

## In this issue:

<b>Federal updates</b> .....	<b>1</b>
Final rules 101: electronically signed MPNs and eligible lender trustees .....	1
Teacher Loan Forgiveness forms update.....	3
<b>TG updates</b> .....	<b>4</b>
TG to continue to subsidize federal default fee on behalf of students .....	4
TG appoints Carmen Dominguez to its relationship management and consulting team.....	4
TG releases NSLDS submittal schedule for 2008...	5
Luanne Dodge, TG's ombudsman, offers the ear that helps borrowers find solutions .....	7
<b>Trends and issues</b> .....	<b>8</b>
Teach your students the essentials of financial responsibility with TG's Money Management 101 training .....	8
Question of the week .....	10
<b>Legislative update</b> .....	<b>10</b>
<b>This, that, and the other</b> .....	<b>11</b>

## Tip of the Week

Mark your calendars to attend the 2008 TG Annual Conference, to be held April 23 - 25 in Austin, Texas. To learn more about TG's premier financial aid conference, visit *TG Online* at [www.tgslc.org/tgconference/index.cfm](http://www.tgslc.org/tgconference/index.cfm).

## Federal updates

### Final rules 101: electronically signed MPNs and eligible lender trustees

Hold on tight as we enter the fourth segment in our series on the final rules recently released by the Department of Education (ED) (see *Shoptalk Online* editions [431](#), [432](#), and [433](#) for previous topics addressed). The areas explored in this article are record retention requirements for electronically signed Master Promissory Notes (MPNs), certification of electronic signatures on MPNs assigned to ED, and eligible lender trustees (ELTs).

## **Record retention requirements for electronically signed MPNs**

The regulations add a new standard for retention of electronically signed MPNs. The holder of the original electronically signed MPN must retain the documentation for at least three years after all loans on the MPN are satisfied. ED defines a loan as being satisfied when it is cancelled, paid in full, or discharged in full.

Currently, the following documentation is required for each loan assigned to ED:

- Original or true and exact copy of the MPN;
- Documentation relating to any judgment on the loan;
- If not included with the MPN, a written assignment of the loan or judgment;
- Any separate loan application; and,
- Loan payment and collection history.

The new regulations also require:

- Record of the lender's disbursement of Stafford/PLUS funds to the school, and
- In the case of electronically signed MPNs, the name and location of the holder of the original MPN.

The holder of the original electronically signed MPN must make the loan records fully and completely available to all parties entitled to access the records (including the guarantor and ED) until all loans made under the MPN are satisfied. This new requirement applies to loans assigned on or after July 1, 2008. The process for collecting this information from the lender is currently being discussed within the FFELP community.

## **Certification of electronic signatures on MPNs assigned to ED**

In order to support ED's efforts to enforce electronically assigned MPNs, the new regulations state that ED may require lenders and guarantors to provide certification regarding the creation and maintenance of the electronic records of a loan in order to resolve any factual dispute or legal challenge raised in connection with the validity of the borrower's electronic signature and the MPN. The certification must include the following:

- A description of steps the borrower took to execute the MPN (e.g., a flowchart);
- Screen prints of borrower's progression through the e-sign process;
- Security measures (such as field edits) used to ensure data integrity;
- Measures taken to ensure MPN information has not been altered since execution;
- Proof of lender's authentication and e-sign process; and,

- Any other documentation and technical evidence ED requests to prove the MPN is valid and authentic.

Additionally, testimony by an authorized official or employee of the lender or guarantor may be necessary to ensure admission of the electronic records of the loan in the litigation or legal proceeding to enforce the loan. The lender or guarantor must respond to any documentation request from ED within 10 business days. The regulation applies to all electronically signed MPNs in existence as of July 1, 2008.

### **Eligible Lender Trustees (ELTs)**

The new rules codify changes made to the ELT program by The Third Higher Education Extension Act of 2006 (TTHEEA), as further described in *Dear Colleague Letter* (DCL) GEN-06-21.

As a reminder, TTHEEA revised the definition of lender to prohibit a FFELP lender from entering into a new ELT relationship with a school or school-affiliated organization after September 30, 2006, unless a prior relationship exists. The ELT must hold at least one loan in trust as of that date.

The new rules also require ELTs to comply with most of the same restrictions imposed by the Higher Education Reconciliation Act of 2005 (HERA) on the school as lender program. Under those rules, the ELT:

- Cannot make loans to undergraduates;
- Can only lend Stafford loans to graduate and professional students;
- Must offer origination fees or interest rates, or both, that are less than the statutory maximums for those fees or rates; and,
- Must submit an annual compliance audit.

The new rules also reiterate the definition in GEN-06-21 of a school-affiliated organization as any organization that is directly or indirectly related to a school and includes, but is not limited to, alumni organizations, foundations, athletic organizations, and social, academic, and professional organizations.

### **More information**

If you have any questions, please contact TG customer assistance at (800) 845-6267, or send an e-mail message to [cust.assist@tgslc.org](mailto:cust.assist@tgslc.org).

### **Teacher Loan Forgiveness forms update**

The Department of Education (ED) recently provided guidance on some common forms currently in use. The Teacher Loan Forgiveness Application and Forbearance forms, with expiration dates of November 30, 2007, have been extended through February 29, 2008. As in the past, if new forms are not available by the extended

expiration date, the current forms may continue to be used until the new ones are available.

### **For more information**

If you have any questions, please contact TG customer assistance at (800) 845-6267, or send an e-mail message to [cust.assist@tgslc.org](mailto:cust.assist@tgslc.org).

## **TG updates**

### **TG to continue to subsidize federal default fee on behalf of students**

TG's Board of Directors today voted to continue to subsidize the 1 percent federal default fee for federal Stafford and PLUS loans for student and parent borrowers for the 2008-09 award year.

The decision will result in savings for more than 500,000 borrowers whose loans will be guaranteed by TG between July 1, 2008 and June 30, 2009, regardless of which postsecondary school a student attends or of the financial institution issuing the loan.

This is the third consecutive year that TG will subsidize the federal default fee. TG has helped more than 2.2 million borrowers through the waiver and subsidization of guarantee and federal default fees since 1999.

"Subsidizing the federal default fee provides a direct benefit to borrowers," said Sue McMillin, TG's president and CEO. "This decision by our board of directors also reflects TG's commitment to help reduce expenses for students, many of whom must overcome economic obstacles and other societal factors in order to have access to college."

The Deficit Reduction Act requires guarantors to deposit 1 percent of the amount of loans guaranteed and disbursed on or after July 1, 2006, into the federal fund. The federal fund is owned by the federal government and covers its risk associated with student loan default. TG's board of directors carefully determines whether to continue this subsidy before each award year.

### **TG appoints Carmen Dominguez to its relationship management and consulting team**



Carmen Dominguez has joined TG as a relationship management consultant for corporate school accounts, a new position with the federal student loan guarantor.

In her new role, Carmen will lead TG's effort in developing relationships with national postsecondary education schools. She has 22 years experience in the student financial aid industry.

Carmen spent the last five years with College Loan Corporation as a senior vice president of school relations.

She also served two years as a director of business development for Collegiate Funding Services in Fredericksburg, Va., and three years as a sales executive for Bank One Education Finance Group in Phoenix, Ariz. Prior to that, Carmen worked 10 years at Apollo Group, Inc., the parent company of University of Phoenix campuses, in various training, compliance and management positions.

She also has worked in financial aid for United States International University in San Diego, Arizona State University, and Mesa (AZ) Community College.

Carmen earned a bachelor of arts degree from the University of Phoenix, and is completing her master of science degree from Grand Canyon University in Phoenix, where she will be based with TG.

“Carmen’s experience on the lending side of the industry, as well as in financial aid for a large corporate school, will serve her well in this new position,” said Kevin Struckhoff, TG’s assistant vice president for relationship management and consulting. “She has a proven history of success that will be invaluable in helping TG succeed in this sector of the industry.”

### **For help**

Carmen can be reached at (800) 252-9743, ext. 6709, or by email at [carmen.dominguez@tgslc.org](mailto:carmen.dominguez@tgslc.org).

## **TG releases NSLDS submittal schedule for 2008**

TG's data reporting team has released its 2008 schedule for reports to the National Student Loan Data System (NSLDS). Here is how the report process works. Please refer to the chart below for specific submittal due dates.

- A lender sends to TG its Lender Manifest or Common Account Maintenance (CAM) records by the date in the left-hand column each month on the chart below.
- 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 of the chart. In this way, schools have the freshest data available on their borrowers in order to make subsequent borrower eligibility determinations.

### **2008 NSLDS Submittal Schedule**

Lender Manifest or CAM data received by 10 a.m.	Data viewable on NSLDS
---	------------------------

Lender Manifest or CAM data received by 10 a.m.	Data viewable on NSLDS
1/11/2008	1/14/2008
1/25/2008	1/28/2008
2/8/2008	2/11/2008
2/22/2008	2/25/2008
3/7/2008	3/10/2008
3/21/2008	3/24/2008
4/11/2008	4/14/2008
4/25/2008	4/28/2008
5/9/2008	5/12/2008
5/23/2008	5/27/2008*
6/13/2008	6/16/2008
6/27/2008	6/30/2008
7/11/2008	7/14/2008
7/25/2008	7/28/2008
8/8/2008	8/11/2008
8/22/2008	8/25/2008
9/12/2008	9/15/2008
9/26/2008	9/29/2008
10/10/2008	10/13/2008
10/24/2008	10/27/2008
11/7/2008	11/10/2008
11/21/2008	11/24/2008
12/12/2008	12/15/2008
12/24/2008**	12/29/2008

\*Note that, due to the holiday, the data will be viewable on Tuesday instead of Monday.

\*\*Keep in mind that, due to the holiday, lenders must have their updates in on Wednesday.

## More information

For more information on TG's submittal schedule, contact TG's data reporting team at [good.data@tgslc.org](mailto:good.data@tgslc.org).

## Luanne Dodge, TG's ombudsman, offers the ear that helps borrowers find solutions



Luanne Dodge knows something about the art of intervention — as TG's ombudsman, she's been practicing it for more than eight years.

The Office of Ombudsman serves as one resort for borrowers looking to resolve a question or loan dispute. Ombudsmen do an extensive amount of research into a case, creating a chronological and factual picture so that borrowers can make the best decision given their options.

However, hearing and helping resolve borrower disputes is not always an easy profession. Luanne considers questions on a range of issues — from simple confusion on completing the Free Application for Federal Student Aid (FAFSA) to a long-term pattern of default. Borrowers may be open to suggestions or feel blindsided by processes they don't understand. To do well in such a position requires an uncommon degree of sincerity and industry experience. Add to this Luanne's considerable abilities as a communicator and you have the makings of a successful ombudsman who regularly receives very grateful thank you notes from borrowers.

### Concrete results

But Luanne can measure her success in other concrete ways. At the end of each year, Luanne reviews her case load to see how borrowers have fared. Over 60 percent of her customers report an effective resolution — many return to voluntary repayment, rehabilitate their default, consolidate, or pay the loan in full. That's an impressive number, which, according to Luanne, reflects several things.

"Often, borrowers simply want to be heard, which, in many cases, is the first step toward accepting their situation and making a change," said Luanne. "I build a foundation of trust and respect with the customer by listening attentively. I think once borrowers know you're being attentive, they feel less defensive, drop their guard, and become more ready to hear an impartial perspective."

The secret of Luanne's success lies with a seemingly simple ability: She treats each borrower as if that person was her son or daughter — or even herself.

"You have to be objective in this job, but for the borrower to act on what you recommend, you have to gain his or her trust. I treat them the way I would want to be treated and tell them the things that I would want to know to make a decision," said Luanne. "I think to do well in this job, you have to be professional, thorough, accurate, but, most importantly, offer borrowers a measure of hope."

## Peer support

TG established its Office of the Ombudsman in 1994 — one of the first guarantors to do so. Today, TG's ombudsman is one of several who form a Caucus of Student Loan Ombudsmen, which meets several times a year. The organization serves a network of professionals throughout the student loan industry, who support each other with recommended best practices and information.

"Collaboration is an important element of the ombudsman role," said Luanne. "The Caucus really works together to identify trends in the industry that affect borrowers. We're interested in becoming more of a voice for borrowers at the legislative level."

According to Luanne, working with fellow members of the Caucus extends her abilities to advocate for borrowers. Through training and mentoring, the group helps to establish a standard of ombudsmanship and ensure that borrowers are given the most capable support.

Over the years, the Caucus has evolved, says Luanne, and seeks to become a force for positive change in the student loan industry. "I feel optimistic that we can add to the discussion in higher education. Our goal is to help borrowers get the best deal given their efforts and to ensure the long-term health of our educational system."

## For help

For more information on TG's Office of the Ombudsman, visit *TG Online* at [www.tgslc.org/students/ombudsman.cfm](http://www.tgslc.org/students/ombudsman.cfm). Borrowers can contact TG's borrower advocate directly by sending written requests to:

TG Ombudsman  
P.O. Box 201725  
Austin, TX 78720-1725

In emergency situations, borrowers can also call (800) 252-9743, ext. 4502.

## Trends and issues

### Teach your students the essentials of financial responsibility with TG's Money Management 101 training

Even before college, students can be tempted with credit card offers that boast low introductory interest rates and minimum payments. While in college, many students use credit cards to maintain the lifestyle their parents provided for them, or to support buying habits that pay little heed to the financial risks of credit card use. By the time they graduate, credit card debt is already a way of life for many college graduates — at least according to some surveys, which suggest as many as 75

percent of students add an extra \$2,000 to their loan debt by the time they collect their diploma.

The solution for avoiding debt is simple enough: Students should learn to practice fiscal responsibility early-on. Understanding the principles of good money management is an effective starting point.

As a financial aid professional, you can help students set and follow a pattern of responsible budgeting by providing training that teaches financial responsibility — like TG’s Money Management 101 session from its POSITIVE+BALANCE™ training series on financial literacy and life skills.

### **Customer perspectives on TG’s training**

TG’s Money Management 101 equips students with valuable financial literacy information and essential money management skills. The session forms one workshop in TG’s well-designed Positive+Balance™ training, which teaches students how to succeed in life after college. Often, important concepts like fiscal responsibility are not taught in college and many students learn about debt the hard way — while trying to earn a living.

Life University in Marietta, Georgia first offered Money Management 101 to its students in 2006. According to director of financial aid Michelle Nixon, providing training for students so they can learn to make informed financial decisions is a priority for the university.

“Students can get lost in their academic endeavors and forget how the financial decisions they make now may come back to haunt them after they graduate,” says Nixon. “Educating them about financial literacy through training programs like Money Management 101 provides students with valuable information about avoiding debt and making informed decisions now that will benefit them for a lifetime.”

Money Management 101 has a few simple but important objectives: Teach students how to establish and maintain a spending plan, minimize debt, keep good financial records, invest in the future, and avoid credit card debt. The sessions are presented by trained professionals with years of financial literacy experience.

Texas State Technical College (TSTC) in Harlingen, Texas began offering Money Management 101 in April 2007, and now all first-time student borrowers are required to take the course.

“The most important thing students take away from the course is that they need to develop a spending plan to avoid going into debt and to maintain good credit,” says Jesus Vasquez, the assistant director of financial aid at TSTC. “The class gives our students a heads-up so they know what to expect in terms of financial survival in the real world.”

As the cost of a college education increases and debt rises, there is a substantial need for student financial literacy training.

“Financial literacy is extremely important and students are not learning it at their schools or at home,” says Vasquez. “I strongly recommend all schools implement a program like Money Management 101, because students who have sound financial literacy skills will have a brighter financial future.”

### **To learn about**

To find out more about POSITIVE+BALANCE and the Money Management 101 training session, contact your account executive at (800) 252-9743. You can also learn more from Rett Anderton or Joe Braxton, TG's default aversion consultants. Rett Anderton may be reached at (800) 252-9743, ext. 4765, or by sending an e-mail message to [rett.anderton@tgsdc.org](mailto:rett.anderton@tgsdc.org). Joe Braxton may be reached at (800) 252-9743, ext. 4696, or by sending an e-mail message to [joe.braxton@tgsdc.org](mailto:joe.braxton@tgsdc.org).

### **Question of the week**

**Q.: Must an individual (paper) check from the lender be made copayable to both the borrower and the school?**

**A.:** Per the federal regulations in 34 CFR 682.207(b)(1)(ii)(A), a Stafford loan disbursed by an individual check must be made payable to the borrower or made copayable to the borrower and the school. Per the regulations in 34 CFR 682.207(b)(1)(v)(B)(2), a PLUS loan disbursed by an individual check must be made copayable to the borrower and the school.

### **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 [tgsdc.custhelp.com](http://tgsdc.custhelp.com).

### **Legislative update**

The first session of the 110th Congress is scheduled to adjourn on December 21, 2007. The second session will convene on January 15, 2008, with an early September 26, 2008 adjournment due to the November general election — over 430 House seats and some 33 Senate seats will be up for vote. One of the constants of the first session has been a congressional insistence on increases in the federal student financial aid programs. The source for these increases has been significant reductions for the largest Title IV program — the Federal Family Education Loan Program — which may result in reductions in FFELP borrower benefits and a broader emphasis on private alternative educational loans. Learn more about ongoing developments by reading the complete, latest *Legislative Report* at [www.tgsdc.org/lege\\_report/2007/lr\\_071206.cfm](http://www.tgsdc.org/lege_report/2007/lr_071206.cfm).

## This, that, and the other

Ask any student — an inspired teacher who shares insight and enthusiasm for his or her subject can be a source of joy, not to mention knowledge. Recently, the Council for Advancement and Support of Education and the Carnegie Foundation for the Advancement of Teaching hailed four examples of just such teachers, naming four professors, out of 300 candidates, as this year's national "Professors of the Year."

Rosemary M. Karr, of Collin County Community College, in Plano, Tex., won in the category of community colleges. As a professor of developmental math, Karr deals daily with students' math anxiety. To counter it, she created a program called Passport that allows students to learn at whatever pace they choose.

According to Karr, the program provides students "the opportunity to accelerate without forced acceleration." Students in her Passport courses were 15 percent more likely to pass beginning algebra than were students enrolled in the standard course, and were also more likely to pass subsequent college-level math courses.

The source for this week's "This, that, and the other" is located at [http://chronicle.com/free/v54/i14/14a00802.htm?utm\\_source=cc&utm\\_medium=en](http://chronicle.com/free/v54/i14/14a00802.htm?utm_source=cc&utm_medium=en).

Note that the *Chronicle of Higher Education* requires a paid subscription to review some content.



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

*Shoptalk Online* is published by TG. Unless specifically noted, the policies and procedures outlined in *Shoptalk Online* apply only to loans made under the TG guarantee and not to loans underwritten by other guarantors.

To ask questions about *Shoptalk Online*, please contact Communications at (800) 252-9743, ext. 4732, or send an e-mail message to [communications@tgslc.org](mailto:communications@tgslc.org).

**Contributors to this edition:** Rob Davenport, John Gill, Kelly Kaelin, Cindy Marrs, Art Martinez, Ray Perez, Cindy Savage, Matt Smith, and George Torres. Edited by TG Communications and Policy and Regulatory Affairs. Designed by TG Communications.

© 2007 Texas Guaranteed Student Loan Corporation.  
Ask TG and the TG logo are trademarks of Texas Guaranteed Student Loan Corporation.