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Tip^{of} the Week

At some point in their career, many graduates need to defer payments on their student loans. TG offers a comprehensive resource on deferment on *TG Online*. These Web pages describe the various eligibility requirements and offer links to completing deferment paperwork based on the borrower's need. You'll find TG's online deferment pages at www.tgslc.org/borrowers/deferment/index.cfm.

Federal updates

ED to allow limited access to NSLDS

As previously reported in *Shoptalk Online* (Edition [402](#)), on April 18 ED suspended access to the National Student Loan Data System (NSLDS) for financial partners — lenders and guarantors — in order to examine the database for instances of "unauthorized use of NSLDS" (per an ED announcement titled Access to NSLDS-Update #1, released April 20).

In a second announcement released this week, ED states that it will soon allow some financial partners limited access to the system, but notes that "reinstatement will not begin for an entity until it has complied with certain conditions that will be specified in a separate communication to each entity."

The announcement also informs all NSLDS users that as of Monday, April 30, ED has revised the Web access log in procedure in order to better protect student data. Users must now:

- Enter correctly a random series of letters and/or numbers presented on the log in screen.
- Enter the borrower's date of birth and the borrower's first name, in addition to the borrower's Social Security number.

Additionally, the online registration process for requesting new user IDs and for adding NSLDS Web access for existing users has been suspended.

More information

To view "Access to NSLDS-Update #2," go to <http://ifap.ed.gov/eannouncements/0427NSLDSAccess.html>.

ED keeps things status quo for ACG and SMART for next year

It appears that 2007-08 is going to look a lot like 2006-07 under the Academic Competitiveness Grant (ACG) and National Science and Mathematics Access to Retain Talent (SMART) Grant Programs. According to Dear Colleague Letter (DCL) GEN-07-02, the maximum annual award amounts for both programs and the list of majors under the National SMART Grant Program will remain the same next year as the current year.

Amounts

GEN-07-02 states that the maximum award amounts for each program for the 2007-08 award year will be:

- Year 1 ACG — \$750
- Year 2 ACG — \$1,300
- Year 3 National SMART Grant — \$4,000
- Year 4 National SMART Grant — \$4,000

SMART majors

In addition, the DCL states that "The Secretary has determined that the 2007-2008 list of CIP codes for academic majors approved for the National SMART Grant Program will be the same as the list that has been used for the 2006-2007 award year." The DCL has an attachment that includes that list of eligible majors.

More information

To access DCL GEN-07-02, go to the Information for Financial Aid Professionals Web site at <http://ifap.ed.gov/dpclletters/GEN0702.html>.

Accreditation Neg Reg gets one more chance

The Accreditation team participating in the negotiated rulemaking (Neg Reg) process met for what appeared to be the last of three sessions last week in Washington, D.C. The team was unable to achieve overall consensus, which would have meant that ED would draft the proposed regulations as it deemed appropriate. However, according to *Inside Higher Ed*, an online industry periodical, ED officials decided late yesterday that ED would hold a one-day meeting in late May or early June to allow participants another opportunity to come to overall consensus on the approximately dozen issues that the Accreditation team was charged with negotiating. *Shoptalk Online* will report on the outcome of that final meeting.

TG updates

TG introduces TG Versatile Routingsm

TG has launched TG Versatile Routing, a proprietary service that simplifies and enhances guarantee processing, routing, and reporting for lenders that use a single lender identification number (LID) with multiple servicers to obtain TG loan guarantees. TG Versatile Routing provides greater operational flexibility to support a lender's ability to manage activities with multiple servicers using a single LID.

This new service will offer lenders using TG's guarantee the opportunity to provide enhanced service to meet the needs of their customers by:

- Providing the flexibility necessary to completely control servicer assignments on loans based on a number of criteria, including a borrower's prior servicer relationship, state of origin, and other factors;
- Establishing working relationships with servicers in new geographic markets; and,
- Enabling lenders using TG's guarantee to more effectively accommodate a school's servicer preferences.

"TG Versatile Routing demonstrates TG's on-going commitment to provide exceptional service and deliver innovative solutions, in this case, to multi-servicer

lenders that use our guarantee," said Kim Alexander, TG vice president for customer focus. "We worked with our Lender and School Advisory Committees to make a significant strategic and resource commitment to this project. We are excited about the benefits this service will bring to lenders using TG's guarantee, routing, and funding services."

To learn more

To find out more about TG Versatile Routing, lenders may contact TG's lender partnerships team at (800) 252-9743 or lenderrequests@tgsic.org. Schools may contact their TG account executive.

Spotlight on TG's Public Benefit Grant Program: the Mobile Go Center



Some of the biggest counties in Texas — those that lay on the Rio Grande border between Texas and Mexico — are also some of the most thinly-populated areas of the state. Comprised of desert ranchland, these counties support an overwhelmingly Hispanic population located in small towns and communities. Schools in these border areas face a particular challenge: how to spread the word about the rewards and attainability of a college degree when resources are limited and communities lie so far apart.

One answer is to give the campaign for college awareness some wheels and bring it to the people. The P-16 Council of South Texas, in partnership with Laredo Community College and South Texas Tech Prep, has done just that. With the help of a grant from TG's Public Benefit Grant Program, the organization recently purchased a 32-foot trailer and outfitted it with laptops and assorted college materials. Hitched to a pickup, the trailer — or Mobile Go Center — becomes a rolling education outreach event, offering students and families in border counties, like Jim Hogg, Webb, and Zapata, vital information on planning for college.

Taking college awareness on the road

Approximately 25,000 middle and high school students live in this tri-county area along the Rio Grande. The Mobile Go Center provides these students with a number of different services, chief among them, Internet access to apply for college, to search for scholarships and complete applications, and even to do some job hunting — if that's what a particular community needs.

Low college enrollment rates are an endemic problem for this part of Texas, mostly because families lack information about financial aid or believe they can't afford college. Since launching in February of this year, the Mobile Go Center has served well over five hundred students in such towns as Laredo, Cotulla, and Eagle Pass. With a heavy travel schedule ahead, the center should reach even more students

and potentially help “close the gap” in minority enrollment at Texas colleges and universities.

So far, the Mobile Go Center has certainly been a success with local communities. “Every site we’ve visited has expressed a positive response,” said Ricardo B. Hinojosa, director of South Texas Tech Prep and a member of the P-16 Council. “A few parents have even enrolled in a college or university so that they could enhance their professional skills or finish a degree.”

TG's Public Benefit Award Program

TG established its Public Benefit Award Program to promote college access and student retention in higher education. The program provides grants to institutions that have projects and services created to enhance academic access and success, especially for student populations that have been traditionally under-represented on college campuses.

To receive funds, organizations were required to submit proposals that addressed the issue of access to postsecondary education and that focused on the needs of first-generation college students, students from high schools with low college-going rates, and/or students who are underrepresented in higher education.

To learn more

If you'd like to learn more about TG's Public Benefit Grant Program, you'll find a description of its purpose and process on *TG Online* at www.tgslc.org/public_benefit/index.cfm.

Trends and issues

Accurate and timely enrollment status reporting is critical for Grad PLUS

Since the implementation of Grad PLUS loans, the industry has discovered several ramifications of the extension of PLUS loans to graduate and professional students. The program is very beneficial to graduate and professional students — they can borrow under a federal program, with a low interest rate and borrower benefits, up to the cost of attendance minus estimated financial assistance. But it’s also a little confusing: the borrower enters repayment while in school, though he or she immediately qualifies for a deferment.

Since the industry is still in the first year of Grad PLUS loan processing, TG provides this article as a way to help schools that are considering certain practices, which may alleviate the Grad PLUS borrower’s potential confusion. The following paragraphs encourage schools to provide enrollment information on Grad PLUS borrowers that will reflect their true status as they complete their programs of study and transition out of deferment and into repayment.

Premature end of in-school deferment

Shoptalk Online reported in Edition [394](#) that it is very important that a school, when certifying a Stafford or PLUS loan or completing an In-School Deferment Request, provides an anticipated graduation/completion date that reflects the date that the student is expected to complete his or her program of study. Here is why this accurate reporting is even more critical for Grad PLUS loans.

A Grad PLUS borrower enters repayment on his or her loan once the loan is fully disbursed, but is eligible for an in-school deferment through the date the borrower ceases to be enrolled at least half time. If the Grad PLUS borrower's school provides an inaccurate anticipated graduation/completion date at loan certification or upon completing an In-School Deferment Request, or provides enrollment status information that indicates that the borrower is no longer enrolled at least half time, but the borrower is still enrolled at least half time, the borrower's in-school deferment will end prematurely. For example, if a school certifies a loan for the fall and spring academic year, and provides an anticipated graduation/completion date of the end of the loan period (i.e., the end of spring), but the borrower's true graduation date is further off, the borrower may appear to have lost deferment eligibility.

The borrower will be responsible for his or her first payment within 60 days of the end of the deferment, per the *Common Manual* subsection 11.1.I. This will cause confusion for the borrower, who won't understand that he or she is no longer in a deferment status and owes the first payment, as well as the lender, who will be expecting the borrower to send in that first payment in a timely manner.

TG encourages schools to report the borrower's anticipated graduation/completion date accurately and to provide accurate enrollment status information so that the borrower is not billed for loan payments inappropriately.

Payment due before lender learns of enrollment status change

On the flip side, if a Grad PLUS borrower ceases to be enrolled at least half time in an abrupt manner — for example, he or she withdraws — but the school does not report this enrollment status change quickly, the borrower's first payment after the end of his or her in-school deferment may be technically due before the lender even learns that the borrower has ceased half-time enrollment. When a school does enrollment reporting on the National Student Loan Data System (NSLDS) every 60 days, and does not submit an ad hoc report when a Grad PLUS borrower's enrollment status changes, the school may be reporting the student's enrollment status change after the student's first payment is already due (again, within 60 days of the end of his or her in-school deferment, per the *Common Manual* subsection 11.1.I). Once the lender learns that the borrower is no longer enrolled at least half time, the lender may send the borrower a notice that his or her first loan payment is delinquent, and this could cause confusion for the borrower.

TG encourages schools that have an enrollment reporting schedule of every 60 days to consider doing ad hoc enrollment status change reporting for its Grad PLUS borrowers.

More information

For more information on enrollment reporting, contact TG's data reporting at (800) 801-8416 or at good.data@tgslc.org.

Question of the week

Q.: If a student is taking preparatory coursework for admission into an undergraduate program of study, and the student is seeking a Stafford loan, is the student eligible for the increased base Stafford annual loan limit of \$3,500 effective July 1, 2007?

A.: No — the Higher Education Reconciliation Act of 2005 increased the base Stafford annual loan limit for first-year undergraduate students effective July 1, 2007, but did not increase the base Stafford annual loan limit for students taking preparatory coursework for admission into an undergraduate program. Per the federal regulations in 34 CFR 682.204(a)(6)(i), a student enrolled for no longer than one consecutive 12-month period of study necessary for enrollment in an undergraduate degree or certificate program is eligible for a base Stafford annual loan limit of \$2,625. If such a student is independent, the student may be eligible for up to an additional \$4,000 in unsubsidized Stafford loan funds.

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 House Education and Labor Committee convened in a public hearing on April 25 for two hours to hear from New York Attorney General Andrew Cuomo. Discussion centered on the attorney general's investigations into the student loan programs. Cuomo made five major points during his testimony, or in response to questions, which, for the most part, found agreement with the bipartisan Committee. To learn more about the public hearing, read the full *Legislative Update* report on *TG Online* at www.tgslc.org/lege_report/index.cfm.

This, that, and the other

To mark April's national financial literacy month, the U.S. Treasury launched its first financial education television commercial to encourage Americans to save for important life events. The "Choose to Save" public service announcement, a

product of a partnership with the American Savings Education Council (ASEC), promotes free government resources for financial planning available on the Web site www.MyMoney.gov. The 30-second public service announcement, part of ASEC's broader Choose to Save series of radio and television spots, can be found at www.treas.gov/financialeducation.

The ad directs viewers to the federal government's one-stop shop Web site for personal finance information. The MyMoney.gov Web site, available in both English and Spanish, has links to materials that teach the importance of saving for retirement, managing credit cards, investing, avoiding scams, and many other useful subjects. Users can also test their financial literacy knowledge with the Money 20 quiz.



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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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