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Tip of the Week

Are you looking for up-to-the-minute information about TG's electronic products and services? Do you have ideas you'd like to share?

Why not become active in the TG Users Group (TUG)?

Learn more and sign up at www.tgslc.org/tug/index.cfm.

Federal updates

Public service loan forgiveness under the CCRAA

In response to numerous inquiries from TG customers and business partners, we are providing a summary of the public service loan forgiveness program established by the College Cost Reduction and Access Act (CCRAA).

The loan forgiveness program is available only to borrowers of Federal Direct Stafford (subsidized and unsubsidized) loans, Direct PLUS loans, and Direct Consolidation loans.

FFELP borrowers can also receive this benefit

To take advantage of this new borrower benefit, a FFELP borrower in his or her grace period or in repayment may consolidate his or her loans into the Direct Loan Program in order to qualify for the loan forgiveness program.

The borrower is eligible for forgiveness of the balance (principal and interest) if:

- The borrower has made 120 monthly payments on an eligible loan after October 1, 2007, under a standard, income-contingent, or income-based repayment plan.
- The loan is not in default.
- The borrower is employed in a public service job:
 - During the period in which each of the 120 payments were made, and
 - At the time forgiveness is applied.

Public service job definition

A full-time job in public emergency management, government, public safety, public law enforcement, public health, public education, public early childhood education, public child care, social work in a public child or family service agency, public services for individuals with disabilities, public services for the elderly, public interest legal services (including prosecution or public defense), public library services, public school library sciences, other public school-based services or a tax exempt organization that is described in section 501(c)(3) of the IRS code, or teaching as a full-time faculty member of a Tribal College or University or other faculty teaching in high-needs areas as determined by ED.

The loan forgiveness program is available only to borrowers of Direct Stafford subsidized and unsubsidized loans, PLUS loans, and Consolidation loans.

More information

If you have questions about the CCRAA, please contact TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgsllc.org.

ED requires additional monitoring for National SMART Grant majors

On October 9, ED released Dear Colleague Letter (DCL) GEN-07-07, providing additional information on the course enrollment requirements for a student to receive a National Science and Mathematics Access to Retain Talent (SMART) Grant Program.

As the DCL notes, the regulations for the SMART grant major provide that a student is eligible to receive a SMART grant if the student enrolls in the courses necessary both to complete the degree program and to fulfill the requirements of the intended eligible major. Previous guidance from ED indicated that eligibility for a SMART

grant is based on the student being enrolled in coursework in an eligible major or other courses that make up the student's eligible program, or both (see the 2007-2008 Federal Student Aid Handbook, page 3-70).

GEN-07-07 revises that prior guidance, stating that a student may only receive a SMART grant for a payment period if he or she is enrolled in at least one course that meets the specific requirements of the student's SMART grant-eligible major. While it is not necessary that the course be offered by the academic department that confers the degree in the eligible major, a student who is taking general education courses or electives that satisfy general degree requirements for the eligible program, but who is not taking at least one course specific to and required for the eligible major, is not eligible for a SMART grant payment for that payment period.

ED will not require schools to revise 2006-2007 awards, but schools that have already packaged and/or disbursed SMART grants to students for the fall payment period of the 2007-2008 award year must follow this guidance for disbursements made during the remainder of the 2007-2008 award year and for the 2008-2009 and subsequent award years.

More information

To access DCL GEN-07-07, go to the Information for Financial Aid Professionals Web site at <http://ifap.ed.gov/dpclletters/GEN0707.html>.

Questions about the College Cost Reduction and Access Act? We have answers.

If you're like most of your colleagues, you've heard of the College Cost Reduction and Access Act (CCRAA), and you may know about some of the more significant provisions in the bill, but you still have a plethora of unanswered questions. Rest assured — you're not alone in your confusion. The bill affects a wide range of financial aid programs and has differing implementation dates for its provisions. The industry as a whole is still analyzing and absorbing the impact of this legislation. In this article, we hope to answer some of the questions you and your students may have about the CCRAA provisions that will affect school operations and student and borrower benefits. One of the provisions receiving a great deal of attention, the new public service loan forgiveness program, is addressed separately in this edition of *Shoptalk Online*.

Background

The CCRAA is not the long-awaited reauthorization of the Higher Education Act (HEA); rather, as was the HERA in 2005, it is a budget reconciliation bill, with the primary intent of reducing the federal deficit. The CCRAA does indeed contribute toward this goal, as it accomplishes a total savings of \$750 million, but it also provides substantial benefits to students and borrowers. The increased spending

necessary to fund those benefits is derived from corresponding cuts to various lender and guarantor income.

Dependency status

While the HERA expanded the criteria for independent status to include those on active duty military, the CCRAA further increases the circumstances under which a student would be classified as independent. All of these changes are effective July 1, 2009, for the 2009-2010 award year.

- Ward/dependent of the court: Currently, a student must have been a ward or dependent of the court until the age of 18 in order to be considered independent for financial aid purposes. Under the CCRAA, a student will be considered independent if he or she was an orphan, in foster care, or a ward of the court at any time when the student was 13 years of age or older.
- Emancipated minor or a person in legal guardianship: The CCRAA will grant independent status to students with this designation.
- Unaccompanied youth (defined in [section 725 of the McKinney-Vento Homeless Assistance Act](#)) who is homeless, or at risk of homelessness and is self-supporting: The school must verify this status during the school year in which the application is submitted. Verification can be provided by a local educational agency homeless liaison, the director of a program funded under the Runaway and Homeless Youth Act or a designee, the director of a program funded under the McKinney-Vento Homeless Assistance Act or a designee, or a financial aid administrator.

The CCRAA also simplifies the dependency override process by allowing a financial aid administrator to make a determination of independence based upon a documented determination made in same award year by another financial aid administrator.

Income protection allowance

Beginning with the 2009-10 award year, the CCRAA provides for scheduled increases, through the 2012-2013 award year, in the income protection allowance (IPA) for dependent students, independent students without dependents other than a spouse, and independent students with dependents other than a spouse. No changes were made to IPA amounts for the parents of dependent students; however, a Consumer Price Index-based updating method for parent IPAs is included for each academic year after 2008-09, allowing for annual updates to the parent IPA as well.

Simplified needs test and auto-zero EFC

The CCRAA makes several significant changes to the simplified needs test and auto-zero EFC calculation formulas. These changes are effective beginning with the 2009-10 award year:

- A dependent student is eligible for the simplified needs test if one of the student's parents is a dislocated worker (defined in section 101 of the [Workforce Investment Act of 1998](#)).
- An independent student is eligible for the simplified needs test if the student (or the student's spouse) is a dislocated worker.
- The time frame during which an individual may have received means-tested federal benefits to establish eligibility for the simplified needs test is extended from 12 to 24 months. This applies to both dependent and independent students.

The same changes are made for the auto-zero calculation. In addition, the maximum qualifying income level for the auto-zero EFC formula has been increased from \$20,000 to \$30,000.

Definition of untaxed income and benefits

Beginning with the 2009-10 award year, untaxed income and benefits (as reported on Worksheets A and B of the FASFA) will no longer include welfare benefits, earned income credit, credit for federal tax on special fuels, foreign income excluded from income tax, untaxed Social Security benefits, and additional child tax credit.

Professional judgment

The CCRAA makes three changes to the list of special circumstances for which a financial aid administrator may consider using professional judgment in calculating a student's EFC. Effective July 1, 2009, an administrator can consider the following as special circumstances:

- An independent student's loss of employment (the HEA currently only lists unemployment of a family member as a special circumstance).
- A family member who is a dislocated worker, as defined in section 101 of the Workforce Investment Act of 1998.
- A change in the student's housing status that results in homelessness, as defined in the McKinney-Vento Homeless Assistance Act.

Keep in mind that these changes are additions to the list of possible special circumstances in section 479A of the HEA, which also notes that, "Nothing in this part shall be interpreted as limiting the authority of the financial aid administrator, on the basis of adequate documentation, to make adjustments on a case-by-case basis to the cost of attendance or the values of the data items required to calculate the expected student or parent contribution (or both) to allow for treatment of an individual eligible applicant with special circumstances."

Interest rates

Beginning July 1, 2008, the interest rate on certain new Stafford loans will be reduced from 6.8 percent to 3.4 percent over 4 years (the interest rate of a particular loan will depend on when it is first disbursed, as provided in the bullets below). It is important to note that these interest rate reductions are applicable only to undergraduate, subsidized Stafford loans; as a result, depending on the type of loan borrowed and the year in which the loan is borrowed, your students may have Stafford loans with a wide range of interest rates by the time they complete their education. The interest rate will be reduced as follows:

- For loans first disbursed on or after July 1, 2008, and before July 1, 2009, the rate will be 6.0 percent.
- For loans first disbursed on or after July 1, 2009, and before July 1, 2010, the rate will be 5.6 percent.
- For loans first disbursed on or after July 1, 2010, and before July 1, 2011, the rate will be 4.5 percent.
- For loans first disbursed on or after July 1, 2011, and before July 1, 2012, the rate will be 3.4 percent.
- For loans first disbursed on or after July 1, 2012, the rate will revert back to 6.8 percent.

Pell Grant Program

The CCRAA makes changes in two areas of Pell grant administration. The first, elimination of Pell grant tuition sensitivity, will primarily impact community colleges and other low-cost institutions. By removing the Pell grant tuition sensitivity provisions, students will no longer be penalized by a reduction in their maximum Pell grant award amounts for attending low-cost institutions. This change is effective for award years beginning on or after July 1, 2007. Last Friday, ED published revised Pell grant payment schedules in [DCL P-07-02](#), as well as an [Electronic Announcement](#) providing guidance on the reporting and adjusting of 2007-2008 Federal Pell Grant Awards.

Secondly, the maximum annual Pell grant award amounts have been increased from the current \$4,310, as follows:

- \$4,800 for the 2008-09 and 2009-10 award years (increase of \$490 from current \$4,310)
- \$5,000 for the 2010-11 and 2011-12 award years (increase of \$690 from current \$4,310)
- \$5,400 for the 2012-13 award year (increase of \$1,090 from current \$4,310)

TEACH grant

Finally, beginning July 1, 2008, the CCRAA establishes a new TEACH (Teacher Education Assistance for College and Higher Education) Grant Program for students pursuing a career in teaching who meet certain eligibility criteria. Under this program, the student receives funding up front to obtain his or her postsecondary education, and in return agrees to complete a teaching commitment. If the teaching commitment is not fulfilled, the grant can become a loan.

The TEACH grant provides up to \$4,000 per year for full-time students, not to exceed a total of \$16,000 for undergraduate students (or \$8,000 for graduate students). Students attending less than full time may be eligible for a prorated amount based upon a schedule of reduction to be published in the Federal Register.

The TEACH grant student eligibility requirements are as follows:

A qualified teacher candidate must:

- Have a minimum GPA of 3.25 on a zero to 4.0 scale (if student is a first-year undergraduate, use his or her secondary school GPA) or scored above the 75th percentile on at least one of the batteries in an undergraduate, post-baccalaureate, or graduate school admission test (such as SAT, ACT, or GRE); and
- Be completing or plan to complete coursework and other requirements necessary to begin a career in teaching.

If the applicant is a current or prospective teacher applying for a grant to obtain a graduate degree, he or she must:

- Be a teacher or retiree from another occupation with expertise in a field in which there is a shortage of teachers; or
- Be or have been a teacher using high-quality alternative certification routes.

The teaching commitment requires the grant recipient to fulfill the following requirements:

- Serve as full-time teacher for at least 4 academic years within 8 years after completing the education for which the applicant received a TEACH grant;
- Teach in a public or other qualified nonprofit private elementary or secondary school;
- Serve as “highly qualified” teacher (as defined in the No Child Left Behind Act) in a high-need field; and,
- Submit evidence of such employment annually.

High-need fields include math, science, foreign language, bilingual education, special education, reading specialist, or other high-need area as determined by the federal or state government, or a local educational agency, and approved by ED.

More information

ED has recently indicated that it plans to issue a Dear Colleague Letter in the near future with additional guidance about the CCRAA, although many of the topics will likely be discussed in negotiated rulemaking. *Shoptalk Online* will keep you posted as more information becomes available.

The CCRAA includes many more significant provisions than those we have highlighted in this article. We encourage you to [read the bill](#) to identify other issues that may impact your operations. As always, if you have questions, please contact TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgsic.org.

TG updates

Fall 2007 TG Product Enhancements to be released

In a continuous effort to respond to our customer needs, TG will implement enhancements to AdvanTGWeb™, TG Loans By Web™, and TG's mainframe processes on the weekend of October 20. The enhancements include improvements to the student communication via TG Loans By Web for both schools and lenders.

To learn more about these Fall enhancements, make plans to attend a training session hosted by TG via Webex™. Please choose from the dates and times below:

Webinar schedule

Friday, October 19
10 a.m. – 11 a.m. CDT
[Register here.](#)

Tuesday, October 23
2:30 p.m. – 3:30 p.m. CDT
[Register here.](#)

Contacts

If you have questions regarding the upcoming webinars, please contact Lisa Felder of TG's Product Training team at lisa.felder@tgsic.org. For technical assistance with TG's products and services, please contact TG Product Support at product.support@tgsic.org or 800-332-1455.

Mark your calendar for TG training at year-end state conferences

If you're planning your year-end work calendar, consider the various trainings TG will be offering at several state conference events. In the next several months, TG will present sessions on loan management, business ethics, and cultural diversity, among others. These workshops will share TG's expertise in financial aid and industry issues; they will also offer you time for asking questions and getting direct feedback.

To learn more about the issues that TG representatives will be addressing, read through the following short session descriptions. These workshops offer participants insight in the financial aid field and tips to increase the effectiveness of your financial aid office staff. A complete listing of conferences which feature TG training can be found online at www.tgslc.org/abouttg/calendar.cfm.

A partial list of TG's upcoming conference trainings

Missouri Association of Student Financial Aid Personnel (MASFAP) Fall Conference, Lake Ozark, Missouri, November 4 - 6

- **Life of the Loan:** You know all about how your office administers FFELP loans, but do you know what happens in other shops? This informal, conversational session will cover the roles, responsibilities and business models of the different participants in the FFELP program in "life of the loan" order. Follow along with the color coded flow chart from "awareness activities" to "paid in full" to learn what financial aid offices, student borrowers, lenders, secondary markets, servicers, guarantors, and ED all do to administer the FFEL program for your students.

Illinois Association of Student Financial Aid Administrators (ILASFAA) Mid-term Workshops, Collinsville, Illinois, November 7; Northbrook, Illinois, November 15

- **Ethics for Everyone:** Many of the choices we make in a typical business day have an ethical component to them. Ethics has become one of today's most critical business concerns. This presentation will help provide participants with the tools to know what is right, do what is right, and manage competing rights.

Florida Association of Student Financial Aid Administrators (FASFAA) Workshop, Orlando, Florida, November 8

- **Today's Multi-Generational Workforce:** What differentiates a member of Generation X from Generation Next or a Baby Boomer from a Baby Buster? Learn how you can use research on the differences between generations to help understand the students that you serve and to better motivate your staff to work with these students.

Arizona Association of Student Financial Aid Administrators (AASFAA) Fall Conference, Sedona, Arizona, December 5

- **Cultural Diversity:** This highly interactive session is designed to provide participants with awareness and understanding of the culturally diverse workplace and the diverse student population you serve. This session will help you to develop concrete skills that will facilitate a learning organization, and to enhance productivity, communications and respect for the value we bring to your organizations and to the students you serve.

California Community Colleges Student Financial Aid Administrators Association (CCCSFAAA) Annual Conference, San Francisco, California, December 13 - 15

- **Professional Image:** In this workshop, you'll learn why it is important to promote a professional appearance among those who represent your financial aid office and why it pays to possess exceptional business and social skills. Learn how to communicate effectively and intelligently. Discover why body language is critical to how you are perceived. Participants in this workshop will practice techniques for projecting an image of confidence and professionalism by dressing for business success, being positive and proactive, and maintaining a respectful and cooperative attitude with coworkers.
- **The Brewing Storm:** Students are bombarded by hundreds of advertising messages. This session investigates the influences of advertising and considers how students can avoid being enticed into debt. Student loans can sometimes be used to support an unnecessary lifestyle. Discussion will focus on ways of raising levels of financial literacy among your students so that they manage their money better and limit their spending.

To learn more

Would you like to learn more about the many industry training opportunities TG offers through its Speakers Bureau? Visit www.tgslc.org/speakers/index.cfm to read the training catalog. Keep in mind that TG can tailor training to meet the needs of your financial aid office. To find out how, contact the TG Speakers Bureau at (800) 252-9743, ext. 4650, or send an e-mail message to darron.grussendorf@tgslc.org.

Jessica V. Solcich Joins TG as Regional Account Executive



Jessica V. Solcich has been named TG's regional account executive for the Texas Gulf Coast region.

Solcich's service territory will be Region 4, an area stretching from Huntsville to Galveston that also includes portions of Houston and Harris County.

Solcich spent the past 14 years as a financial aid associate for the Houston Community College System. In that job, she provided direct customer service by counseling students and parents on the loan application

process and available aid programs. She also participated in various community outreach programs for the community college system's financial aid office. She also has prior sales management experience.

Solcich earned an associate of arts degree from Houston Community College, and a bachelor of science degree from the University of Phoenix. She lives in Sugar Land, a Houston suburb.

"We are excited to have someone with Jessica's deep experience in the student financial aid industry," said Cynthia Mayberry, TG's manager for Texas. "She also has a passion for providing excellent customer service, and will work well with TG's customers."

Solcich can be reached at (800) 252-9743, ext. 6759, or by email at jessica.solcich@tgslc.org.

Trends and issues

Question of the week

Q: If a student transfers from a graduate to an undergraduate program during an academic year, must the school consider Stafford loans that the student borrowed as a graduate student to count against the student's undergraduate Stafford annual loan limit?

A: No. If a student transfers from a graduate to an undergraduate program during an academic year, the amounts that the student has borrowed at the graduate level do not count against the student's undergraduate Stafford annual loan limit. The school uses the following guidance from the FSA Handbook, page 3-88, to determine the student's remaining Stafford loan eligibility for the year:

"Transfer from Graduate to Undergraduate program during an academic year. If a student transfers from a graduate program to an undergraduate program in the middle of an academic year, the undergraduate loan limit for the student's grade level applies, but amounts previously borrowed at the graduate level within the same academic year do not count against the undergraduate annual loan limit. The total amount awarded for the academic year may not exceed the higher (grad/professional) annual loan limit."

Similarly, as discussed in *Shoptalk Online* [edition 424](#), if a graduate student begins a new undergraduate program of study, the Stafford loans that a student borrowed for graduate study do not count against the student's undergraduate Stafford aggregate loan limit.

To download a complete PDF copy of the *2007-2008 FSA Handbook*, go to www.tgslc.org/policy/fsa_handbook.cfm.

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 updates

On September 20, 2007, 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.

Partial discharge of a Consolidation loan

The *Common Manual* has been revised by adding text describing the use of NCHHELP's Request for Reimbursement Due to Partial Discharge of a Federal Consolidation Loan form. The form may be used by a lender to request a partial discharge of the Consolidation loan for a portion that represents any underlying loans that are eligible for discharge due to disability (only for co-made Consolidation loans), closed school, death, or false certification discharge. A new figure has been added to the *Manual* that will help lenders determine what information must be provided on the Request for Reimbursement Due to Partial Discharge of a Federal Consolidation Loan form. Detailed descriptions of these items are located in the Instructions for Reimbursement Due to Partial Discharge of a Federal Consolidation Loan form.

Affected Sections:	13.8 Discharge
Effective Date:	Lenders may have begun using the Request for Reimbursement Due to Partial Discharge of a Federal Consolidation Loan form upon the applicable publication date.
Basis:	None.
Policy Information:	963/Batch 142
Guarantor Comments:	None.

Stafford Annual Loan Limits for Students Taking Preparatory Coursework for Enrollment in an Undergraduate Program

The *Common Manual* has been updated to clarify that a dependent student who is taking preparatory coursework necessary for enrollment in an undergraduate program is eligible to borrow the base Stafford annual loan limit of \$2,625. An independent student, or a dependent student whose parent is not eligible for a

PLUS loan, who is taking preparatory coursework necessary for enrollment in an undergraduate program is eligible to borrow a combined subsidized and unsubsidized Stafford annual loan limit of up to \$6,625, of which no more than \$2,625 may consist of subsidized Stafford loan funds.

Affected Sections: 6.11.A Stafford Annual Loan Limits
Figure 6-4 Stafford Undergraduate Annual and Aggregate Loan Limits

Effective Date: Loans first disbursed on or after July 1, 2007.

Basis: HEA 428(b)(1)(A)(vi)(I), as amended by the Higher Education Reconciliation Act (HERA) of 2005; §682.204(a)(6)(i); DCLs GEN-06-02/FP-06-01 and GEN 06-03/FP-06-02

Policy Information: 964/Batch 142

Guarantor Comments: None.

Increased Unsubsidized Stafford Loan Limits for Health Profession Students

The *Common Manual* has been revised to state that a health profession student must be enrolled at least half time in an eligible health profession program at an eligible school in order to qualify for the increased unsubsidized Stafford annual loan limits.

Affected Sections: 6.11.D Increased Unsubsidized Stafford Loan Limits for Health Profession Students

Effective Date: Loan periods beginning on or after May 1, 1999.

Basis: 05-06 FSA Handbook, Volume 3, Chapter 4, p. 3-91.

Policy Information: 965/Batch 142

Guarantor Comments: None.

Common Forms

The *Common Manual* has been revised by deleting reference to the Ad Hoc Standardization Committee and to refer to the National Council of Higher Education Loan Programs (NCHELP) task forces as NCHELP workgroups. Revised policy adds that the common default aversion and claim forms are developed and updated by NCHELP. Because these are not forms used by the Department to collect information, the Department does not participate in their development or update, and the forms are not subject to the Office of Management and Budget (OMB) review and approval process. Further, the listings of various common forms in Subsection 2.3.C have been updated.

Affected Sections: 2.3.C Common Forms

Effective Date: Upon approval by the Governing Board on September 20, 2007.
Basis: None.
Policy Information: 967/Batch 142
Guarantor Comments: None.

Student Eligibility Requirements

The *Common Manual* has been updated to clarify that a student must be enrolled or accepted for enrollment on at least a half-time basis to be eligible for a Stafford or PLUS loan. In addition, cross-references to Section 5.11, "Student Enrollment Requirements," were added to Subsections 5.1.B, 6.15.B, and 6.15.C.

Affected Sections: 5.1.B Student Eligibility Requirements
6.15.B Stafford Loan Certification
6.15.C PLUS Loan Certification

Effective Date: Retroactive to the implementation of the *Common Manual*.
Basis: §668.32(a)(1)(i) and (iii).
Policy Information: 968/Batch 142
Guarantor Comments: None.

Borrower Certification of the Statement of Educational Purpose on the PLUS MPN

The *Common Manual* is being revised to clarify that the requirement that a PLUS borrower certify a statement of educational purpose is fulfilled when the borrower signs the Federal PLUS Application and Master Promissory Note (PLUS MPN), and to remove any reference in Subsection 5.1.C to the party with whom the borrower files that PLUS MPN. In addition, the regulatory citations for this requirement have been corrected.

Affected Sections: 5.1.C Graduate or Professional Student and Parent PLUS Loan Borrower Eligibility Requirements

Effective Date: Retroactive to the implementation of the *Common Manual*.

Basis: §668.24(c); §668.32(h); §682.201(b)(1); §682.201(c)(1)(v); §682.610(b).

Policy Information: 969/Batch 142
Guarantor Comments: None.

Additional Unsubsidized Stafford Loan Eligibility for a Dependent Student

The *Common Manual* is being revised to clarify that a dependent student who is attending a school that participates in the Federal PLUS Loan Program and whose

parent is unable to obtain a PLUS loan is entitled to borrow additional unsubsidized Stafford loan funds. The school in this situation does not have the option of refusing to certify the additional funds for an otherwise eligible student, unless the school's refusal to certify is based on a documented reason, as outlined in Subsection 6.15.E.

Affected Sections: 6.15.D Additional Unsubsidized Stafford Loan Certification
Effective Date: Retroactive to the implementation of the *Common Manual*.
Basis: §682.201(a)(3); §682.603(e).
Policy Information: 970/Batch 142
Guarantor Comments: None.

Student Authorization to Release Loan Funds Received via EFT or Master Check

Figure 8-6, Delivery or Return of Loan Funds, in the *Common Manual* has been updated by adding a footnote to clarify that the required authorization for the school to deliver loan funds received by electronic funds transfer (EFT) or master check is included on the Master Promissory Note (MPN). However, if the MPN is signed by a third party with power of attorney for the borrower, the school must obtain a separate EFT authorization from the borrower. This requirement does not apply to students enrolled in a study-abroad program, as detailed in Subsection 7.7.E.

Affected Sections: Figure 8-6 Delivery or Return of Loan Funds
Effective Date: Retroactive to the implementation of the Federal Stafford Loan Master Promissory Note (Stafford MPN).
Basis: None.
Policy Information: 971/Batch 142
Guarantor Comments: None.

Operations Desert Shield/Desert Storm

The *Common Manual* has been updated by removing text from Subsections 11.3.A and 11.3.C that addresses an Armed Forces deferment for a borrower serving in Operations Desert Shield/Desert Storm. The text from Subsection 11.3.A will be relocated, for historical purposes, to Section H.4, History of Statutory and Regulatory Waivers. The text from Subsection 11.3.C will be relocated, for historical purposes, to Section H.1. In addition, a reference to existing text in Section H.1 under April 9, 1991, regarding a post-deferment grace period applicable to Operations Desert Shield/Desert Storm has been added to Appendix G under the definition of A Post-Deferment Grace Period.

Affected Sections: 11.3.A Eligibility Criteria Armed Forces
 11.3.C Length of Deferment Armed Forces
 Appendix G
 Appendix H

Effective Date: Upon approval by the Governing Board on September 20, 2007.

Basis: None.

Policy Information: 974/Batch 142

Guarantor Comments: None.

Delivery or Return of Loan Funds Figure 8-6

For more detailed information about the delivery of loan proceeds, see subsections 8.7 and 8.9

Situation	Condition Under Which Proceeds May Be Delivered to Student	Latest Delivery Date ¹	Time Frame for Returning Undelivered Proceeds to Lender ^{2, 3}
Enrolled student fails to respond to request for endorsement of loan check or fails to authorize EFT or master check ⁴	After endorsement or authorization ⁴ , subject to FFELP loan delivery requirements	Check: Within 30 days after receipt of proceeds EFT/Master Check: Within 3 business days after receipt of proceeds [§668.167(b)(1)(ii) and (iii)]	Promptly, but no later than 10 business days after the latest delivery date [§668.167(c)(1)]

Situation	Condition Under Which Proceeds May Be Delivered to Student	Latest Delivery Date ¹	Time Frame for Returning Undelivered Proceeds to Lender ^{2, 3}
Missing financial aid information for student (see subsection 5.14.A) [§668.19]	When all required financial aid information is received, subject to FFELP loan delivery requirements (see section 8.7)	Check: Within 30 days after receipt of proceeds EFT/Master Check: Within 3 business days after receipt of proceeds [§668.167(b)(1)(ii) and (iii)]	Promptly, but no later than 10 business days after the latest delivery date if all required financial aid information is not received [§668.167(c)(1)]
Registered student withdraws or is expelled before first day of classes, or fails to attend [§682.604(d)(3)]	N/A	<i>Only to determine time frame for returning proceeds</i> Check: Within 30 days after receipt of proceeds EFT/Master Check: Within 3 business days after receipt of proceeds [§668.167(b)(1)(ii) and (iii)]	Promptly, but no later than 10 business days after the latest delivery date [§668.167(c)(1)]
Student fails to maintain at least half-time enrollment or loses loan eligibility [§682.604(b)(2)(i)]	N/A	<i>Only to determine time frame for returning proceeds</i> Check: Within 30 days after receipt of proceeds EFT/Master Check: Within 3 business days after receipt of proceeds [§668.167(b)(1)(ii) and (iii)]	Promptly, but no later than 10 business days after the latest delivery date [§668.167(c)(1)]
Student is overawarded [§682.604(h)]	Student is eligible for portion of proceeds	Check: Within 30 days after receipt of proceeds EFT/Master Check: Within 3 business days after receipt of proceeds [§668.167(b)(1)(ii) and (iii)]	Promptly, but no later than 10 business days after the latest delivery date if entire loan disbursement [§668.167(c)(1)] Within 60 days of determining an overaward exists if portion of proceeds

Schools may delay delivery of loan proceeds for a conditional period of 10 business days after the last day of the initial period if, within this conditional period, the school expects the student to complete the required number of clock or credit hours in a preceding payment period or the school expects the student to meet all FFELP eligibility requirements. The school is encouraged to document the reason for holding loan proceeds for delivery within this conditional period. This provision does not apply to students for whom verification has not been completed.

[\$668.167(c)]

- In the case of an overaward, schools must indicate in writing the reason for returning loan proceeds and, if applicable, provide the student’s withdrawal date. In all other cases, schools are encouraged to provide the reason for returning loan proceeds and, if applicable, provide the student’s withdrawal date. If, during the return period, the school determines that the student has become eligible to receive the loan proceeds, the school may deliver the proceeds rather than return them to the lender, provided the delivery is made on or before the last day of the return period.

[\$668.167(b)(3); §682.604(h)]

- For purposes of returning undelivered proceeds to the lender, the term “promptly” means that a school may not delay initiating and completing its normal return process. “Returning the proceeds promptly, but no later than 10 business days” means that the school must either mail a check or initiate an electronic funds transfer to the lender by the close of business of the last day of the return period.

[\$668.167(b)(2)]

⁴The required authorization is included on the Master Promissory Note (MPN). However, if the MPN is signed by a third party with power of attorney for the borrower, the school must obtain a separate authorization from the borrower. This requirement does not apply to students enrolled in a study-abroad program (see Subsection 7.7.E).

Figure for Policy 963

Information to Be Provided on the Request for Reimbursement Due to Partial Discharge of a FFELP Consolidation Loan Form.

<u>Item Description</u>	<u>Required¹</u>
<u>Reason type</u>	•
<u>Date condition occurred (DCO)</u>	•
<u>Borrower name</u>	•

<u>Borrower Social Security number (SSN)</u>	•
<u>Comaker name</u>	•
<u>Comaker Social Security number (SSN)</u>	•
<u>Dependent student name</u>	•
<u>Dependent student Social Security number (SSN)</u>	•
<u>Loan ID</u>	•
<u>1st disbursement date for Consolidation loan</u>	•
<u>Principal amount outstanding for the Consolidation loan based on date of death or disability, or for closed school or false certification based on date of disbursement of the Consolidation loan. Also include the sum of the outstanding principal amounts provided</u>	•
<u>Interest rate and interest rate type for Consolidation loan</u>	•
<u>Proration rate</u>	•
<u>Loan type for each underlying loan to be discharged</u>	•
<u>First disbursement date for each underlying loan to be discharged</u>	•
<u>Amount requested</u>	•
<u>Interest-paid-through date</u>	•
<u>Interest claimed as of (date and amount)</u>	•
<u>Total amount requested</u>	•
<u>Eligible payments</u>	•
<u>Reimbursement amount requested</u>	•
<u>Lender's six-digit lender ID assigned by the Department and, as applicable, four-digit non-Department suffix</u>	•
<u>Servicer's six-digit servicer ID assigned by the Department</u>	•

<u>Lender/servicer name/address</u>	•
<u>Preparer's name and telephone number</u>	•

¹Refers to information the lender must provide on the Request for Reimbursement Due to Partial Discharge of a FFELP Consolidation Loan form.

Legislative update

Reauthorization for the Higher Education Act (HEA) is nearing completion with the 110th Congress. A mix of pending legislation that includes record mandatory increases in the Pell Grant program is before both houses of Congress. The landscape for HEA reauthorization is now defined by several bills, most importantly H.R. 2669, The College Cost Reduction Act. Learn more about the latest developments in HEA legislation on *TG Online* at www.tgslc.org/lege_report/index.cfm.

This, that, and the other

ED's Federal Student Aid (FSA) offers a concise history of federal student aid in its "FSA COACH." The FSA COACH is an online tutorial that looks closely at the school requirements for administering postsecondary federal student aid (FSA) programs authorized under Title IV of the Higher Education Act of 1965, as amended.

One of the online course modules offers a brief timeline of the legislative history to student aid. Here's an interesting fact from that timeline: On October 4, 1957, the U.S.S.R. launched the first space satellite, Sputnik. In response, the U.S. began an intensive program to build its own satellites. Legislators focused in particular on bolstering the technological skills required to compete with the Soviets. They did so in part through legislation. In 1958, Congress passed the National Defense Education Act, which funded student loans for higher education in critical fields of study such as mathematics, science, and foreign languages. The National Defense Student Loan (NDSL) Program became the first student aid program for non-veterans.

The complete FSA timeline can be found online at www.ed.gov/offices/OSFAP/fsacoach/lesson1_2/1_2_14.html#.



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