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Tip^{of} the Week

Going to the NASFAA Annual Conference in Orlando? Stop by the TG booth (#432) to learn the latest about TG's products and services.

Federal updates

ED provides more information on borrower benefits and the loan purchase program

On June 12, 2008, ED released an Electronic Announcement regarding the impact of FFELP borrower benefit programs on ED's offer to purchase certain FFELP loans.

Background

In a May 21, 2008, letter to FFELP lenders (reported in *Shoptalk Online* edition [456](#)), ED announced that it would offer to purchase certain FFELP loans, as well as participation interests in pools of loans made for the 2008-09 academic year, in accordance with the Ensuring Continued Access to Student Loans Act (Pub. L. 110-227).

Since ED announced the loan purchase program, the financial aid community has expressed concern as to whether ED would continue to provide a loan's borrower benefits upon the purchase of the loan, or if the existence of those benefits would preclude ED from purchasing the loan. This latest announcement states that while some borrower benefit programs offered by FFELP lenders do not impact loan purchase eligibility, there are some borrower benefit programs that, if offered, would impact this eligibility.

Except as described below, ED will not assume a commitment made to a borrower by another entity; loans with such commitments cannot be included in the purchase program.

Payment of upfront fees will not impact eligibility

Since the 1.0 percent Stafford origination fee and the 1.0 percent Stafford and PLUS federal default fee, in effect for loans made on or after July 1, 2008, would have been paid prior to the purchase of the loan, a FFELP lender (or any other entity) may pay all or part of these two upfront fees without impacting the loan's purchase eligibility.

Interest rate reductions for electronic payments may impact eligibility

ED states that, for any 2008-09 loan that it purchases, it will likely offer a 0.25 percent interest rate reduction for a borrower who elects to make his or her payments automatically through an electronic debit process. Thus, although a reduction in excess of 0.25 percent would impact the loan's purchase eligibility, a FFELP lender offering a borrower a 0.25 percent interest rate reduction under the same conditions would not jeopardize the loan's purchase eligibility or the borrower's right to such an interest rate reduction.

Other borrower benefits will impact eligibility

Most other borrower benefit programs provide benefits later in the loan's lifecycle, after ED may have purchased the loan. ED states that an upcoming *Federal Register* notice will likely stipulate that one of the eligibility requirements for a loan to be purchased by ED, or placed in a participation agreement as described in the May 21 letter, will be that the loan carry no committed or implied borrower benefit other than the two benefit programs noted above, or those which are expressly provided for in the statute or in the promissory note.

An important note

ED emphasizes that the guidance in the Electronic Announcement does not imply or require that FFELP lenders must offer loans with terms and conditions identical to those offered by ED in the Direct Loan Program. Nor does it mean that ED will offer benefits ordinarily provided to Direct Loan borrowers on a FFELP loan that it purchased from a FFELP lender. It is also possible, but unlikely, that the upcoming *Federal Register* notice will further limit the purchase of loans on the basis of the benefits offered to borrowers.

More information

The Electronic Announcement is available on the Information for Financial Aid Professionals (IFAP) Web site at

<http://ifap.ed.gov/eannouncements/0612BorrowerBenefits.html>.

Reminder: Upcoming federal minimum wage increase

As reported in *Shoptalk Online* edition [411](#), last year Congress authorized three annual increases in the federal minimum wage; the second of those increases is quickly approaching:

- On July 24, 2008, the minimum wage will increase from \$5.85 per hour to \$6.55 per hour
- On July 24, 2009, the final increase authorized by this legislation will go into effect, increasing the minimum wage from \$6.55 per hour to \$7.25 per hour

School impact: Federal Work-Study students

As this change may impact some Federal Work-Study (FWS) students, it is important for FWS administrators to contact human resource and payroll staff, as well as FWS supervisors, to verify that all parties involved in FWS pay rate determination and payroll processing are aware of this change.

As a reminder, FWS employers may not pay their FWS employees a wage that is less than the federal minimum wage, and, in the event an FWS employee is subject to differing state and federal minimum wages, the employee must be paid the higher of the two pay rates.

If necessary, schools participating in the Perkins Loan Program should update their systems to use the increased minimum wage amount in calculating the maximum monthly gross income for the purpose of determining borrower eligibility for an economic hardship deferment.

Lender and servicer impact: economic hardship deferment criteria

FFELP lenders and servicers should review their systems to ensure readiness to process Economic Hardship Deferment (HRD) and Working Mother Deferment (PLWM) Request forms using the increased minimum wage amount. The increased

wage amount should be used for deferment requests received on or after July 24, 2008. Updated deferment forms will be available on *TG Online* in the near future.

For more information

Last summer, ED released *Dear Colleague Letter* (DCL) CB-07-11, available online at <http://ifap.ed.gov/dpcletters/CB0711.html>, with guidance on the FWS implications of the wage increase.

The *Federal Student Aid Handbook* (FSA Handbook) provides general information about the FWS Program and the Perkins Loan Program in volume 6 of the 2008-09 version. To download the FSA Handbook, visit *TG Online* at www.tgslc.org/policy/fsa_handbook.cfm.

A sneak peek at the TEACH Grant final rules

Today, ED released a draft version of the TEACH Grant final rules, with an implementation date of July 1, 2008. ED expects that the official version of the document will be published in the *Federal Register* within the next week.

Proposed rules for the TEACH Grant were published on March 21, 2008 (see *Shoptalk Online* edition [447](#)).

More information

ED's announcement is available on the Information for Financial Aid Professionals (IFAP) Web site at <http://ifap.ed.gov/eannouncements/061708TEACHGrantDraftFinalRule.html>.

The draft version of the rules can be accessed at: www.ed.gov/policy/highered/reg/hearulemaking/2008/index2008.html. Click either the MS Word or PDF version in the "What's New" box at the top of the page.

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 June 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
00992302	Ivy Tech Community College of Indiana — Region 11, Venture Out Business Center 975 Industrial Dr. Madison, IN 47250-3900	N/A	12/15/07

OPE School ID	School Name and Address	Unofficial Closure Date	ED's Official Closure Date
01004103	Ivy Tech Community College of Indiana — Region 5, Technology Center 1942 E. North St. Kokomo, IN 46901-3168	N/A	01/30/08
03521301	Ivy Tech Community College of Indiana — Region 14, Bloomington Hospital 601 West 2nd St. Bloomington, IN 47402-2317	N/A	08/15/04
02293601	Advanced Technical Centers 7100 Pembroke Pines Blvd., Ste. 25 Pembroke Pines, FL 33024	N/A	06/30/05

TG updates

TG modifies systems to accommodate changing lender participation levels

FFELP lenders are facing many challenges in today's economic environment and, as a result, must make difficult decisions about their continued participation in the FFELP. As a consequence, some lenders will be unable to fund some loans that TG has guaranteed.

In an effort to help schools and their borrowers who find themselves in this situation, TG has been working with schools and borrowers to obtain a new lender so a new guarantee can be issued.

Profile changes

On June 12, TG implemented school and lender processing profiles to reduce the number of guaranteed loans with funding issues. To facilitate this process, TG encourages lenders to contact their TG lender consultant about any changes to their lending criteria as soon as possible.

During the TG guarantee process, TG will use the new lender processing profiles to reject applications based on the lender's criteria. TG's loan guarantee operations (LGO) team will monitor these rejected applications and contact affected schools as appropriate.

LGO will also provide the affected schools with a list of loan applications that are currently pending guarantee. TG will respond to the school's application send record with a CommonLine denial response containing an error code of 082. The newly-implemented TG edit code for these rejected applications is L40. Additionally,

AdvanTG Web™ users may use existing reports to query for these rejected applications.

Processing options

TG will mail a letter to each affected borrower advising him or her to contact the school to select an alternate lender. If the borrower contacts LGO, options for selecting a different lender will be provided.

Upon the borrower's selection of a new lender, the following options are available to the school to process the new application effectively:

- AdvanTG Web schools can use the Denied Applications query in their AdvanTG Web databases to easily facilitate the resubmittal of the applications. To do this, change the lender number on Denied Applications to the borrower's new selected lender number and transmit a pre-guarantee correction record to TG. The CommonLine correction records can also be created in your financial aid management system (FAMS) for transmittal to TG through AdvanTG Web.
- Non-AdvanTG Web schools can submit a CommonLine pre-guarantee correction record with the borrower's new selected lender.
- TG's Real Time Access (RTA) system can also be used to correct and guarantee the applications.
- Schools or borrowers can contact TG's loan guarantee operations at (800) 446-5616, or send an e-mail message to lgo.helps@tgslc.org to have the application(s) corrected and guaranteed.

Once the loan is guaranteed, the school will receive a CommonLine Guarantee response. The borrower will need to sign a new master promissory note (MPN) and send it to the associated lender before the lender can release any loan funds.

Important notice: Deleting applications from TG's mainframe

If the school decides to create new applications instead of submitting a pre-guarantee correction record, the existing applications must be deleted from TG's mainframe. This will facilitate the guarantee process and avoid delays. The following options are available for schools to delete the application:

- Contact LGO by phone or e-mail. Schools can contact LGO at (800) 446-5616, or send an e-mail message to lgo.helps@tgslc.org
- Submit CommonLine application termination requests to remove the applications from TG's system.
- For AdvanTG Web schools, modify the CL Record Status Code on denied applications to create termination requests and then submit to TG. Please note that deleting the applications from your AdvanTG Web database will not delete the applications from TG's mainframe.

Questions

For assistance with using any of the above electronic methods, please contact TG's product support group at (800) 332-1455, or send an e-mail message to product.support@tgslc.org.

NASFAA conference watch: TG offers session on automating lender selection process

Preferred lender lists (PLLs) have been subject of recent industry examination and discussion because of regulatory changes and public attention. To help schools understand their options with regard to PLLs, TG offers a special training session at the 2008 NASFAA Annual Conference titled "Automating your lender selection process."

The session will be offered twice: on Monday, July 7 at 2:45 p.m. in Room Europe 6; and again in the same room on Tuesday, July 8, at 10:15 a.m.

TG's session has been designed to provide financial aid professionals with a timely and relevant discussion of PLLs. Among other things, the session

- Offers an overview of current issues surrounding lender lists;
- Examines why schools elect to use a PLL;
- Suggests practices for handling the creation of a PLL; and
- Offers examples of how schools have developed their own lists.

Attendees will also be given a preview of TG's forthcoming lender survey tool: List AssistSM.

Discussion will also focus on ways to simplify lender list creation to give schools and their students more confidence in the selection process and help schools in maintaining the data they receive from lenders.

More information

To learn more about the conference and to view an agenda, visit the [NASFAA Annual Conference 2008](#) Web site. To learn more about TG's training offerings, including sessions on regulatory and industry issues, review the online TG Speakers Bureau catalog at www.tgslc.org/speakers/basics.cfm.

Join TG at symposium on financial literacy counseling

Are you looking for ways to help your students understand financial concepts and money management? TG offers a specially designed symposium featuring two experts on implementing money management programs on college campuses.

TG's 2008 Financial Literacy Counseling Symposium will be held on Friday, June 27. Geared for higher education professionals, the symposium will be held from 9:30 a.m. to 3:30 p.m. at the Dallas-Fort Worth Airport Marriott. Registration is free.

On the agenda

Dr. Dottie Durband, director of Texas Tech University's "Red to Black" program, and Danielle Champagne, assistant director of the University of North Texas' "In the Green" program, will discuss how to develop campus-wide financial literacy counseling programs that best meet the needs of individual schools.

As the average student loan debt has doubled in the last decade and the use of credit cards increases, colleges and universities are recognizing the need to teach students basic money management skills.

Discussion at the symposium will focus on these topics, among others:

- Conceptualizing financial literacy initiatives,
- Securing approval and funding,
- Implementing financial literacy initiatives, and
- Improving a successful financial literacy program.

To register

For more information about TG's 2008 Financial Literacy Counseling Symposium, or to register to attend the event, visit *TG Online* at www.tgslc.org/training/literacy/.

Questions

For particular questions about the symposium, contact Mike Nowlin at (800) 252-9743, ext. 4814, or send an e-mail to mike.nowlin@tgslc.org.

Tech report

TG updates letter templates for Integrated Default Assistant™

Based on customer feedback, TG has updated the pre-formatted letter templates for its Integrated Default Assistant™ (IDA™) default prevention tool. The revised letters are now more concise and easier to use. TG provides a set of standard letter templates with IDA; however, schools can adapt or customize these templates to create letter templates that better meet student needs.

Editing tools for IDA letters

Schools can make formatting changes to templates using toolbars similar to those found with word processing programs. Whether you are inserting your school logo or printing on letterhead, you can do so in a couple of simple, easy steps.

The editing tool enables you to:

- Use your own letterhead or upload your logo;
- Upload logos from within the template;
- Use basic editing buttons, including bullets;
- Add additional lines in the letter template; and,
- Preview your letters prior to printing.

Creating customized letter templates

IDA offers you a simple way to create customized letters, which you can mail to borrowers in danger of becoming delinquent or defaulting on student loans.

With IDA's Letter Writing Component (LWC), you can turn a standard TG letter template into one that meets your school's specific needs and that draws the attention of your student borrowers.

How it works

IDA's LWC allows you to integrate your school's logo and to highlight specific information. By following these steps, you can emphasize key words within your letter to draw attention to the most important information and get the borrower's attention.

1. Log in to AdvanTG Web.
2. Select "Reporting."
3. Select the "Integrated Default Assistant" tab.
4. Choose the "IDA LWC-Manage Letter Templates" link.
5. Any of the five IDA letter writing templates can be edited. Select the one you would like to customize.
 - IDA 60 - 158 Day template
 - IDA 159 - 209 Day template
 - IDA 210+ Day template
 - IDA In Process template
 - IDA Approved template

6. To begin customizing your letter template select "Create Letter Template."
 - AdvanTG Web will prompt you to name your custom template.
7. Choose "Continue."
 - AdvanTG Web will open your template, which you can then modify by using any of the editing buttons on the top toolbar in the template window.
 - The template also gives you the option of uploading your school logo image or using your school's letterhead.
8. Be sure to click "Save" so that your custom letter template is available for later use.

You have created a customized IDA letter template. Whenever you access the IDA "Query" function in the future and select "Data File for Letter," IDA will search its database for the parameters you have set and create a letterset using your custom letter template.

More information

If you have other questions about IDA, or any of TG's products, please contact your TG account executive. You can also contact TG's product support team at (800) 332-1455, or send an e-mail message to product.support@tgsllc.org.

Trends and issues

Question of the week

Q.: I know a school cannot refuse to certify a loan if a borrower chooses a lender that is not on the school's preferred lender list, but can a school refuse to certify a loan for a lender that chooses not to work within the school's established electronic processes (e.g., TG Loans By Web™)?

A.: A school cannot refuse to certify a loan or otherwise impede or deny the use of a borrower's selected lender for any reason. Borrowers are increasingly proactive in seeking lenders that they believe can best meet their needs, and the school must accommodate those choices regardless of the lender's systems and processes. TG can assist the school and lenders in determining how to process a loan certification(s) when this situation arises.

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 tgsllc.custhelp.com.

This, that, and the other

Colleges are on the forefront of dealing with the problem of growing travel costs. Gas prices have led some community colleges to shift schedules so that classes meet only on four days. Some universities are even switching to a four-day work week — at least for the summer — to allow employees to save on gas. Eastern Kentucky University and LeTourneau University are two such schools that have recently announced plans along these lines.

You can read the notice about this new trend at <http://insidehighered.com/news/2008/05/29/qt>.



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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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