parent with whom the student lived longer during the twelve months prior to the date the student completes the FAFSA, regardless of which parent claimed him/her as an exemption for tax purposes. Tax filing status is not necessarily a factor when considering which parent's income to consider. If the student lived equally with each parent or didn't live with either one, then the student should provide the information for the parent from whom he received more financial support or the one from whom he received more support the last calendar year for which it was given.

In some cases, parents may feel that they both contributed equally to their child's support. Even when income and cash support amounts are similar, there are other types of support that should be considered, such as having health insurance or a car loan on the student's behalf. If, after considering all factors,

both parents continue to feel that they both contributed an equal portion of their child's support, then the parents should look back to the last year in which one parent provided more support and use that parent's information.

This topic is discussed in the 2006-07 *Federal Student Aid Handbook*, specifically the *Application and Verification Guide*, page 29.

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. It 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 tgslc.custhelp.com.

Common Manual

Common Manual updates

On December 21, 2006, 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 available online at www.tgslc.org/resources/integrated_online_manual.cfm.

NSLDS Ad Hoc Reporting

The *Common Manual* has been updated to include information regarding the National Student Loan Data System (NSLDS) ad hoc reporting. In addition to submitting regular reports to the NSLDS, a school is required to report enrollment status changes that affect the grace period, repayment responsibility, or deferment privileges of a borrower. An ad hoc report must be submitted within 30 days unless the school expects to submit a Submittal File within the next 60 days. Revised policy also provides ad hoc reporting methods the school may use.

A school, or its designated servicer, must respond to all requests for borrower information from guarantors and lenders for information about recipients of Title IV loan funds — including information needed to locate the borrower — to determine the borrower's eligibility for deferment, or to establish the borrower's repayment schedule.

In addition, subsection 9.2.B has been renamed "Ad Hoc Reporting" and a new subsection 9.2.C "Information Sharing with the Department, a Lender, or a Guarantor" has been added.

Affected Sections:

- 9.2 Student Enrollment Status Reporting
- 9.2.B Reporting Student Enrollment Changes to the Lender or Guarantor

Effective Date: Enrollment status changes reported by a school on or after March 1, 1997.

Basis: §682.610(c)(2); Dear Colleague Letters GEN-96-17 and GEN-96-L-189; October 2005 NSLDS Enrollment Reporting Guide, Chapter 3, Section 3.3.

Policy Information: 909/Batch 135

Guarantor Comments: None.

Guarantor Review of Exceptional Performer Claims

The *Common Manual* has been revised to state that a guarantor may not return a claim due to errors in repayment conversion, due diligence, or timely filing to a lender or lender servicer designated as an exceptional performer. However, if the lender is unable to provide a complete claim or if the loan is otherwise ineligible for claim payment (such as due to a previous, unresolved loss of loan guarantee) the guarantor must return the claim file despite the lender's or servicer's exceptional performer designation.

Affected Sections: 13.2 Claim Returns

Effective Date: Claims filed by exceptional performer lenders and lender servicers on or after March 2004.

Basis: §682.415(b)(5)(i) and (ii); Dear Colleague Letter FP-04-04, Q1.17/A1.17, Q1.22/A1.22, and Q1.24/A1.24.

Policy Information: 912/Batch 136

Guarantor Comments: None.

Lender Disbursement through an Escrow Agent

The *Common Manual* has been revised to reflect statutory changes derived from the HERA requiring a lender that disburses loan proceeds through an escrow agent to make funds available to the escrow agent no earlier than 10 days prior to the date of the scheduled disbursement.

Affected Sections: 7.7 Disbursing the Loan

Effective Date: Loan proceeds paid by a lender to an escrow agent on or after July 1, 2006.

Basis: Higher Education Act of 1965, section 428(i)(1), as amended by the Higher Education Reconciliation Act (HERA) of 2005; Dear Colleague Letter GEN-06-02/FP-06-01.

Policy Information: 913/Batch 136

Guarantor Comments: None.

Bankruptcy Claims and Lenders Designated as Exceptional Performers

The *Common Manual* has been revised to state that bankruptcy claims filed by a lender designated as an exceptional performer are subject to review for the lender's compliance with standard bankruptcy policies and requirements. The lender's failure to comply with those requirements may result in the guarantor's return of the bankruptcy claim to the lender, or, if the claim has been purchased, the lender's repurchase of the loan(s).

Affected Sections:	13.1.A Claim Filing Requirements 13.5 Claim Repurchase
Effective Date:	Bankruptcy notifications received by the lender or after July 1, 2007, unless implemented earlier by the guarantor.
Basis:	34 CFR 682.402(f)(4); FP-04-04, Q1.17/A1.17 and Q1.22/A1.22; Private letter guidance issued by the Department on March 28, 2006.
Policy Information:	914/Batch 136
Guarantor Comments:	None.

False Certification Claim Purchase Time Frame

Common policy language for the false certification claim payment time frame has been revised in section 13.3 to be more consistent with the language in subsection 13.8.D. The guarantor has 30 days from the date the guarantor approves the loan discharge application to pay the false certification claim. Language in both subsections has been revised to acknowledge that the loan may be determined to be dischargeable under several circumstances, including the guarantor's approval of a borrower's loan discharge application, the guarantor's own discharge determination, and the guarantor's receipt of notification from the Department that the borrower is eligible for the loan discharge.

Affected Sections:	13.3 Claim Purchase or Discharge Payment 13.8.D False Certification by the School
Effective Date:	Retroactive to the implementation of the <i>Common Manual</i> .
Basis:	§682.402(e)(7)(ii).
Policy Information:	915/Batch 136
Guarantor Comments:	None.

Stafford Undergraduate Annual and Aggregate Loan Limits

The *Common Manual* has been revised to clarify the content of Figure 6-4 by changing the title to "Stafford Undergraduate Annual and Aggregate Loan Limits." In addition, the numerator in Proportional Proration Calculation #2 (for prorating loan eligibility in a program of study that is less than one academic year in length)

has been corrected to specify "number of weeks enrolled in program" divided by "number of weeks in academic year."

- Affected Sections:** Figure 6-4 Stafford Annual Loan Limits
- Effective Date:** Retroactive to the implementation of the *Common Manual*.
- Basis:** 34 CFR 682.204(a)(1)(iii) and (d)(1)(iii); 2006-2007 Federal Student Aid Handbook, Volume 3, Chapter 4, page 3-80.
- Policy Information:** 916/Batch 136
- Guarantor Comments:** None.

Deferment Eligibility

The *Common Manual* has been revised to state consistently that a deferment is available to a borrower who is experiencing conditions that qualify the borrower for the deferment, thereby emphasizing that deferment is an entitlement for an eligible borrower.

- Affected Sections:
- 11.2 ACTION Program Deferment
 - 11.3 Armed Forces Deferment
 - 11.4 Economic Hardship Deferment
 - 11.6 In-School Deferment and Summer Bridge
 - 11.7 Internship/Residency Deferment
 - 11.8 Military Deferment
 - 11.9 National Oceanic and Atmospheric Administration Corps Deferment
 - 11.10 Parental Leave Deferment
 - 11.11 Peace Corps Deferment
 - 11.12 Public Health Service Deferment
 - 11.14 Tax-Exempt Organization Volunteer Deferment
 - 11.15 Teacher Shortage Area or Targeted Teacher Deferment
 - 11.18 Working Mother Deferment

- Effective Date:** Retroactive to the implementation of the *Common Manual*.
- Basis:** §682.210(a)(1)(i).
- Policy Information:** 917/Batch 136
- Guarantor Comments:** None.

Delinquency Period and the Definition of Default

Appendix G of the *Common Manual* has been revised to align the definition of default with current manual policy in section 13.6 and federal guidance in §682.200(b) and Appendix D to 34 CFR Part 682. The reference to 270 “consecutive” days has been removed, and the manual glossary now defines default as the failure of a borrower (or endorser or comaker, if any) to make installment payments when due, provided that this failure persists for a period of 270 days for a loan repayable in monthly installments.

Affected Sections:	Appendix G
Effective Date:	Retroactive to the implementation of the <i>Common Manual</i> .
Basis:	§682.200(b); Appendix D to 34 CFR Part 682, Introduction, C. Due Diligence.
Policy Information:	918/Batch 136
Guarantor Comments:	None.

Legislative update

The Democrats, who have taken control of both Houses of Congress, have set a tight agenda for the first few weeks of the session for the House of Representatives, scheduling discussion on a slew of bills that should receive swift passage given the Democratic majority. Bills touching on the federal minimum wage, Medicare prescription drug prices, ethics reform, and subsidized student loans are just some of these measures. Democrats are advocating a reduction in interest rates on subsidized student loans from 6.8 percent to 3.4 percent. The cost would be covered in other ways, according to Democrats. To learn more about this particular bill, read the full report on *TG Online* at www.tgslc.org/lege_report/index.cfm.

This, that, and the other

Did you know that the Free Application for Federal Student Aid (FAFSA) was first created as a result of the 1992 reauthorization of the Higher Education Act (HEA)?

The reauthorization revised section 483 of the HEA, which mandates that “The Secretary [of Education], in cooperation with representatives of agencies and organizations involved in student financial assistance, shall produce, distribute, and process free of charge a common financial reporting form to be used to determine the need and eligibility of a student for financial assistance...” It also revised section 479, which established a unified federal methodology.



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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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