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Tip^{of} the Week

If you're looking for some great training on FFELP and industry-related topics, mark your calendar for the TG Annual Training Conference, held April 23 – 25 at the Renaissance Austin Hotel. Find out more at

www.tgslc.org/tgconference/index.cfm.

Federal updates

ED issues DCL on the CCRAA

On January 8, ED issued *Dear Colleague Letter* (DCL) GEN-08-01/FP-08-01, providing guidance on the provisions of the College Cost Reduction and Access Act of 2007 (CCRAA). This letter, which may be accessed on the Information for

Financial Aid Professionals (IFAP) Web site at <http://ifap.ed.gov/dpcletters/010808GENFP0801.html>, discusses the major changes made to the Title IV loan and grant programs by the CCRAA.

While the DCL largely reiterates the provisions of the CCRAA in plainer language, there are a few tidbits inserted into the DCL, as outlined below, that will help the financial aid industry better understand some of the provisions as they implement them.

- The DCL provides clarification on the military deferment. Specifically, the DCL:
 - States that a lender or school may apply the expanded eligibility of the deferment to an eligible borrower who is currently receiving the deferment, or received the deferment for a period that included October 1, 2007, without receiving a new deferment request from the borrower or the borrower's representative. If the lender or school does this, it must notify the borrower of the additional deferment benefits and allow the borrower the opportunity to decline them.
 - Clarifies that a lender or school may only apply the additional 180-day deferment period now permitted at the conclusion of the borrower's active duty service if the lender or school has documentation of the date that the borrower will be demobilized, since the lender or school would not otherwise have a basis for establishing the beginning of the 180-day period.
 - Describes the interaction of the expanded military deferment and the new 13-month active duty deferment. First, the DCL states that if a borrower has already received the military service deferment, a lender or school may grant the 13-month active duty deferment to a borrower without an additional request from the borrower or the borrower's representative if the lender has appropriate documentation outlined in the DCL. If the lender or school does this, however, it must notify the borrower of the additional benefits and allow the borrower to decline the deferment. The DCL also states that the 180-day extended deferment period of the military deferment and the 13-month active duty service deferment periods will run concurrently for a borrower who qualifies for both.
- The DCL also states that for purposes of the active duty deferment, "enrolled" means at least half-time enrollment, and "active duty" must include at least 30 consecutive days of service, excluding training. Unlike a borrower receiving the military deferment, a borrower receiving the active duty deferment is not required to have been activated during a war or other military operation, or national emergency, or performing qualifying National Guard service during a war or other military operation or national emergency.
- The DCL states definitively that guarantors will not have a role in the PLUS pilot loan auction process. This information has, until now, been shared only at ED

training and conference events. Per the DCL, the Secretary of Education will guarantee loans made by lenders under this program against default.

- The DCL clarifies that the new economic hardship deferment standard is as follows: “Effective for all economic hardship deferment requests made on or after October 1, 2007...150 percent of the poverty line applicable to the borrower’s family size.” Further, in the evaluation of the borrower’s eligibility for this deferment, only the borrower’s income is taken into consideration. By contrast, the DCL states that for purposes of the new income-based repayment plan, the borrower’s and spouse’s income is considered — if applicable — when evaluating the borrower’s eligibility for the plan.
- The DCL provides, as an example of a high quality alternative certification program for graduate students seeking a TEACH grant, the Teach for America program.
- The DCL clarifies on page 14 that “[u]nder the CCRAA, effective July 1, 2008, a FFEL borrower may consolidate his or her FFEL loans into a Direct Consolidation Loan if the borrower intends to be eligible to use the public service loan forgiveness program.” In last week’s *Shoptalk Online*, TG had specified that “[A] borrower can consolidate FFELP loans into the Federal Direct Loan Program for the purposes of participating in the public service loan forgiveness program. In addition, beginning July 1, 2008, a borrower can reconsolidate an existing FFELP Consolidation loan into a Federal Direct Consolidation loan for the purposes of this program.” Based on this guidance in the DCL, it is clear that no borrower can consolidate from FFELP into the Direct Loan Program for the purpose of participating in this forgiveness program — be it to reconsolidate an existing FFELP Consolidation loan into a Federal Direct Consolidation loan, or to consolidate other existing FFELP loans into the Federal Direct Loan Program — until July 1, 2008.
- The DCL also provides some additional triggering events for applicable effective dates for certain provisions. Check the individual effective date for a particular provision in the DCL to see if a triggering event is provided.

It is expected that the details of many of the more complex and controversial provisions of the CCRAA will be considered during current or future Neg Reg sessions. As reported in last week’s *Shoptalk Online*, the proposed agenda for the 2008 Neg Reg includes items in the CCRAA such as income-based repayment, public service loan forgiveness, and the TEACH grant. Other provisions with later effective dates, such as the PLUS pilot loan auction program and changes to federal methodology, may be considered in a future Neg Reg process.

More information

For questions about the CCRAA, call TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgslc.org.

HEROES waiver extended

In the December 26, 2007, *Federal Register*, ED announced an extension through September 30, 2012, of the waivers and modifications provided under the HEROES (Higher Education Relief Opportunities for Students) Act of 2003. The previous extension of the HEROES Act expired on September 30, 2007; however, the provision was made permanent by the College Cost Reduction and Access Act (CCRAA) of 2007, which was signed into law on September 30, 2007.

ED will review the waivers and modifications provided by the HEROES Act in light of recent statutory and regulatory changes. If ED decides to change some or all of the waivers and modifications, those changes will be published in a notice in the *Federal Register*.

More information

The *Federal Register* notice is available online at <http://a257.g.akamaitech.net/7/257/2422/01jan20071800/edocket.access.gpo.gov/2007/pdf/E7-24947.pdf>. For more information about the HEROES Act, see section H.4.A of the 2007 *Electronic Common Manual*.

***Dear Colleague Letter* provides addenda and Plain Language Disclosures**

On January 8, ED issued *Dear Colleague Letter* (DCL) FP-08-02 that announces revised promissory note addenda and Plain Language Disclosures (PLD) for Federal Stafford Loans and Federal PLUS Loans, and a new promissory note addendum for Federal Consolidation Loans.

The revised Federal Stafford Loan and Federal PLUS Loan addenda and PLDs explain the changes to loan terms and conditions that were made by both the Higher Education Reconciliation Act of 2005 (HERA) and the College Cost Reduction and Access Act of 2007 (CCRAA). The new addendum for the Federal Consolidation Loan Application and Promissory Note explains the changes to the terms and conditions of Federal Consolidation Loans that were made by the CCRAA.

FP-08-02 states that until revised Stafford and PLUS MPNs and a revised Federal Consolidation Loan Application and Promissory Note are approved for use, the addenda must be used with the current promissory notes to inform borrowers of the changes made to the terms and conditions of their loans by the HERA and/or the CCRAA. The revised Stafford and PLUS PLDs provide information on the HERA and CCRAA changes for borrowers who are receiving second or subsequent loans under previously-signed MPNs, or who may have signed an MPN for the first time before the addenda were available.

Implementation

Program participants must discontinue use of the current Stafford and PLUS addenda and PLDs (see DCLs FP-06-05 and FP-07-02) and begin using the revised

addenda and PLDs as soon as possible. Program participants must begin providing individuals who apply for Federal Consolidation Loans with the Consolidation addendum as soon as possible.

More information

To access FP-08-02, visit the Information for Financial Aid Professionals Web site at <http://ifap.ed.gov/dpccletters/FP0802.html>.

CRI granted permanent approval

On December 21, ED notified guarantors that it has approved the Common Review Initiative (CRI) on a permanent basis, beginning January 1, 2008. ED states that the approval "will remain in effect unless and until the Department notifies the guaranty agencies that the CRI process cannot be used." Previously, the CRI process had been approved only on a pilot basis, and approval of the process was set to expire on December 31, 2007.

What is the CRI?

The regulatory requirements of 34 CFR 682.410(c)(1) state that guarantors must conduct periodic reviews of some FFELP lending partners. In a CRI review, instead of multiple guarantors conducting separate reviews of the lender, those guarantors combine resources to form a cross-guarantor team that performs the lender review on behalf of all of those guarantors. ED also participates in the CRI process by conducting a review of lender reporting activities related to federal interest and special allowance benefits. The result is a more efficient, more consistent, and less redundant review process for the affected lenders, servicers, guarantors, and ED.

More information

TG is pleased to be a participant in the CRI process, and we encourage our customers to visit the National Council of Higher Education Loan Programs (NCHELP) CRI information page at www.nchelp.org/pages/page.cfm?id=24 for more information.

Latest volume of the 2008-09 FSA Handbook now online

ED has released volume 2, School Eligibility and Operations, of the new 2008-09 *Federal Student Aid Handbook* (FSA Handbook). In total, two volumes of the latest FSA Handbook have been released, including:

- The Application and Verification Guide
- Volume 2: School Eligibility and Operations

The current volumes are available on *TG Online* at www.tgslc.org/resources/fsa_handbook.cfm. Other volumes will be posted as they are released. Once all the volumes of the 2008-09 FSA Handbook have been

released, TG will provide a single downloadable file encompassing all of the volumes. Watch future editions of *Shoptalk Online* for details.

NSLDS Newsletter #16 available

On December 21, ED released *NSLDS Newsletter #16*, which discusses the upcoming implementation of an email notification process that will replace the National Student Loan Data System (NSLDS) user ID and password letters as well as enrollment late letters.

Highlights of the changes include:

- Beginning January 2008, NSLDS will no longer mail user ID letters and password letters to individual users. Instead, notification of an approved NSLDS user ID will be sent by e-mail to the organization's designated primary destination point administrator (PDPA).
- NSLDS previously produced a series of overdue letters reminding schools of their obligation to respond to updated enrollment information requests. Beginning in January, the series of late notices will be discontinued and replaced with e-mail notification.

More information

To access NSLDS Newsletter #16, visit the Information for Financial Aid Professionals (IFAP) Web site at <http://ifap.ed.gov/nsldsmaterials/NSLDSNewsletter16.html>.

Reminder to issue Form 1099-C

FFELP lenders are reminded of their responsibility to issue an IRS Form 1099-C, Cancellation of Debt, to borrowers and to the IRS for the reporting of all forgiveness of indebtedness, including that provided under the Teacher Loan Forgiveness Program. The 1099-C must be provided to borrowers by January 31, 2008.

More information

If you have questions about reporting on Form 1099-C, call the IRS information reporting customer service site at (866) 455-7438, Monday through Friday from 8:30 a.m. to 4:30 p.m. EST.

TG updates

TG's FAFSA program available to schools and community organizations

TG is again making available to schools and community organizations *The FAFSA-Made-Easy*, a video program to help students and families complete the Free Application for Federal Student Aid (FAFSA).

The free program, which is offered in English and Spanish, will be provided to higher education institutions as well as high schools, libraries, community outreach groups, and faith-based organizations. They in turn will offer it to the students and families they serve. The FAFSA must be completed by students who are applying for any type of federal and most state financial aid, including student loans, grants, scholarships, and Work Study.

Schools and organizations can register to be host site coordinators to show the *The FAFSA-Made-Easy* video at local community events. Host site coordinators can register at TG's public service Web site, *Adventures In Education*, located at www.aie.org/FAFSAMadeEasy.

After registering, host site coordinators will be mailed a promotional packet that includes posters, flyers, sign-up sheets, and other materials to promote the programs. DVDs of the program will be included in the packet for viewing as early as February 1.

"This will allow host site coordinators to schedule the program at a time and place that is most convenient to the students and families they serve," said Richard Sapp, TG's director of pre-college success. "The program may also be broadcast over public access and school district television outlets."

To learn more

For more information, contact Richard at (800) 252-9743, ext. 2865, or send an e-mail message to richard.sapp@tgslc.org.

TG helps students and families with planned workshops and trainings for Financial Aid Awareness Month

Each year in February — also known as Financial Aid Awareness Month — TG joins with financial aid professionals around the country as they spread the word about financial aid and help students on that first step to receiving aid — completing the Free Application for Federal Student Aid, or FAFSA. Success in this work often hinges on making that personal connection with students and parents. That's why TG plans or supports numerous events that offer face-to-face interaction, so that students can get the answers they need quickly. These workshops also feature other useful resources, including computers and an Internet connection for completing the FAFSA.

This February, TG's team members will travel across Texas, meeting with students and families and offering the opportunity to ask questions, learn more, and complete a financial aid application. Here's a look at particular events that TG supports with technical assistance and in-person help from TG's Ambassador Program, a volunteer organization devoted to spreading the word on financial aid.

Weekend help: Financial Aid Saturdays

TG's team members will be meeting with students and families at events hosted by various area independent school districts (ISDs) in Central Texas, including Austin, Bastrop, Del Valle, Hays, Pflugerville, Manor, and Round Rock. Held every Saturday from February 2 to March 1, these workshops provide one-on-one tutoring on the FAFSA and financial aid. TG will train volunteers from the business community of Central Texas, who will offer assistance at the workshops. Tax professionals from Foundation Community will also be on hand to answer tax questions for the purposes of submitting a FAFSA. If you'd like to learn more about TG's involvement or the activities planned, contact Bonita Peebles at (800) 252-9743, ext. 4784, or send an e-mail message to bonita.peebles@tgslc.org.

Hispanic outreach

The Houston Hispanic Forum, held February 9 at the George R. Brown Convention Center in Houston, Texas, offers one of the largest venues for disseminating financial aid and college admission information in Texas. The event is open to all students but tailored specifically for the needs of Spanish-speaking students and families. TG will manage the financial aid and admissions plaza for the forum, providing about 40 laptop computers for submitting various financial aid applications, including the FAFSA and the Texas Application for State Financial Aid, or TASFA, college admissions applications, and for searching online for scholarships. Financial aid experts from local colleges and universities and TG's ambassadors will help families submit applications.

On February 16, TG representatives will be attending the Hispanic Education Fair at the Burger Center in Austin. Team members will provide college awareness materials and answers questions on how to pay for college during this event. To learn more, contact Richard Sapp at (800) 252-9743, ext. 2865, or send an e-mail message to richard.sapp@tgslc.org.

National TRIO Day

Federal TRIO Programs help low-income and first-generation students enter college and earn a college degree. In 1986, Congress enacted legislation to recognize National TRIO Day in order to raise awareness about the particular needs of disadvantaged students. On February 8, TG will participate in a workshop for first-generation students in honor of National TRIO Day. The workshop will focus on particular ways to assist first-generation prepare for and pay for college. For more information, contact Richard Sapp at (800) 252-9743, ext. 2865, or send an e-mail message to richard.sapp@tgslc.org.

FAFSA Telethons

From February 4 to February 14, TG and the Texas Higher Education Coordinating Board (THECB) will be hosting live news telecast programs to inform students and families about the financial aid and admission application processes. Volunteers

from colleges and universities, THECB, and TG ambassadors will manage a phone bank during the live telecasts.

For more information about dates, times, and targeted viewing locations for the telethons, please contact Richard Sapp at richard.sapp@tgslc.org.

And more to come

Throughout February, TG will be supporting or helping to manage numerous other financial aid fairs and workshops geared for prospective college-goers, including the FAFSA Made Easy Program, featured in another article in this issue of *Shoptalk Online*. For details, please contact Richard Sapp at (800) 252-9743, ext. 2865, or send an e-mail message to richard.sapp@tgslc.org.

To order publications and other resources

If you'd like to promote financial aid awareness on your college campus, or provide materials in outreach efforts of your own, consider the variety of collateral TG offers at no cost, including posters, publications, and even a complete program on DVD — the *FAFSA Made Easy*. To order any of these published materials, visit the *Online Forms/Publications* ordering page on *TG Online* at www.tgslc.org/order/index.cfm.

Reminder: Join TG for its 4th annual lender workshop

TG has scheduled its 2008 Lender Workshop, an annual forum for lenders and loan servicers to learn about regulatory changes and other issues affecting higher education and the student financial aid industry.

The day-long seminar, which is offered at no-cost to participants, will be held on January 24 at the Hilton Austin Airport Hotel.

TG policy experts will lead sessions on a variety of regulatory issues, including the final rules issued recently by the U.S. Department of Education, as well as the new College Cost Reduction and Access Act (CCRAA) passed by Congress.

Other TG experts will lead training sessions that focus on strategies for default aversion and delinquency prevention, and on the latest electronic tools used to track cohort default rates and to analyze default-related information.

To learn more

For more information, or to register for the 2008 Lender Workshop, please visit www.tgslc.org/training/lender/index.cfm, or call (800) 252-9743, ext. 4507.

Meet Debra Wright, TG's team lead for claims clerical support

The old adage "Time is money" holds true, especially when it comes to student loan claims. TG devotes an entire department to processing and managing claims so that lenders get paid what they're due promptly and efficiently. Service like this,

with an emphasis on turnaround and a careful attention to detail, shows TG's support of its lender customers. It also helps reaffirm the promise of a federal guarantee — the foundation on which lenders, borrowers, and schools transact loans.



TG's claims team processes as many as 8,000 claims per month, about half manually. The large volume of claims poses its challenges, but the team handles the workload by dividing its 13 members into two areas — the clerical and the examination teams.

Debra Wright, who heads up the clerical team, exemplifies TG's dedication to timely service. She leads by example, chipping in when the workload demands it and treating each team member as a peer. "I help by interacting with each member in a manner that exhibits respect," said Debra. "I also keep a positive, upbeat demeanor. My team knows I'm a team-player and pretty good at multi-tasking. When they need help, I get in there and help."

Laying the claims foundation

Each day, Debra and her team lays the groundwork for examining claims by sorting and then routing the many claims that come in, both on paper and electronically. They begin the process of logging the claim into TG's online systems and gather and verify that all necessary documentation — such as promissory notes or other supporting paperwork — have been received.

"We also handle returning claims that have been rejected because the documentation was incomplete or incorrect," said Debra. "And we'll process recalls, when a claim has been settled during the time it's with TG. Ensuring the timely processing of recalls does help in keeping down cohort default rates for schools and lenders."

All of these responsibilities require careful coordination and a dedicated work ethic for meeting the spikes in workload. "We function as a cohesive unit to make sure our customers are satisfied," said Debra. "Everybody takes their work seriously and approaches any situation with a professional, can-do attitude."

A varied background

Like many in her area, Debra has a long tenure in the Claims department — 11 years as team lead. Debra accounts for her success as an effective member of Claims partly to a good fit between position and personality. "Working claims and managing clerical support suits me," she said. "I enjoy detail work and like tracking our performance so that we stay on top of the job. And I like the challenge that comes with work in this area and enjoy helping people."

Debra may also get some help in doing her job from a varied educational and work background. She graduated from Concordia University in Austin, Texas — her hometown — with a degree in human resource management. When she came to TG more than a decade and a half ago, she moved between a number of positions including default prevention and tracing borrowers without current addresses, or “skips.”

Her current work keeps her focused and interested in many ways both in serving borrowers and in helping her team do their job. “We stay loyal to each other, which I think inspires everybody.”

To learn more

For questions about TG’s claims process, contact TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgsic.org.

Trends and issues

Question of the week

Q.: If an otherwise eligible dependent undergraduate student’s parent has been denied a PLUS loan, may a school refuse to certify an additional unsubsidized Stafford loan for that student? In other words, is it up to the school’s discretion whether the student may have access to those loan funds?

A.: If an otherwise eligible dependent undergraduate student requests the additional unsubsidized Stafford funds due to a parental PLUS loan denial, the school must certify those funds, with rare exception. Recently updated language in the *Common Manual* Subsection 6.15.D states that “[t]he school is not permitted to deny the additional funds to an otherwise eligible student, unless the school’s refusal to certify is based on a documented reason.” Refusing to certify a loan or reducing a borrower’s eligibility is discussed in Subsection 6.15.E:

“A school may refuse to certify a loan or may reduce the borrower’s eligibility for a loan (on a borrower-by-borrower basis) if it provides the reason for its action to the borrower in writing and retains documentation of the reason in the student’s file. Reasons for refusing to certify a loan or reducing the borrower’s eligibility for the loan might include:

- The school determines that the student’s expenses to be covered by the loan (cost of attendance) can be met more appropriately by the school or directly by the student and/or borrower from other sources.
- The borrower indicates an unwillingness to repay the loan.

A school may not refuse to certify a loan if that refusal is based on policies that result in a pattern or practice of denying access to FFELP loans because of borrower race, sex, religion, national origin, age, income, or selection of a particular lender or guarantor. Practices at the school also may not discriminate against student borrowers who are physically, emotionally, or intellectually challenged — provided the student exhibits an appropriate ability to benefit. The school also may not refuse to certify a loan solely because it is aware that the student or borrower has filed a bankruptcy petition.”

To download the latest version of the *Common Manual*, go to www.tgslc.org/resources/integrated_online_manual.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.

This, that, and the other

TG offices will be closed on Monday, January 21, in observance of the Martin Luther King, Jr., holiday. TG will resume normal business hours of operation on Tuesday, January 22.



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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.

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