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Tip^{of} the Week

Plan a debt management session as part of your orientation activities for your next group of incoming students. Call TG's default aversion consultants at (800) 252-9743, ext. 4696, or ext. 4765, for ideas, handouts, and training resources.

Federal updates

HEA extension on hold

Some readers may have noticed that the last extension of the Higher Education Act (HEA), reported in *Shoptalk Online* edition [430](#), expired on April 30. Although the

Senate has approved another extension (S.2929) through May 31, the House has yet to take up the issue.

Although some in the financial aid community have expressed concern about the expiration of the HEA, we wish to reassure our readers that business should and will continue as usual until Congress can turn its attention again to extending — and eventually, reauthorizing — the statute.

Congress approves student loan access bill

On May 1, 2008, Congress approved H.R. 5715, the “Ensuring Continued Access to Student Loans Act of 2008.” This bill, first reported in *Shoptalk Online* edition [451](#), responds to recent events in the U.S. credit markets. Selected provisions of the final version of H.R. 5715, with various effective dates noted, are summarized below.

Effective upon enactment, H.R. 5715:

- Authorizes the Secretary of Education to designate an entire institution as eligible for the lender-of-last-resort (LLR) program after a school demonstrates that it has:
 - Attempted to secure lenders willing to make loans to its students, and
 - Met a minimum threshold of students unable to obtain FFELP loans.(The authorization and designation both expire on June 30, 2009.)
- Requires guarantors and lenders serving in the LLR program to abide by existing statutory marketing and inducement prohibitions.
- Authorizes the Secretary, acting as a secondary market lender, to purchase, or to enter into forward commitments to purchase, FFELP Stafford and PLUS loans originated on or after October 1, 2003, and before July 1, 2009. Such purchases must not carry any cost for the federal government and must provide that the FFELP lender who originated the loans uses the sale proceeds to continue its FFELP participation. This authorization also:
 - Allows lenders to continue servicing loans purchased by the Secretary as long as the cost does not exceed the cost ED would otherwise incur for servicing those loans.
 - Instructs the Secretary of Education to consult with the Secretary of Treasury to determine purchase prices.
 - Requires publication of the terms and conditions governing the purchase and the methodologies used to determine purchase prices in the *Federal Register*.

- Requires the Government Accountability Office (GAO) to analyze how increased loan limits affect college costs and private loan borrowing and report findings within one year of bill becoming law.
- Urges federal agencies to coordinate efforts to ensure access for federal student loans for academic year 2008-09.

Effective July 1, 2008:

- Requires the Secretary, beginning July 1, 2008, and ending June 30, 2010, to:
 - Disseminate information regarding LLR loan availability.
 - Provide copies of new or revised LLR agreements with guarantors.
 - Report on a quarterly basis the number and amounts of LLR loans originated by each guarantor and lender and any related activities.
 - Offer a budget estimate comparing costs of LLR loans to Direct loans.
 - Beginning July 1, 2010, provide an annual LLR report.
- Increases by \$2,000 the Stafford annual loan limit for dependent undergraduates; this increase may be composed only of unsubsidized funds.
- Increases by \$2,000 the additional unsubsidized Stafford annual loan amounts available to independent undergraduates, and to dependent undergraduates whose parents cannot obtain a PLUS loan. These limits will increase from an additional \$4,000 to \$6,000 per year for first- and second-year undergraduate students, and from \$5,000 to \$7,000 per year for third-, fourth-, and fifth-year undergraduate students.
- Increases the Stafford aggregate loan limits to \$31,000 for dependent undergraduates and to \$57,500 for independent undergraduates and dependent undergraduates whose parents cannot obtain a PLUS loan (but the subsidized portion of the aggregate limit still may not exceed \$23,000 for both groups).
- Provides a parent PLUS loan borrower the option to defer repayment up to six months after his or her dependent student ceases to be enrolled at least half time. Regarding the interest associated with that loan:
 - The parent borrower may pay accruing interest on a monthly or quarterly basis; or
 - The lender may capitalize the unpaid accruing interest on a quarterly basis.
- Provides deferment of a PLUS loan when the borrower meets certain existing deferment eligibility, such as unemployment, economic hardship, and pursuing at least half-time study.

- Permits a lender to consider an otherwise eligible PLUS loan applicant if between January 1, 2007, and December 31, 2009, he or she is:
 - Delinquent 180 days or fewer on a primary residence mortgage or medical bill.
 - Delinquent no more than 89 days on any other debt.

H.R. 5715 also changes the Academic Competitiveness Grant (ACG) and National Science and Mathematics Access to Retain Talent Grant (SMART) programs as follows. These provisions are effective January 1, 2009:

- Extends prorated ACG and SMART grant eligibility to students enrolled at least half time.
- Broadens ACG and SMART grant eligibility to eligible noncitizens (i.e., permanent residents).
- Replaces "academic year" with "year" for purposes of progression through grant levels.
- Seeks to diminish the Secretary's authority to define "rigorous secondary school program of study," deferring to state designation of such programs.
- Extends first-year ACG eligibility to students enrolled in at least a one- or two-year certificate program at a degree-granting institution.
- Offers SMART grant eligibility to students who are enrolled in a single baccalaureate-level liberal arts curriculum if the coursework is equivalent to a SMART-eligible major at other bachelor's degree-granting institutions.
- Adds a fifth year to SMART grant eligibility for programs that require five years.

Unlike the loan-related provisions of H.R. 5715, changes to the ACG and SMART Grant Programs are subject to the negotiated rulemaking process prior to implementation.

What's next?

The bill has been sent to the president for his signature. *Shoptalk Online* will keep our readers informed as more information about the implementation of H.R. 5715 becomes available.

More information

To access the text of H.R. 5715, go to Thomas, the U.S. Congress Web site, at <http://thomas.loc.gov/>. In the space for "Search Bill Text," enter "H.R.5715," click on "Bill Number," and click "Search."

ED issues new *Dear Colleague Letter* on lender-of-last-resort

ED has released a *Dear Colleague Letter* (DCL) GEN-08-05/FP-08-05, providing additional guidance on the lender-of-last-resort (LLR) program. The DCL may be accessed online at www.fp.ed.gov/fp/attachments/activities_whatsnew/55LLRDCL.pdf. Look for more information in next week's edition of *Shoptalk Online*.

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
00110008	John Brown University-Northwest Center 2800 N. 2nd St. Rogers, AR 72756	N/A	09/25/07
00193709	Ottawa University-Mesa 6402 E. Superstition Springs Blvd., Ste. 103 Mesa, AZ 85206-4372	N/A	03/01/08
00194002	Southwestern College Professional Studies Center 3460 N. Ridge Rd., Ste. 50 Wichita, KS 67205-1222	N/A	12/31/07

TG updates

New TG financial literacy tool demonstrates the cost of a credit card shopping spree



Each year, an escalating number of students graduate with unmanageable levels of debt, partly because of credit card spending.

Many students obtain their first credit card expecting to use the card only for emergencies. But often the allure is too great, and many start using their new-found purchasing power 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.

A large number of such students, not understanding how credit cards work, may postpone paying the balance of their bills. In cases like these, students can find themselves stuck with mounting debt that will take years to pay off.

Learning the actual cost

Recently, TG unveiled a new tool to help students understand the true costs of buying on credit. This interactive Credit Card Skills Builder teaches students the credit card basics and demonstrates the cost of credit cards after finance and interest charges are added.

Available online at www.AIE.org, the Credit Cards Skills Builder guides users through a simulated credit card spending spree. To begin, the user selects one of three credit cards, each with different terms and fees. If the student is unsure of the meaning of certain terms, he or she can refer to an online credit card glossary.

Next, it's time to go shopping: The user selects items — a digital camera, T.V., tickets, or pizza, for example — from a virtual carousel. Though the display may be tempting, the user cannot exceed the given credit limit. Once the user is finished buying, the tool displays an onscreen tally of total purchases.

At checkout, the Credit Card Skills Builder provides a virtual credit card bill summarizing purchases, available credit, and amount owed. The user can choose to make a minimum payment, at which point the tool calculates how long before the balance will be paid. The actual cost of each individual item purchased, after adding interest charges, is also displayed.

Sticker shock

Paying just two percent, or close to the credit card's fixed payment amount, can set the student on the long road to repayment. However, the Credit Card Skills Builder allows users to set a higher monthly fixed payment. In this case, students may be surprised at how much faster they can pay down debt by providing a higher fixed monthly amount and sticking to it.

The Credit Card Skills Builder makes clear how a few luxury item purchases on a credit card can turn into an unmanageable amount of debt. The tool is both fun and educational and may lead students to exercise caution before using their credit cards.

Find out for yourself

Learn more about the Credit Card Skills Builder tool by visiting TG's *Adventures In Education* Web site at www.aie.org/College/Paying/Earning/Credit/index.cfm.

2008 TG Annual Training Conference materials available online



If you missed TG's 2008 Annual Training Conference, or couldn't make all the sessions you wanted to attend, TG offers the next best thing: workshop slides and handouts for a number of presentations. You can now view selected training materials from the 2008 TG

Annual Training Conference on *TG Online* at www.tgslc.org/tgconference/presentations.cfm.

The presentation documents are made available in "Read Only" format. If you are prompted for a password, please select the "Read Only" option to view the presentation.

Another alternative

Some conference presentations are also available through the TG Speakers Bureau or through TG's Positive+Balance™ financial literacy program. You can browse the TG Speakers Bureau offerings at www.tgslc.org/speakers/index.cfm and find out more about the Positive+Balance program at www.tgslc.org/balance/index.cfm. Contact your account executive at (800) 252-9743 to schedule a training or learn more about a particular session.

More information

Please direct any questions about viewing the 2008 TG Annual Training Conference presentations to Judith Cunningham at (800) 252-9743, ext. 2905, or send an e-mail message to judith.cunningham@tgslc.org.

Call for papers for TG publication on enrollment management

TG, in partnership with the Department of Educational Administration at the University of Nebraska-Lincoln, publishes a refereed journal on enrollment management, titled *Enrollment Management Journal: Student Access, Finance, and Success in Higher Education*. In publishing the work of researchers and practitioners, the journal aims to raise discussion on campus enrollment, retention, and graduation rates, and, ultimately, help improve efforts in all these areas.

The journal focuses on issues of student access and success, and the role financial aid plays in whether students achieve their educational goals.

Along with its empirical or conceptual manuscripts, the journals accepts other work, including:

- Highlights of award-winning dissertations or programs,

- Book reviews,
- Commentaries, and
- Other short pieces that highlight timely issues in the field of enrollment management.

How to contribute

Authors should submit manuscripts for the journal via e-mail. Manuscripts should come in Microsoft Word® format and be sent to EMJ@unl.edu.

Ordinarily, manuscripts should be no more than 30 pages in length, and each article should be summarized in an abstract of not more than 150 words. Manuscripts should follow the style of the fifth edition of the *Publication Manual of the American Psychological Association*. Manuscripts are accepted for consideration with the understanding that they are original material and are not under consideration for publication elsewhere. Three referees will evaluate submitted manuscripts anonymously. Their goal is to complete the review process within 90 days of receipt of manuscripts.

To find out more

If you have questions, please visit the journal's Web site on *TG Online* at www.tgslc.org/emj. You may also gather information from the journal's editors. Contact Barbara Lacost at (402) 472-0988, or send an e-mail message to Blacost1@unl.edu. Contact Brent D. Cejda at (402) 472-0989, or send an e-mail message to bcejda2@unl.edu.

Trends and issues

Sticky situations: Required student and/or parent authorizations for cash management purposes

In this article, *Shoptalk Online* returns to its series on difficult policy issues that come up every so often in the Title IV programs with a discussion of required student and/or parent authorizations (for previous "Sticky Situations" articles, see *Shoptalk Online* editions [384](#), [390](#), [394](#), [402](#), [409](#), [418](#), [424](#) and [428](#)).

At first glance, the authorizations required in Title IV funds cash management certainly seem daunting. But a closer look at the guidance provided in the federal regulations and the 2008-09 *Federal Student Aid Handbook* (FSA Handbook), makes the authorizations much easier to understand. Let's explore the various circumstances in which a school is required to obtain written authorizations before performing certain tasks.

Required authorizations

A school must have written authorization from a student or parent, as applicable, to perform the following activities:

- Deliver Stafford or PLUS loan proceeds received by EFT or master check to the student's school account (i.e., to pay for institutional charges). This authorization is obtained when the borrower signs the Stafford or PLUS MPN. [§682.604(c)(3)]
- Use Title IV funds to pay for current-year charges other than tuition, fees, and contracted room and/or board. [§668.164(d)(1)(iv); §668.165(b)(1)(i)]
- Hold a Title IV credit balance on behalf of the student or parent, unless prohibited by the Department. [§668.164(e); §668.165(b)(1)(ii)]
- Use Title IV funds for the current year to pay minor prior-year charges incurred for educationally related activities other than tuition, fees, room, and board. Note that a school is not required to obtain a student or parent borrower's authorization to use current-year Title IV funds to pay minor, prior-year charges for tuition, fees, room, and board. The sum of all minor, prior-year charges that are paid with current-year Title IV funds must not exceed \$200. [§668.164(d)(2)]
- Open a bank account on behalf of the student or parent borrower, establish a process the student or parent follows to open a bank account, or similarly assist the student or parent in opening a bank account. [§668.164(c)(3)(i)]

In addition, a school must obtain a parent PLUS borrower's written authorization in order to deliver a credit balance of parent PLUS loan funds directly to the student, as this authorization is not included in the PLUS MPN (FSA Handbook, page 4-32).

Please also note that although the requirement for a school to obtain authorization to deliver Title IV funds by EFT to a bank account designated by the student or parent was removed from §668.165(b)(1) in the November 1, 2007, final rules, that requirement is retained in the Federal Work-Study (FWS) regulations [see §675.16(4)(i)(B)].

Streamlining paperwork

Schools have a few options for simplifying the process of obtaining student and parent authorizations. First of all, a school may use one authorization statement to obtain multiple authorizations. However, the student or parent must be able to identify each component and term within the authorization statement. If a school uses this method, it must include a comprehensive and understandable explanation of how the school will carry out each activity being authorized. A blanket authorization that only lists each activity will not suffice.

Secondly, in order to avoid requiring the student or parent to renew the same authorization(s) each year, "...a parent or student may authorize a school to carry

out the activities for which authorization is provided for the entire period that the student is enrolled at the school" (FSA Handbook, page 4-26).

Parent and student rights

The FSA Handbook (pages 4-25 and 4-26) also states that "[a] school may not require or coerce the parent or student to provide the authorization and must clearly explain to the parent or student how to cancel or modify the authorization. The parent or student may cancel or modify the authorization at any time." If the authorization statement includes more than one component, the parent or student must be aware that any individual component of the authorization may be cancelled or modified at any time.

A cancellation or modification of an authorization is not retroactive. The cancellation is effective on the date that the school receives it from the parent or student. So, for example, if the parent or student cancels an authorization for the school to hold a Title IV credit balance, the authorization is effective on that date; and the funds must be delivered directly to the student or parent as soon as possible but no later than 14 days after the school receives the notice of cancellation, in accordance with Title IV cash management requirements.

More information

Please visit *TG Online* at www.tgslc.org, and select Policies and Regulations in the Schools menu to access and download volume 4 of the 2008-09 FSA Handbook. 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.

Question of the week

Q.: While completing his undergraduate degree, a student exceeded his Stafford aggregate loan limit. Can he still receive Stafford loans as a graduate student?

A.: Not until he resolves the issue. And how the student must resolve the issue depends on whether the excess borrowing was inadvertent or intentional. According to the *Common Manual* Subsection 6.11.E,

"If a Stafford borrower inadvertently exceeds an annual or aggregate loan limit under a Title IV program, the borrower will not be eligible for any additional Title IV funds until one of the following occurs:

- The borrower authorizes the school to adjust the excess loan amount or reallocate funds between a subsidized Stafford loan and an unsubsidized Stafford loan for which the borrower is eligible. For more information on adjusting or reallocating loan amounts, see Section 6.20.
- The borrower repays in full the excess loan amount. [§668.35(d)(1)]

- The borrower makes arrangements satisfactory to the holder of the loan to repay the excess loan amount. These arrangements may include having the borrower sign an agreement acknowledging the debt and affirming his or her intention to repay the excess amount as part of the normal repayment process. Consolidation of the loan(s) that exceeded the annual or aggregate loan limit (provided that the loan(s) is otherwise eligible for consolidation) is also considered to be a satisfactory repayment arrangement. [§668.35(d)(2)]

If a Stafford borrower exceeds an annual or aggregate loan limit as a result of providing false or misleading information, the borrower can only regain eligibility for Title IV aid by paying excess funds in full."

See also the 2008-09 *Federal Student Aid Handbook*, pages 5-16 through 5-17, for more information on resolving overpayments created by inadvertent overborrowing.

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 April 17, 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.

Acceptable Death Claim Documentation

The *Common Manual* has been revised to include as acceptable death claim documentation an accurate and complete photocopy of the original or certified copy of the death certificate, in addition to the already acceptable documentation of an original or certified copy of the death certificate. In addition, if a lender discovers that it has on file a photocopy of a death certificate for an account that was never submitted as a death claim or was denied as a death claim (because at the time of original receipt, copies were not acceptable proof of the borrower's death), the lender must file the death claim within 60 days of that discovery.

Affected Sections:	13.1.D	Claim File Documentation
	13.1.E	Missing Claim File Documentation
	13.8.C	Death

Figure 13-3 Timely Filing Deadlines for Claims and Discharges

Effective Date: Death discharge requests filed by the lender based on determinations or re-determinations of eligible photocopies on or after July 1, 2008, unless implemented earlier by the lender on or after November 1, 2007. This aligns with the suggested trigger event recommendation document submitted to the Department. If the Department publishes guidance with a different trigger event, the *Common Manual* will immediately notify schools and lenders of the change.

Basis: §682.402(b)(2); Preamble language to the *Federal Register*, dated June 12, 2007, Vol.72, p. 32412.

Policy Information: 996/Batch 149

Guarantor Comments: None.

Discharge Provisions For Spouses and Parents of September 11, 2001, Victims

The *Common Manual* has been updated to include eligibility requirements, definitions applicable to the discharge, documentation requirements, discharge limitations, claim procedures and notification requirements for spouses and parents of September 11, 2001, victims discharge.

Affected Sections:

Figure 2-1	The Life of a Stafford Loan
Figure 2-2	The Life of a Parent PLUS Loan
2.2.C	Repayment
2.3.C	Common Forms
3.5.C	Credit Bureau Reporting
10.10.A	Permitted Capitalization
Figure 11-2	Forbearance Eligibility Chart
11.20.P	Total and Permanent Disability
12.4.E	Endorser Due Diligence
13.8.F	Total and Permanent Disability
Figure 13-4	Timely Filing Deadlines for Claims and Discharges
14.2	Timely Claim Filing Violations
14.3.B	Non Default Claims
14.4.B	Refile Deadline
15.2	Borrower Eligibility and Underlying Loan Holder Requirements
15.5.F	Delinquency, Claim Filing, Loan Forgiveness, and Discharge
A.1.B	When Federal Interest Benefits Will Be Paid
Appendix G	

Effective Date: Loan discharges granted to spouses and parents of September 11, 2001, victims on or after October 29, 2007.

Basis: Third Higher Education Extension Act of 2006, (P. L. 109-292); *Federal Registers* dated December 28, 2006, and September 28, 2007.

Policy Information: 1024/Batch 149

Guarantor Comments: None.

Federal Trade Commission Holder Rule Expanded

The *Common Manual* has been updated to include new provisions regarding borrower defenses based on relationships between the school and the lender. Previously, the borrower could assert certain defenses against repayment of the loan solely in the situation where he or she attended a for-profit postsecondary school.

New regulations expand the range of borrower defenses against repayment of the loan to loans made for attendance at all postsecondary schools if any of the following circumstances apply:

- The loan was made by the school or a school-affiliated organization.
- The loan was made by a lender that provided improper inducements to the school or to another party in the making of the loan.
- The loan was made for attendance at a school that referred the borrower to the lender.
- The loan was made for attendance at a school that was affiliated by common control, contract, or other business arrangement with the originating lender.

Affected Sections: 3.4.D Borrower Defenses

Effective Date: July 1, 2008.

Basis: §682.209(k).

Policy Information: 1025/Batch 149

Guarantor Comments: None.

Identity Theft — Early Implementation

The *Common Manual* has been revised to comply with the regulatory changes published in the *Federal Register* dated November 1, 2007, that relate to situations in which an individual has been the victim of, or alleged victim of, the crime of identity theft.

If a lender receives a valid identity theft report or notification from a credit bureau of an alleged identity theft, a lender must suspend credit bureau reporting on a loan for a period not to exceed 120 days while the lender determines legal enforceability of the loan. A lender may also grant an administrative forbearance for a period not to exceed 120 days on any loan that is potentially eligible for a false certification

discharge as a result of the crime of identity theft while the lender determines legal enforceability of the loan. If a lender determines that a loan does not qualify for a false certification loan discharge as a result of the crime of identity theft, but the lender still determines the loan to be legally unenforceable, the lender must notify the credit bureau of the determination.

If, within 3 years of the date the lender determines a loan to be legally unenforceable, a lender receives evidence that the loan was made as the result of the crime of identity theft, the lender may submit a claim and receive federal interest benefits and special allowance payments that would have accrued on the loan.

Affected Sections:	3.5.C	Credit Bureau Reporting
	11.20.D	False Certification as a Result of the Crime of Identity Theft
	13.8.E	False Certification as a Result of the Crime of Identity Theft
	A.1.B	When Federal Interest Benefits Will Be Paid
	A.2.B	Termination of Special Allowance

Effective Date: Reports received on or after July 1, 2008, unless implemented earlier by the lender on or after November 1, 2007. This aligns with the suggested trigger event recommendation document submitted to the Department. If the Department publishes guidance with a different trigger event, the *Common Manual* will immediately notify schools and lenders of the change.

Basis: Preamble to the November 1, 2007, *Federal Register*, Vol. 72, No. 211, pages 61962 and 61984-61986; §682.208(b)(3); §682.211(f)(6).

Policy Information: 1026/Batch 149

Guarantor Comments: None.

Identity Theft — July 1, 2008 Implementation

The *Common Manual* has been revised to comply with the regulatory changes published in the *Federal Register* dated November 1, 2007, that relate to situations in which an individual has been the victim, or alleged victim, of the crime of identity theft.

If a loan is discharged due to closed school or false certification, a lender must request that the credit bureau remove any negative or inaccurate information regarding that loan from an individual's credit history.

Federal due diligence requirements in collecting any delinquent loan payments, as well as federal credit bureau reporting requirements, do not preempt the provisions of the Fair Credit Reporting Act (FCRA) that provide relief to an individual while a

lender determines the legal enforceability of a loan when the lender receives a valid identity theft report or notification from a credit bureau of an alleged identity theft.

For an individual to qualify for a loan discharge due to false certification as a result of the crime of identity theft, the individual must provide the lender with a copy of a local, state, or federal court verdict or judgment that conclusively determines that the individual who is named as the borrower or endorser of the loan was the victim of a crime of identity theft by a perpetrator named in the verdict or judgment.

The Department ends its obligation to pay federal interest benefits and special allowance to a lender on the date a lender determines a loan to be legally unenforceable based on the receipt of an identity theft report or notification from a credit bureau of an alleged identity theft.

Affected Sections:	3.5.C	Credit Bureau Reporting
	12	Due Diligence in Collecting Loans
	13.8.E	False Certification as a Result of the Crime of Identity Theft
	A.1.B	When Federal Interest Benefits Will Be Paid
	A.2.B	Termination of Special Allowance

Effective Date: Deletion of loans from credit bureau records, loans discharged on or after July 1, 2008. *This aligns with the suggested trigger event recommendation document submitted to the Department. If the Department publishes guidance with a different trigger event, the Common Manual will immediately notify schools and lenders of the change.*

Reports received on or after July 1, 2008, unless implemented earlier by the lender on or after November 1, 2007. *This aligns with the suggested trigger event recommendation document submitted to the Department. If the Department publishes guidance with a different trigger event, the Common Manual will immediately notify schools and lenders of the change.*

False certification identity theft loan discharge claims processed by the lender on or after September 8, 2006.

Interest benefits and special allowance billing discontinuance, loans deemed unenforceable on or after July 1, 2008. *This aligns with the suggested trigger event recommendation document submitted to the Department. If the Department publishes guidance with a different trigger event, the Common Manual will immediately notify schools and lenders of the change.*

Basis: Preamble to the November 1, 2007, *Federal Register*, Vol. 72, No. 211, pages 61984-61986; §682.300(b)(2)(ix); §682.302(d)(1)(viii); §682.402(e)(2); §682.411(o).

Policy Information: 1027/Batch 149

Guarantor Comments: None.

Entrance Counseling for Grad PLUS Borrower

The *Common Manual* has been revised to amend entrance counseling requirements to include provisions applicable to Grad PLUS loans and to provide entrance counseling to all new graduate or professional student PLUS borrowers. In addition, language has been included to reflect that the average anticipated monthly repayment amounts provided to borrowers in their counseling materials must include Grad PLUS loans as well as Stafford loans, depending on the types of loans the student borrower has obtained. Appendix G's definition of Debt Management Counseling is modified by removing reference to entrance counseling, providing a more precise definition of entrance counseling, providing a more precise definition of exit counseling, and expanding the exit counseling definition.

Affected Sections:

4.4	Providing Information to Students
4.4.B	Entrance Counseling
4.4.C	Exit Counseling
Figure 8-3	School Requirements before Delivering a FFELP Loan
Appendix G	

Effective Date: Entrance and exit counseling provided by the school on or after July 1, 2008, unless implemented by the school on or after November 1, 2007.

Basis: §682.603(d); §682.604(f) and (g).

Policy Information: 1028/Batch 149

Guarantor Comments: None.

Required Notices and Authorizations

The *Common Manual* has been updated to reflect the disbursement notification requirements published in the November 1, 2007 final regulations. If the borrower provided affirmative confirmation of his or her acceptance of the loan amount offered, the school may continue to follow the current disbursement notification requirements at or near the time of the delivery of loan funds. The notice must be sent within 30 days before or 30 days after it credits loan funds to the student's school account. If the borrower wishes to cancel all or a portion of the loan disbursement, he or she must notify the school by the later of the first day of the payment period for which the funds are intended or 14 days after the date the school sent the notification that loan funds had been credited to the student's account at the school.

If the borrower does not provide affirmative confirmation of his or her acceptance of the loan amount offered, the school must send the disbursement notification to

the borrower within 30 days before, but no later than seven days after the school credits loan funds to the student's school account. The school must allow the borrower 30 days to request a cancellation or a change in the loan amount.

In addition, revised policy includes in the school record-keeping requirements the indefinite retention period for documentation of the confirmation process, which first appeared in the 04-05 FSA Handbook.

Affected Sections:	4.4.B	Entrance Counseling
	4.5	Recordkeeping Requirements
	7.2.A	Lender Responsibilities Under a Master Promissory Note
	8.2.A	Initial Notice of Funds
	8.2.B	School Notice of Credit to Student Account
	8.2.C	Borrower Notice to Cancel Loan
	8.2.D	Notification and Confirmation Requirements for the Multi-Year Feature of the MPN
	Figure 8-1	
	17.3.B	The On-Site Review
	Appendix G	

Effective Date: Loans disbursed on or after July 1, 2008, unless implemented earlier by the school on or after November 1, 2007.

For the retention of documentation of the confirmation process, the publication date of the 04-05 FSA Handbook.

Basis: §668.165(a); 08-09 FSA Handbook, Volume 2, Chapter 9, p. 2-106.

Policy Information: 1029/Batch 149

Guarantor Comments: None.

Scheduled and Borrower-Based Academic Year in Standard Term-Based Credit-Hour Programs

The *Common Manual* has been updated to clarify the two categories of academic year that determine the frequency of Stafford annual loan limits in a standard term-based, credit-hour program: Scheduled Academic Year (SAY) and Borrower-Based Academic Year (BBAY).

A scheduled academic year (SAY) corresponds to a traditional academic year calendar (e.g., fall and spring semesters; or fall, winter, and spring quarters). A SAY is a "fixed" academic period that generally begins and ends at about the same time each calendar year according to an established schedule that is published in a school's catalog or other materials.

A borrower-based academic year (BBAY) does not have a fixed beginning or ending date. A BBAY begins when a student, or a group of students, begins attendance and tracks the student's (or group's) attendance and progress in a program of study.

For standard term-based credit-hour programs that are offered in a traditional academic year calendar, a school may use either a SAY or a BBAY. A school may use a SAY or a BBAY for a standard term-based program comprised of modules that is offered in a traditional academic year calendar. Both the SAY and BBAY must meet the minimum statutory requirements of an academic year. One exception to this rule is that a BBAY that is used as an alternative to a SAY and that includes a summer term may include fewer than 30 weeks of instructional time, or fewer credit hours than the minimum number required for a SAY.

If a school has a standard term-based program that is not offered in a traditional academic year calendar (i.e., one that corresponds to a SAY), the school must use a BBAY. If the program uses semesters or trimesters, a BBAY consists of any two consecutive terms. If the program uses quarters, a BBAY consists of any three consecutive terms. Mini-sessions (summer or otherwise) must be combined and treated as a single standard term. A BBAY may include a term(s) that a student does not attend if the student could have enrolled at least half time during that term(s), but the BBAY must begin with a term in which the student is actually enrolled. The BBAY for programs that are not offered in a traditional academic year calendar must always include enough terms to meet the minimum Title IV academic year requirements for weeks of instructional time.

Although there is no annual loan limit for a parent or Grad PLUS loan, a school must certify a parent or Grad PLUS loan for the same SAY or BBAY loan period that the school uses for the student's Stafford loan.

Affected Sections: 6.1 Defining an Academic Year
6.3.C Standard Term-Based Programs Offered in Modules
Figure 6-2
Appendix G

Effective Date: Publication date of the 05-06 FSA Handbook.

Basis: 05-06 FSA Handbook, Volume 3, Chapter 4, pp. 3-66 to 3-71 and p. 3-74.

Policy Information: 1030/Batch 149

Guarantor Comments: None.

Enrollment Status Definition Changes

The *Common Manual* has been revised to incorporate final rule changes concerning enrollment status determinations, and to align Section 6.9 of the *Manual* with text present in glossary definitions.

For an undergraduate program, a school's definition of half-time enrollment must include at least half of the academic workload of the applicable regulatory minimum full-time enrollment standard for that program. Previously, the school's definition of half-time enrollment for an undergraduate student was at least half of the full-time enrollment status defined by the school for its students.

Updated *Manual* text clarifies an existing requirement for a school to define full-time enrollment status for each of its undergraduate, graduate, or professional programs. The school's definition of half-time enrollment for a graduate or professional program did not change: It must include at least half of the full-time academic workload defined by the school for graduate or professional students enrolled in that program.

In addition, Section 6.9 has been updated to consolidate information about enrollment status for a student who enrolls in correspondence coursework:

- An undergraduate or graduate student who is enrolled solely in correspondence study is never considered more than a half-time student, even if the student is enrolled in enough correspondence coursework to be considered full time. A school's definition of half-time enrollment for a student enrolled solely in a program of study by correspondence must be at least 12 hours of work per week, or at least six credit hours per semester, trimester, or quarter.
- A student who is enrolled in a non-correspondence study program and combines correspondence coursework with regular coursework may be considered full time. For a graduate or professional student, a school must define full-time enrollment for each of its programs. For an undergraduate student, a school's definition of full-time enrollment must equal or exceed the applicable minimum full-time enrollment standard. In addition, an undergraduate student enrolled in a non-correspondence program who combines correspondence coursework with regular coursework is considered full-time only if at least half of the student's full-time academic workload is comprised of regular (i.e., non-correspondence) coursework that meets half of the school's definition of a full-time academic workload for students enrolled in that program.

Affected Sections: 6.9 Defining Enrollment Status

Appendix G

Effective Date: Enrollment periods that begin on or after July 1, 2008, unless implemented earlier by the school on or after November 1, 2007.

Retroactive to the implementation of the *Common Manual* for the following:

- Determining enrollment status for a student enrolled solely in a correspondence program.

- Defining full-time enrollment for each of a school's undergraduate, graduate, and professional programs.

Basis: §668.2(b); preamble to the *Federal Register* dated August 8, 2007, p. 44621.

Policy Information: 1031/Batch 149

Guarantor Comments: None.

Stafford Loan Interest Rates

The *Common Manual* has been revised to comply with Section 201 of the College Cost Reduction and Access Act and regulatory changes published in the *Federal Register* dated November 1, 2007. The interest rate on all Stafford loans first disbursed on or after July 1, 2006, is a fixed rate of 6.8 percent, except for subsidized Stafford loans made to undergraduate borrowers and first disbursed:

- On or after July 1, 2008, and before July 1, 2009, the interest rate is 6 percent.
- On or after July 1, 2009, and before July 1, 2010, the interest rate is 5.6 percent.
- On or after July 1, 2010, and before July 1, 2011, the interest rate is 4.5 percent.
- On or after July 1, 2011, and before July 1, 2012, the interest rate is 3.4 percent.

The information on Stafford loan interest rates disbursed prior to June 30, 2006, is relocated from Subsection 7.4.A, Current Stafford Interest Rates, to Subsection 7.4.C, Previous Stafford Interest Rates.

Affected Sections: 7.4.A Current Stafford Interest Rates
7.4.C Previous Stafford Interest Rates
Figure 7-1

Effective Date: Subsidized Stafford loans at a fixed interest rate of 6 percent that are first disbursed to undergraduate borrowers on or after July 1, 2008, and before July 1, 2009.

Subsidized Stafford loans at a fixed interest rate of 5.6 percent that are first disbursed to undergraduate borrowers on or after July 1, 2009, and before July 1, 2010.

Subsidized Stafford loans at a fixed interest rate of 4.5 percent that are first disbursed to undergraduate borrowers on or after July 1, 2010, and before July 1, 2011.

Subsidized Stafford loans at a fixed interest rate of 3.4 percent that are first disbursed to undergraduate borrowers on or after July 1, 2011, and before July 1, 2012.

Basis: Higher Education Act of 1965, Section 427(l)(4), as amended by Section 201 of the College Cost Reduction and Access Act (CCRAA), Public Law 110-84; §682.202(a)(1)(ix) and (x).

Policy Information: 1032/Batch 149

Guarantor Comments: None.

Simplified Deferment Processing

The *Common Manual* has been updated to incorporate the regulatory change that allows, but does not require, a lender to grant certain deferments to a new borrower (i.e., first borrowed on or after July 1, 1993), as well as the military service deferment, and the military active duty student deferment, based on a deferment granted by another FFELP loan holder or the Department for the same reason and the same time period. A lender may grant the deferment using the simplified process if the borrower requests it verbally or in writing and the decision to grant the deferment is based on information from the other FFELP loan holder, the Department, or an authoritative electronic database maintained or authorized by the Department that supports eligibility for the deferment for the same reason and the same time period. A lender may rely in good faith on the information it obtains from the other FFELP loan holder, Department or authoritative database unless the lender has information indicating that the borrower does not qualify for the deferment. A lender must resolve any discrepant information before granting a deferment under the simplified process. If the lender grants a deferment using the simplified process, it must notify the borrower that the deferment has been granted and that the borrower has the option to pay the interest that accrues on an unsubsidized FFELP loan or to cancel the deferment and continue to make payments on the loan.

Affected Sections:

11.4	Economic Hardship Deferment
11.5	Graduate Fellowship Deferment
11.8	Military Deferment
11.13	Rehabilitation Training Program Deferment
11.17	Unemployment Deferment

Effective Date: Deferment requests granted by the lender on or after July 1, 2008, unless implemented earlier by the lender on or after November 1, 2007. This aligns with the suggested trigger event recommendation document submitted to the Department. If the Department publishes guidance with a different trigger event, the *Common Manual* will immediately notify schools and lenders of the change.

Basis: Preamble to the November 1, 2007, *Federal Register*, Vol. 72, No. 211, pages 61962 and 62001; §682.210(s)(1)(iii) - (v).

Policy Information: 1033/Batch 149

Guarantor Comments: None.

Special Allowance Rates and Formulas; Definition and Designation of Eligible Not-For-Profit Holder

The *Common Manual* has been revised to comply with statutory and regulatory changes derived from the College Cost Reduction and Access Act (CCRAA), Public Law 110-84 and the Third Higher Education Act of 2007, Public Law 110-109. For loans first disbursed on or after October 1, 2007, the special allowance factors used to calculate special allowance payments are based on whether or not the lender qualifies as an eligible not-for-profit holder. As prescribed in the CCRAA, an eligible not-for-profit holder is entitled to a higher special allowance payment.

A new definition for Eligible Not-For-Profit Holder, as it relates to special allowance payments on loans first disbursed on or after October 1, 2007, has been added to Appendix G. The *Common Manual* has also been revised to include reference to *Dear Colleague Letter* FP-07-12 which provides guidance on how a lender is designated as an eligible not-for-profit holder by the Department.

The *Manual* has also been revised to include updated versions of Figures A-1, A-2, A-3, and A-4, which include the revised special allowance factors prescribed in the CCRAA.

Affected Sections:	A.2.A	Special Allowance and Excess Interest Rates
	Figure A-1	Special Allowance Formulas
	Figure A-2	Examples of Special Allowance Calculations
	Figure A-3	Excess Interest Formulas
	Figure A-4	Example of Excess Interest Calculations
	Appendix G	

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

Basis: Higher Education Act of 1965, Sections 435(p) and 438(b)(2)(I), as amended by the College Cost Reduction and Access Act (CCRAA), Public Law 110-84, and the Third Higher Education Act of 2007, Public Law 110-109; §682.302(f); *Dear Colleague Letter* FP-07-12; *Dear Colleague Letter* FP-08-01.

Policy Information: 1034/Batch 149

Guarantor Comments: None.

Undergraduate, Graduate, and Professional Students

The *Common Manual* has been updated with the general provisions final rule changes published in the *Federal Register* on November 1, 2007. These regulatory changes clarify the definitions of "undergraduate student," "graduate or professional student," and provide a new definition of a professional degree.

References to a first undergraduate or professional degree have been removed from the definitions of "undergraduate student," and "graduate or professional student."

The definition of "graduate or professional student" has been modified to:

- Remove references to the student's enrollment in an institution of higher education, which excludes eligible proprietary schools.
- Clarify dual-degree programs, i.e., a program that allows an individual to complete a bachelor's degree and either a graduate or professional degree within the same program. A student is considered an undergraduate student for at least the first three years of a dual-degree program. The school defines the point at which a student enrolled in a dual-degree program is considered a graduate student after the first three years. For example, in a 5-year program leading to a graduate degree, the school may define a student as a graduate student after the first three or four years of the program.

The definition of "undergraduate student" has been clarified to remove references to the length of the program in academic years, to acknowledge a school's ability to define what a year is in its programs (i.e., based on grade level) for the purpose of determining when a student is an undergraduate or graduate/professional student. An undergraduate student is a student who is enrolled at an eligible school who:

- Is enrolled in a program that usually does not exceed four years, or is enrolled in a four or five year program at a school that is designed to lead to an undergraduate degree. A student enrolled in a program of any other longer length is considered an undergraduate student for only the first four years of that program.
- Has completed a baccalaureate program of study and who is subsequently completing state-required teacher certification or recertification coursework.
- Is enrolled in a dual-degree program that allows an individual to complete a bachelor's degree and either a graduate or professional degree within the same program. A student is considered an undergraduate student for at least the first three years of a dual degree program.

Finally, the *Manual* has been updated to incorporate a new definition of "professional degree": a degree that signifies both completion of the academic requirements for beginning practice in a given profession and a level of professional skill beyond that normally required for a bachelor's degree. Professional licensure is also generally required. Examples of a professional degree include, but are not limited to: Pharmacy (Pharm. D.), Dentistry (D.D.S. or D.M.D.), Veterinary Medicine (D.V.M.), Chiropractic (D.C. or D.C.M.), Law (L.L.B. or J.D.), Medicine (M.D.), Optometry (O.D.), Osteopathic Medicine (D.O.), Podiatry (D.P.M., D.P., or Pod. D.), and Theology (M. Div. or M.H.L.).

Affected Sections: Appendix G

Effective Date: Enrollment periods that begin on or after July 1, 2008, unless implemented earlier by the school on or after November 1, 2007.

Basis: §668.2(b); preamble to the *Federal Register* dated November 1, 2007, pp. 62015-62016; 07-08 FSA Handbook, Volume 3, Chapter 5, p. 3-91.

Policy Information: 1035/Batch 149

Guarantor Comments: None.

HEROES Waiver Extension

Previously, HEROES Act waivers were scheduled to end on September 30, 2007. However, Congress removed the September 30, 2007, end-date for the current provisions in statute and, as a result the Department further extended the waivers to September 30, 2012, in a *Federal Register* notice published December 26, 2007. The Department may terminate or otherwise publish changes to existing waivers prior to the September 2012 date.

Affected Sections: H.4.A HEROES Act Waivers

Effective Date: Affected individuals eligible for waivers of statutory and regulatory provisions on or after October 1, 2007.

Basis: *Federal Register*, Volume 72, Number 246 dated December 26, 2007, p. 72947.

Policy Information: 1036/Batch 149

Guarantor Comments: None.

Legislative update

Recent legislative activity has focused on the liquidity issues with student loan markets. On April 31 and May 1, the House and Senate approved a compromise version of H.R. 5715, the "Ensuring Continued Access to Student Loans Act," which is discussed in detail in another article in this issue of *Shoptalk Online*. In addition, Rep. Paul Kanjorski (D-Pa.) and Sen. John Kerry (D-Mass.) have filed legislation (H.R. 5723/S. 2847 — "The Emergency Student Loan Market Liquidity Act"), which proposes to allow the 12 Federal Home Loan Banks to assist student loan lenders by enabling the banks to temporarily invest in student loan-related securities with their surplus funds. The same two members have also filed H.R. 5914, "The Student Loan Access Act," that provides the Treasury Department's Federal Financing Bank with the explicit authority to purchase loans guaranteed under Part B of the Higher Education Act. Learn more about these various pieces of legislation by reading the full report on *TG Online* at www.tgslc.org/lege_report/2008/lr_080502.cfm.

This, that, and the other

Recorded lectures have been a learning tool for many professors for years. More recently, college faculty have taken to producing home-made videos YouTube®-style as a way to reach students. These short videos demonstrate concepts or

otherwise supplement course material, often in quirky and creative ways. Professors who rely on this electronic form of pedagogy say that students tend to tune in to the short videos more than recorded lectures. "It's like a professor on demand," said one professor.

The source for this week's "This, that, and the other" is located at http://chronicle.com/free/v54/i34/34a01301.htm?utm_source=pm&utm_medium=en.

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