

In this issue:

Federal updates	1
House passes H.R. 5	1
TG updates	3
TG rolls out new campus job placement software .	3
Meet George Torres, assistant vice president of congressional and legislative relations	4
Order the new <i>Graduate PLUS Loan</i> and <i>Parent PLUS Loan</i> brochures from TG	6
Trends and issues	8
Get blanket notification whenever a default aversion assistance request is filed on a student or former student	8
Question of the week	8
Legislative update	9
This, that, and the other	9

Tip^{of} the Week

Tax season is here. Paying for student loans can sometimes mean a tax deduction. If your borrowers have questions about the deductions they may be able to claim, direct them to *TG Online* at www.tgslc.org/resources/tax.cfm.

Federal updates

House passes H.R. 5

On January 17, the House of Representatives approved H.R. 5, the College Student Aid Relief Act of 2007. The bill, sponsored by Rep. George Miller of California and co-sponsored by an additional 209 representatives, passed by a margin of 356-71. H.R. 5, which contains several provisions of great significance to the financial aid community, proposes to:

- Reduce subsidized Stafford loan interest rates in the FFEL and Direct Loan programs as follows:
 - For loans first disbursed on or after July 1, 2007, and before July 1, 2008: 6.12 percent

- For loans first disbursed on or after July 1, 2008, and before July 1, 2009: 5.44 percent
- For loans first disbursed on or after July 1, 2009, and before July 1, 2010: 4.76 percent
- For loans first disbursed on or after July 1, 2010, and before July 1, 2011: 4.08 percent
- For loans first disbursed on or after July 1, 2011, and before January 1, 2012: 3.40 percent
- Loans disbursed on or after January 1, 2012, would revert to the current 6.80 percent fixed interest rate unless additional legislation alters the expiration of the reduced rate.
- Reduce lender insurance from 97 percent to 95 percent for FFELP loans disbursed on or after July 1, 2007. Exempt claims and loans made under the lender of last resort program would continue to be eligible for 100 percent reimbursement.
- Reduce guarantor collection retention as follows:
 - Between October 1, 2007, and September 30, 2008: from 23 percent to 20 percent.
 - Between October 1, 2008, and September 30, 2010: from 20 percent to 18 percent.
 - Beginning October 1, 2010: a percentage "equal to the average rate paid to collection agencies that have contracts with the Secretary."
- Eliminate exceptional performer status for lenders effective July 1, 2007.
- Increase lender fees for FFELP loans first disbursed on or after July 1, 2007, from 0.5 percent to 1.0 percent. This lender fee is described in the *Common Manual* subsection 3.5.A.
- Increase the annual interest payment rebate fee for Consolidation loans for applications received on or after July 1, 2007, from 1.05 percent to 1.30 percent. This increase applies only if 90 percent or more of the lender's holdings are in Consolidation loans. This interest payment rebate fee is described in the *Common Manual* section 15.7.
- Reduce special allowance payments by 0.1 percent for FFELP loans first disbursed on or after July 1, 2007, for lenders that, as a group, hold 90 percent of the total principal amount of all FFELP loan volume. Other lenders, designated by ED as small lenders, would be exempt from this reduction.

What's next?

Senator Richard Durbin of Illinois has introduced S. 282, a companion bill to H.R. 5, which contains only the interest rate reductions proposed by H.R. 5. Both S. 282 and H.R. 5 will now go to the Senate Health, Education, Labor, and Pensions Committee for consideration. The fate of the two bills is far from certain, as Sen. Edward Kennedy of Massachusetts has indicated that he will pursue a more comprehensive Higher Education Act reauthorization bill addressing not only the interest rate reduction, but also an increase in the maximum Pell Grant amount, an income-contingent repayment option for the FFELP, regulation of the private student loan industry, and a loan forgiveness program for individuals who spend ten years in public service.

More information

TG will monitor the progress of H.R. 5 and S. 282 and provide updates in *Shoptalk Online* as information becomes available. To view the text of H.R. 5, please visit the Library of Congress [THOMAS](#) Web site.

TG updates

TG rolls out new campus job placement software

Is hiring for your school's campus jobs taking all your time? Would you like to post all your Work-Study and student employment positions online? Do you find matching the qualifications for hundreds of applicants with the requirements for a few jobs confusing and difficult? Get some electronic help with TG CollegeWorks By Web™.

TG CollegeWorks By Web can help you with all your student employment needs. Students can use it to find out what's available and apply through the Web. You can use it to gather applications, pre-screen applicants, and administer each aspect of filling a position, all at no cost. What's more, TG's software gives you the administrative control over campus hiring to save you time and energy for other tasks.

TG CollegeWorks By Web goes into wide release in April. However, schools using a trial version of the software find it to be a versatile, user-friendly tool that offers a number of advantages.

"Students can follow the approval or denial of a request for employment from their room or any place that has computer access," said A. D. James, Jr., director of student financial services at Tuskegee University. "This reduces the time they spend at the financial aid office, inquiring about employment. The staff likes it too. They can post a job description on the site and receive inquiries only from students who meet the criteria for a job. This eliminates students reporting for an interview who do not have any qualifications for work in a particular area."

More time for training or other office tasks

You may have dozens of jobs to post and hundreds if not thousands of job applicants to screen. TG CollegeWorks By Web simplifies the process, potentially eliminating long lines of applicants for Work-Study or other positions. Here are a few other reasons why TG CollegeWorks By Web can be a welcome addition to your student services, Work-Study, or financial aid office.

- Paperless process for posting campus job openings
- Get automatic e-mail notices when a student applies
- Gather candidate history for a job at the click of a mouse
- Set and control job details through easy, electronic interface
- Provide 24/7 access for students and administrators
- Integrates seamlessly with your Work-Study process
- Connect your students with all the jobs they qualify for
- Automates job administration so you can focus more on training

To learn more

Would you like you to find out how you can begin using this new addition to TG's suite of electronic tools for financial aid professionals? Contact your TG account executive at (800) 252-9743.

Meet George Torres, assistant vice president of congressional and legislative relations



To form the laws that govern the FFELP industry, legislators often turn to those working in the industry for information, even guidance. After all, the institutions that administer the FFELP have a vast pool of knowledge about how well the system functions and what benefits the industry's most significant customers — borrowers.

Someone who serves as an advocate for the higher education finance community — including schools, lenders, and borrowers — and as an information resource to legislators on both a national and state level is TG's assistant vice president of congressional and legislative relations, George Torres. George has worked for more than three decades in higher education finance, on both sides of the picture: first as a legislative staff member for a Texas representative who pioneered the implementation of the Guaranteed Student Loan Program (the predecessor to the FFELP) in Texas; as a congressional staff member; and currently as a liaison between TG and its customers and both national and state legislators.

George has a distinguished career in student financial assistance. He worked on the legislative committee that drafted the original legislation that brought TG into existence in the late '70s. Subsequently, George was tapped to head up the Texas House Higher Education Committee as staff director. He served in that capacity until 1985 when Joe McCormick, TG's first executive director, approached him about a position with TG.

Since then, George has shaped his role into one of an advocate and information resource, providing legislators — with the help of TG's research team — a steady stream of reports that reflect how the FFELP is performing in Texas. In effect, George serves as a voice for those working in the FFELP, especially schools and lenders, articulating their interests to legislators, and offering guidance on the latest changes to higher education policy. George writes TG's [Legislative Report](#), which keeps a close eye on developments in student financial assistance.

To learn more about his work, *Shoptalk Online* recently asked George questions about his responsibilities over the last several decades and his particular dedication to the social mission of higher education.

Shoptalk Online: Describe what you do.

George: I monitor state and national legislative and congressional activity that may affect TG, the FFELP, and student financial aid; and I advise TG's president and CEO about issues pending in these areas. I work with student aid associations, legislative and congressional staffs, and members of the Texas Congressional Delegation, discussing legislative and congressional matters and providing advice on these issues. As a part of this work, I have encouraged, and continue to encourage, the Texas student financial aid community to take a larger role in advocating for student financial aid issues in the political arena.

Among other things, I also help conduct student aid workshops for legislative and congressional staff, alert legislative and congressional offices of the impact of proposed legislation on TG borrowers, and develop and provide position statements to legislative and congressional staff on issues of importance to TG and higher education finance.

Shoptalk Online: How do you represent TG's interests to legislators?

George: My role in this area has evolved over the years. On a state-level, TG works closely with the Texas Association of School Financial Aid Administrators (TASFAA), the Association of Texas Lenders for Education (ATLE), and others, identifying issues of importance in higher education finance and developing positions addressing those issues. At TG, I've worked closely with the research team, assisting them in developing research products that have established TG as a valuable resource for our business partners and for legislative and congressional staff. A few examples include TG's [School Fact Sheets](#), [Legislative Fact Sheets](#), and the annual report [State of Student Aid](#). This information is provided to state legislators as well as to the 34 Texas Congressional offices.

Shoptalk Online: What do you like most about your work?

George: I've been given the flexibility to be creative in helping our business partners and congressional leaders. I also like the policymaking arena of the legislative process — I've always found that interesting.

Shoptalk Online: What's a typical day like for you?

George: It depends on the level of activity in Congress or in the Texas Legislature. Things are picking up right now because the Legislature is now in session, and TG just submitted its first mandated report on the demand for student financial aid in Texas (see *Shoptalk Online* Edition [388](#) for more information about this report). Also, the new Democratically-controlled 110th Congress has just convened and promises to put student financial aid and student loans on the "front burner" after several years of relative stagnation. Just last week, we learned that Rep. Ruben Hinojosa, a senior member of the Texas Congressional Delegation and a strong supporter of student financial aid and the FFELP, will chair the House Subcommittee on Higher Education, LifeLong Learning, and Competitiveness of the House Education and Labor Committee. This is the Subcommittee that will draft the House version of the Higher Education Act reauthorization bill. TG looks forward to assisting the chairman in any way we can as he takes on this new and prominent role.

To learn more

To find out more about the research services that TG provides to business partners and legislators, visit *TG Online* at www.tgslc.org/research/index.cfm.

Order the new *Graduate PLUS Loan* and *Parent PLUS Loan* brochures from TG



TG offers two new brochures that describe the PLUS loan process: *Graduate PLUS Loan* provides information on the recently-inaugurated Grad PLUS loan for students; and *Parent PLUS Loan* offers a concise overview of the PLUS loan process for parent-borrowers.

The brochures lay out the entire loan request process for both types of PLUS loans, describe loan terms, and concisely explain the advantages of PLUS loans as compared to other types of higher education financing. Borrowers will find the easy-to-understand language especially helpful in explaining the details of the credit check process, interest rates, and loan distribution times.

Offer the brochures in your office lobby or mail them to prospective students and parent-borrowers.

The brochures close up

The *Graduate PLUS Loan* and *Parent PLUS Loan* brochures follow a similar format. However, in the case of Grad PLUS loans, the brochure includes information on in-school deferment and the option to postpone loan payments until after graduation or a drop to less than half-time status.

Here's a look at information found in both publications:

- **Applying for a loan:** Master promissory notes save time and paperwork when it comes to taking out multiple loans.
- **Choosing a lender:** Borrowers choose the lender; in the case of Parent PLUS loans, one lender for multiple loans covering multiple dependents may be helpful since this makes payment easier.
- **Getting the money:** Loans are often halved and disbursed by the semester; loan amounts can be changed within certain parameters, as financial circumstances change or as borrowers request changes.
- **PLUS loan terms:** Schools must certify borrowers for a loan; lenders must run credit checks before the loan is guaranteed; the federal interest rate for PLUS loans is fixed; and mandatory fees are charged for particular services, including an origination fee and federal default fee. Disclosure statements provide the details about a loan.
- **PLUS loan process:** A flow chart outlines each major step of taking out a PLUS loan, from the student's choice in school to the time a borrower must begin repayment after the final disbursement.



To order

To get a supply of the *Graduate PLUS Loan* and the *Parent PLUS Loan* brochures, visit the *Online Forms/Publications* ordering page on *TG Online* at www.tgslc.org/forms/index.cfm. Note that the *Parent PLUS Loan* pamphlet is also available to order in Spanish.

To get more help by phone

Borrowers with questions about the Grad PLUS or Parent PLUS loans can contact TG customer assistance at (800) 845-6267; or ask them to send an e-mail message to cust.assist@tgslc.org.

Trends and issues

Get blanket notification whenever a default aversion assistance request is filed on a student or former student

In accordance with 34 CFR, Section 682.404(a)(4), schools and school agents can make a blanket request to be notified whenever any of the school's current or former Stafford loan borrowers are the subject of a default aversion assistance request (DAAR).

Upon such a request, TG is required to notify the school or school's agent of the lender's or servicer's request for default aversion assistance. There is no charge to the school or school's agent for this notification.

In compliance with this requirement, TG's default prevention team provides schools a weekly Notice of Default Prevention Activity report through a free subscription service. The report notifies schools of Stafford loan borrower delinquencies at day 60, day 159, and again at day 210. This report also identifies Stafford loan borrowers who cannot be located, who have resolved their delinquency by deferment, forbearance, and payment, or who are in a claim-pending status with TG.

The report is also available in an electronic format called the Electronic School Report (ESR). Use AdvanTG Web™ to request and receive the ESR. Note that the ESR includes form letters that can be sent by schools to borrowers. Information provided on the report is derived directly from DAAR updates received by TG from lenders and servicers. If your school has implemented a default management program, this report will be valuable to you.

Need help or want more information?

To learn more or to receive training on default aversion assistance request notification, contact Joe Braxton at (800) 252-9743, ext. 4696, or send an e-mail message to joe.braxton@tgslc.org.

If you have technical questions or need technical assistance with the electronic default aversion assistance request notification, contact Joseph Dent at (800) 252-9743, ext. 4956, or send an e-mail message to joseph.dent@tgslc.org.

Question of the week

Q.: If a student entered the U.S. one month prior to his 26th birthday and failed to register with the Selective Service, but meets all other eligibility requirements, does the student qualify for federal student aid?

A.: The 2006-07 *Federal Student Aid Handbook* states that "Men aged 18 through 25 are required to register with the Selective Service System. This

requirement covers men residing in the United States who are U.S. citizens or non-citizens, except that a man who is in the U.S. as a lawful non-immigrant isn't required to register as long as he maintains that status." A lawful non-immigrant is a non-citizen that entered the U.S. on a valid visa and remained in the U.S. on the terms of that visa until after he turned 26. There are additional exemptions to the registration requirement.

If a school isn't clear whether a student is exempt from the requirement to register, it should advise the student to request a Status Information Letter from the Selective Service. If the Status Information Letter does not provide definitive information, the school must collect additional information from the student and decide whether the student's failure to register was both willful and knowing. For instance, the school should consider where the student was living between the ages of 18-25, whether the student thinks he was registered, and why the student claims he was not aware of the registration requirement. If the school feels the evidence supports the student's claim that he did not know about the registration requirement and did not willingly avoid registration, the school may approve him for federal student aid.

The Status Information Letter can be found on the Selective Service System Web site at www.sss.gov. Additionally, the *Federal Student Aid Handbook* dedicates Chapter 5 (pages 1-57) entirely to Selective Service. Within the chapter, you can review information regarding exemptions, successful and unsuccessful matches, and determine if non-registration was knowing and willful.

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.

Legislative update

The Democratically-controlled U.S. House of Representatives set an ambitious legislative agenda for the first 100 hours of the 110th session of Congress. Given their majority, the Democrats are making good on a promise to pass legislation in a number of different areas, including student loans. H.R. 5, the College Student Relief Act, which proposes halving student loan interest rates by 2011, has passed the House with a veto-proof majority. Learn more about the details of this bill and the companion Senate bill in the full *Legislative Report on TG Online* at www.tgslc.org/lege_report/index.cfm.

This, that, and the other

Join TG at the Southern Association of Student Financial Aid Administrators (SASFAA) Conference in Nashville, Tenn., held February 11 – 14. TG will be

presenting several workshops on a varied array of topics. You'll explore the concept of leadership in "Leadership at Work," an informative session on ways you can build trust, embrace change, and help others to succeed. If you'd like to improve your Spanish for work purposes, attend the "Business Spanish for Phone and Commonly-Used Terms" training. Or to learn more about an interesting study on long-range cohort default rates, try "The Context: Crisis Averted or Merely Postponed." To find out what other conferences and events at which TG will be attending or presenting, view TG's *Event Calendar* at www.tgslc.org/abouttg/calendar.cfm.



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

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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, Cindy Marrs, Art Martinez, and Cynthia Ortiz. Edited by TG Communications and Policy and Regulatory Affairs. Designed by TG Communications.

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