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Tip^{of} the Week

As the semester winds up, start preparing your graduating seniors with some helpful information on repayment. You'll find a great resource for educating borrowers on their repayment options and obligations on *TG Online* at www.tgslc.org/borrowers/repay/index.cfm.

Federal updates

Closed school corner

The following table provides a list of newly reported school closures and error corrections from the Postsecondary Educational Participants System (PEPS) and from the April 2008 Closed School Monthly Report supplied by the Department of Education.

Newly reported closures

OPE School ID	School Name and Address	Unofficial Closure Date	ED's Official Closure Date
03984300	Allied Career Center 1933 E. Frankford Rd., Ste. 110 Carrollton, TX 75007	N/A	3/14/08

Latest volume of the 2008-09 FSA Handbook now online

ED has released volume 4, Processing Aid and Managing Federal Student Aid Funds, of the new 2008-09 *Federal Student Aid Handbook* (FSA Handbook). In total, five volumes of the latest FSA Handbook have been released along with the Application and Verification Guide. These five volumes include:

- Volume 1: Student Eligibility
- Volume 2: School Eligibility and Operations
- Volume 4: Processing Aid and Managing Federal Student Aid Funds
- Volume 5: Overawards, Overpayments, & Withdrawal Calculations
- Volume 6: Managing Campus-Based Programs

The current volumes are available on *TG Online* at www.tgslc.org/resources/fsa_handbook.cfm. When the final remaining volume (Volume 3: Calculating Awards & Packaging) has been released, TG will provide a single downloadable file encompassing all of the volumes. Watch future editions of *Shoptalk Online* for details.

TG updates

Industry issues, regulatory change: Get some help with the 2008 TG Annual Training Conference



As any financial aid administrator well knows, these are turbulent times in higher education financing. Congress and ED are altering the Higher Education Act and federal regulations, loan markets are changing, and guarantors are revisiting their lender-of-last-resort programs. At times like these, an opportunity for dialogue is just what the doctor ordered, and TG offers just such an opportunity in its three-day annual training conference.

A week from this Wednesday, TG unveils its 16th annual conference, a well-planned event that focuses attention on the industry trends and regulatory issues

demanding the most attention from today's financial aid professionals. This year's conference, titled "Training today, preparing for tomorrow," will be held April 23-25 in the Renaissance Austin Hotel at the Arboretum.

Assorted training tools

For this year's event, TG planners designed a multi-track series of workshops comprised of 67 sessions on an assortment of subjects — from default prevention techniques and financial literacy to best practices for lenders and servicers. They also looked carefully at the factors influencing financial aid today and crafted particular sessions to help participants understand the issues affecting them now. Here's a rundown of some of these trainings along with assorted others.

- **Understanding the Lender of Last Resort:** News headlines have focused attention on the Lender of Last Resort (LLR), which ED is reviving given the change in markets. This session provides the history and purpose of LLR; describes how LLR will be administered today; and outlines TG's experience with LLR and its readiness to manage those responsibilities.
- **Professional Judgment:** This session is designed to empower the senior aid administrator in the application of professional judgment. Attendees will learn how to determine the appropriate and inappropriate use of professional judgment; how to confidently use professional judgment; and what tools are available to support and spread an understanding of the subject to staff and other select administrators.
- **Effective Entrance and Exit Counseling:** Participants in this session learn about the new regulations affecting entrance and exit counseling requirements for schools, and discover training tools that will help your staff provide comprehensive loan counseling to students.
- **Working with the Media to Build Awareness:** During this session, attendees will learn some practical tips on working with the news media in order to build financial aid awareness in the community. Participants will find out how to prepare for a television or radio interview, discover how to secure free airtime to spread the word on financial aid, and learn how to reach students and families about applying for aid.
- **The RFI Challenge Panel:** Attendees will leave this session with a better understanding of how others in the industry approach the Request for Information (RFI) process as well as use these documents as tools to enhance communicating FFELP information to students and parents.
- **Graduate and Professional Schools Forum (Best Practices):** This session will feature discussions about the challenges and opportunities that affect the delivery of student loans and financial aid at the various types of higher education institutions. Presenters will focus on sharing best practices.

- **Private Loans and Economic Turmoil — What It All Means for Students:** Participants in this session learn the strategies that lenders use in marketing private loans and discover what makes a well-structured private loan program. Participants will also find out about the societal impact of the costs related to private loans.

To learn more

Visit *TG Online* at www.tgslc.org/tgconference/index.cfm to find out more about the 2008 TG Annual Training Conference. Online registration is now closed; however, attendees can register at the hotel during the event. Registration fees are waived for school attendees. Note that this year's conference will begin with the noon lunch-time session on Wednesday, April 23.

If you prefer to speak with someone directly, contact Judith Cunningham at (800) 252-9743, ext. 2905, or send an e-mail message to judith.cunningham@tgslc.org.

County fairs and livestock shows: Sam Houston University's Office of Enrollment Management hits the road with student outreach message



The simple truth behind the business adage — meet the customer where they are — serves equally well in other settings — education outreach, for example. Perhaps no organization knows this better than Sam Houston

State University's (SHSU) Office of Enrollment Management, which recently put its student enrollment campaign on wheels. With the help of a grant from TG's Public Benefit Grant Program, SHSU operates a 42-foot-long trailer, or mobile outreach center, called the Go Kats Go Center, criss-crossing Texas to promote higher education at assorted high schools and community events.

To a state with a large and growing population of first-generation students who may not have access to transportation or information on higher education, the Center brings a number of obvious advantages — mobility being an important one. So far this year, the Center has logged over 10,000 miles traveling to areas such as Houston, San Antonio, Dallas, and Corpus Christi, and outlying rural communities. According to enrollment management specialist Susie Houston, the Center makes a point of showing at informal events like county fairs.

"In these kinds of settings, we feel we can meet with students and families that would not ordinarily attend a college night at a high school, for example," said Susie. "We also show at Friday night football games, band festivals, track meets, community events, and Boy and Girl Scout meetings."

Outreach via satellite hook-up

Even in remote communities, like the Rio Grande Valley, the mobile Center comes equipped to provide an Internet's worth of information on financial aid and higher education materials — thanks to an onboard satellite link. Students and families can use the Center's 17 laptops to access Web sites like the online form of the Free Application for Federal Student Aid (FAFSA), the ApplyTexas application, and sites for the College Board or College for Texans.

The Center will supplement this Web site material with a series of spring workshops on completing the FAFSA and planning for college. They'll pay particular attention to how and where to apply for college entrance exams. And, to help students prepare for exams, the Center will highlight information on the free tutoring services offered through the Texas Higher Education Coordinating Board Web site.

High school counselors have been thrilled with the unique outreach effort, which combines overtones of a traveling roadshow with college life, according to Susie. "The counselors are happy that we can help their students fill out college applications," said Susie. "The students are impressed when they come inside the trailer, which comes wrapped with pictures of activities that take place in college and at SHSU. It draws attention wherever we go, and people tend to want to see what we have to offer. It has been a great tool for initiating contact with people."

The informal approach also has a welcoming effect for parents and students who might otherwise feel overwhelmed by a more institutional environment. "We offer a comfortable atmosphere for families to talk to us and ask us questions that they may not feel comfortable asking their school counselors and administrators," said Susie. "We are able to help them fill out their FAFSA with confidentiality. Also, some first-generation students and families feel intimidated to ask questions at their schools. But we can offer the assistance to help them get started in the admission process."

About TG's Public Benefit Award Program

To receive funds, organizations are required to submit proposals that address the issue of access to postsecondary education for low-to-moderate income students.

To learn more

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

***Edufacts*[™] considers rise in private loans**

One of TG's latest *Edufacts*, a series of spotlight articles that TG offers on various financial aid issues and trends, examines the rise in popularity of private loans.

Affording the investment in college remains a challenge for many students and borrowers. Consider the steep rate of tuition increases over the recent past to see

why: At public four-year universities, for example, tuition increased 86.6 percent from 1997 to 2007, drastically higher than the increase in earning power over the same period.

This is leading many to a new source of borrowing for college — private loans. A small fraction of the total student loan industry just a decade ago, private, or "alternative," loans have exploded in volume over the last few years. While federal loan volume has grown substantially over the past decade — by 107 percent — private lending has increased by 379 percent during the same period.

Traditional federal student loans are guaranteed by the government, have relatively low, fixed interest rates — 6.8 percent and 8.5 percent for Stafford and PLUS loans, respectively — and flexible repayment options. However, Stafford loans have low borrowing limits. First year students are limited to \$3,500 for their first two semesters, and dependent undergraduates can borrow no more than \$23,000 during their entire college careers.

The low borrowing limits for Federal Stafford loans may help explain the recent rapid growth of private lending, despite interest rates that can run as high as credit card rates and may vary over the life of the loan.

The spread of private student lending worries some college financial aid professionals. They blame a lack of awareness of the differences between federal and private loans and an unwillingness to complete the Free Application for Federal Student Aid (FAFSA), which can seem complicated and time-consuming.

To learn more

To read the complete edition of this *Edufacts*, visit www.tgslc.org/edufacts/2008/edufacts_0208.cfm.

Trends and issues

Question of the week

Q.: Can a lender require a borrower to have a minimum loan balance in order to originate a Consolidation loan?

A.: Yes. Although neither the Higher Education Act (HEA) nor the Title IV regulations prescribe a minimum Consolidation loan amount, the *Common Manual* states in Subsection 15.1.A that a lender may "[r]efuse to make Consolidation loans below a predetermined minimum amount, provided the policy does not have the effect of discriminating against borrowers based on a prohibited reason."

There are several areas in which a lender may not establish policies to limit Consolidation loans, as discussed in Subsection 15.1.B of the *Common Manual*.

For example, a lender must not discriminate against an applicant based on the:

- Number or type of eligible student loans the borrower wishes to consolidate
- Type or category of school the borrower attended
- Interest rate that will be charged to the borrower on the Consolidation loan
- Types of repayment schedules offered to the borrower

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

***Common Manual* updates**

On March 20, 2008, 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/policy/integrated_online_manual.cfm.

Stafford Loan Repayment Start Date

The *Common Manual* has been revised to clarify that for purposes of converting Stafford loans to repayment, the lender must use the day-specific method.

Affected Sections:	10.4.A Stafford Loan Repayment Start Date
Effective Date:	Effective for Stafford loans converted to repayment on or after March 1, 1997, unless implemented earlier by the lender or guarantor.
Basis:	§682.209(a)(3); DCL 96-L-186/96-G-287.
Policy Information:	1014/Batch 148
Guarantor Comments:	None.

Using Title IV Funds for the Current Year to Pay for Minor Prior-Year Charges

The *Common Manual* has been revised to state that a school may credit a student's account with Title IV funds from the current year to satisfy minor, prior-year charges for tuition, fees, room, and board without obtaining the student's or parent borrower's authorization. After obtaining written authorization from the student, or

from the parent borrower in the case of a parent PLUS loan, a school may credit a student's account with Title IV funds from the current year to pay minor, prior-year charges incurred for educationally-related activities other than tuition, fees, room, and board.

However, the sum of all minor, prior-year charges for tuition, fees, room, board, and, with the student's or parent borrower's written authorization, other educationally related activities that are paid with Title IV funds from the current year must not exceed \$200.

Affected Sections: 8.3 Required Authorizations
8.7.H Delivery Methods
Figure 8-1

Effective Date: Educationally-related charges paid by a school on or after July 1, 2008, unless implemented earlier by the school on or after November 1, 2007.

Basis: §668.164(d)(2); §668.165(b)(1)(i).

Policy Information: 1015/Batch 148

Guarantor Comments: None.

Eligible Lender Trustee Relationships

The *Common Manual* has been updated to align the requirements for a school or school-affiliated organization that makes or originates loans through an eligible lender trustee with the final regulations published November 1, 2007. Specifically, the requirement for a school-affiliated organization to limit lending to Stafford loans for graduate and professional students, and only at one school, has been deleted. The requirement to include ELT loans in an annual compliance audit has been deleted for both the school and the school-affiliated organization involved in an ELT relationship.

Affected Sections: 3.2 Schools Acting as Lenders and Eligible Lender Trustee Relationships

Effective Date: Loans first disbursed under an ELT relationship on or after January 1, 2007.

Basis: §682.602.

Policy Information: 1016/Batch 148

Guarantor Comments: None.

Refusing to Certify a Loan or Reducing Borrower Eligibility

The *Common Manual* has been updated to clarify that a school may not establish any one of the following general policies:

- Limiting the number of times a student who is making satisfactory academic progress may borrow up to the maximum Stafford annual loan limit at any one grade level.
- Prorating the Stafford annual loan limit based on a student's enrollment status, such as when the student is enrolled less than full-time, or is enrolled for less than a full academic year that is not a final period of study.
- Certifying a Stafford loan only for the amount needed to cover school charges.
- Limiting unsubsidized Stafford borrowing by independent students.

Affected Sections: 6.15.E Refusing to Certify a Loan or Reducing Borrower Eligibility

Effective Date: Publication date of the 07-08 FSA Handbook for the prohibition against a general policy that limits the number of times a student may have a full annual loan limit at any grade level.

Publication date of the 05-06 FSA Handbook for the prohibition against a general policy of prorating the annual loan limit based on a student's enrollment status.

Publication date of the 03-04 FSA Handbook for the prohibition against a general policy that:

- Limits borrowing to the amount needed to cover school charges.
- Limits unsubsidized Stafford borrowing by independent students.

Basis: 03-04 FSA Handbook, Volume 8, Chapter 2, p. 8-15; 05-06 FSA Handbook, Volume 3, Chapter 4, p. 3-80; 07-08 FSA Handbook, Volume 3, Chapter 5, pp. 3-85 and 3-92.

Policy Information: 1017/Batch 148

Guarantor Comments: None.

Stafford Annual Loan Limits for Transfer Students

The *Common Manual* has been revised to include new guidance from the 07-08 FSA Handbook stating that when a student transfers from a graduate program to an undergraduate program within 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, (graduate/professional) annual loan limit.

Affected Sections: 6.1 Defining an Academic Year
6.11.A Stafford Annual Loan Limits

Effective Date: Publication date of the 07-08 FSA Handbook.
Basis: 07-08 FSA Handbook, Volume 3, Chapter 5, p. 3-88.
Policy Information: 1018/Batch 148
Guarantor Comments: None.

Rehabilitation of a Defaulted Loan

The *Common Manual* has been revised to clarify that there are no federal restrictions that prohibit a loan from being rehabilitated more than once.

Affected Sections: 13.7 Rehabilitation of Defaulted FFELP Loans
Effective Date: Retroactive to the implementation of the *Common Manual*.
Basis: HEA §428F(a); §682.405; DGAD letter dated July 30, 1993; *Federal Register* Final Rule published June 28, 1994, p. 33342.
Policy Information: 1020/Batch 148
Guarantor Comments: None.

PLUS MPN with Endorser

The *Common Manual* has been revised to clarify that when an endorser is used, the PLUS MPN becomes a “single-loan” promissory note because the endorser is liable only for the specific loan that he or she agreed to endorse. The lender must obtain a new MPN and new Endorser Addendum if the PLUS borrower (parent or student) requests an increase in the loan amount or a subsequent new PLUS loan.

Affected Sections: 6.16 Applying for Federal Stafford and PLUS Loans
Effective Date: Effective for PLUS MPNs used for loan periods beginning on or after July 1, 2003.
Basis: DCL GEN-03-03.
Policy Information: 1021/Batch 148
Guarantor Comments: None.

Obtaining a Subsequent Consolidation Loan

The *Common Manual* has been revised to clarify one of the conditions that permits a Consolidation loan borrower to obtain a subsequent Consolidation loan. A borrower with either a Federal or Direct Consolidation loan is eligible for a subsequent, separate Federal or Direct Consolidation loan if the borrower is consolidating at least one other eligible loan (except a Consolidation loan) made before or after the date that the existing Consolidation loan was made. This change provides consistency with existing *Common Manual* text, which states that an eligible borrower may consolidate any or all outstanding eligible loans, including

existing Consolidation loans and loans made before or after any existing Consolidation loan.

Affected Sections: 15.2 Borrower Eligibility and Underlying Loan Holder Requirements

Effective Date: Consolidation loans made on or after July 1, 2000.

Basis: §682.201(e)(2), Interim Final Rules published in the *Federal Register* dated August 9, 2006, page 45699, *Federal Register* dated November 1, 1999, and preambles to the *Federal Registers* dated November 1, 1999, and August 10, 1999, page 43430.

Policy Information: 1022/Batch 148

Guarantor Comments: None.

This, that, and the other

A salmon dish with cucumber relish, green curry mussels, rib-eye steak cut and cooked to order with a side of caramelized asparagus and cheese grits — no, these aren't the menu items from an upscale restaurant catering to customers with a taste for the sophisticated. Each of these dishes you may be able to find on the menu of a college cafeteria — or at least, one of the growing number of cafeterias looking seriously at their menus as colleges grow more competitive for students. More colleges want to create an urbane and comfortable living experience for students in all aspects, and they aren't shirking on the wasabi sauce.

Here are a few examples: Stanford offers "spa waters," mineral water with cucumber, watermelon, mint and other flavors. The University of Massachusetts at Amherst shares guest chefs with eight colleges. Yale has an organic cafe. Brown has a farmers' market. At Wheaton College in Illinois, low-carb meals use local and organic food; students can choose Thursday dinners illuminated only by the lights outside.

The food is part of meeting the expectations of those enrolled and those who are going to choose a school, according to some admissions directors.

Read the complete *New York Times* article on the change in college culinary life at www.nytimes.com/2008/04/09/dining/09campus.html?_r=1&oref=slogin.



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