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Tip^{of} the Week

The 2008 TG Financial Literacy Counseling Symposium gathers experts in financial aid to discuss ways to implement on-campus financial literacy programs for students. To register or to learn more, visit *TG Online* at www.tgslc.org/training/literacy/.

Federal updates

ED issues DCL with details on ECASLA

On June 18, ED issued *Dear Colleague Letter* (DCL) GEN-08-08/FP-08-07, providing guidance on the provisions of the Ensuring Continued Access to Student Loans Act of 2008 (ECASLA). This letter, which may be accessed on the Information for Financial Aid Professionals (IFAP) Web site at <http://ifap.ed.gov/dpccletters/061908GEN0808.html>, discusses the major changes made by the ECASLA and the actions ED is taking to implement the legislation.

While the DCL largely summarizes guidance provided in prior DCLs, GEN-08-08 does provide some new information, as outlined below, that will help the financial aid community better understand some of the changes enacted by this legislation.

FFELP provisions

One of the objectives of the ECASLA is to encourage lender participation in the FFELP with the goal of ensuring that borrowers continue to have access to loan funds. ED notes in the DCL that “[s]ince the enactment of the Higher Education Act of 1965, non-federal lenders have provided the majority of the capital necessary to make student loans” and that the ECASLA has allowed ED to develop provisions that continue to support the FFELP as a successful public/private partnership.

Highlights of those provisions (described previously in *Shoptalk Online* editions [453](#) and [456](#)) include:

- FFELP purchase and short-term liquidity programs for subsidized and unsubsidized Stafford loans, and parent and Grad PLUS loans. Eligible loans must have a loan period that includes, or begins on or after, July 1, 2008; and must be first disbursed on or after May 1, 2008, but no later than July 1, 2009. Loans purchased under this program must be fully disbursed no later than September 30, 2009.

ED states that it is continuing to refine the pricing and terms of these programs to meet the legal requirement that they result in no net cost to the federal government, and will finalize them in a *Federal Register* to be published soon.

In response to this provision, several FFELP lenders have recently stated their commitment to continue or resume participation in the FFELP.

- In the event borrowers face wide-spread difficulty obtaining conventional FFELP loans in spite of the provision described above, the ECASLA revises the lender-of-last-resort (LLR) program to permit institution-wide LLR eligibility, while retaining the existing borrower-based LLR provision. In order to request institution-wide LLR eligibility, a school must determine and document that 80 percent or more of its borrowers are unable to obtain conventional FFELP loans; and that it has made at least three attempts to find participating lenders that will make conventional FFELP loans, beyond those lenders that have previously provided such loans to its students.

If a school determines that it is necessary to pursue institution-wide LLR eligibility, TG suggests its *School Fact Sheets* as a helpful starting point in the process of locating participating lenders.

To use this resource, go to www.tgslc.org/factsheets/schools/HTML_version.cfm, enter the search criteria for the school, then select “TG Gross Loan Volumes of Lenders by Fiscal Year.” This search function provides a list of lenders that have provided FFELP loans to the school’s borrowers for the current and immediately preceding fiscal years. In making at least three attempts to find a participating

lender, a school cannot consider the lenders included in its *School Fact Sheets*, since those lenders have previously provided loans to that school's students.

Note that ED may determine, even if the school meets the minimum eligibility requirements described above, that there are lenders willing to make conventional FFELP loans to the school's borrowers; if so, ED will provide the school (and the guarantor) with information about those lenders rather than granting institution-wide LLR eligibility.

If ED grants an institution-wide LLR designation, the school's borrowers may receive LLR loans for the specified period of the institution's designation, even if a limited number of borrowers are able to secure conventional FFELP loans. All institution-wide LLR designations will expire on June 30, 2009.

Increased undergraduate Stafford limits

GEN-08-08 also addresses the increases in Stafford annual and aggregate undergraduate loan limits for loans first disbursed on or after July 1, 2008. For loan periods that cross over July 1, 2008, the increased loan limits apply only if the first disbursement will be on or after July 1, 2008; or if the school certifies a supplemental loan for the loan period with a first disbursement on or after July 1, 2008.

The DCL includes detailed loan charts that reflect the increases, and provides clarification on certain loan limits that have generated some confusion and discussion in the financial aid community:

- Dependent undergraduate students whose parents are unable to borrow a PLUS loan may not receive both the \$2,000 unsubsidized Stafford annual loan limit increase (specifically available to dependent undergraduates, except those whose parents are unable to borrow a PLUS loan) and the \$6,000 or \$7,000 additional unsubsidized Stafford annual loan limit increase (specifically available to dependent undergraduates whose parents are unable to borrow a PLUS loan).
- The annual Stafford loan limit for a dependent student taking preparatory coursework for enrollment in an undergraduate program remains unchanged at \$2,625. However, the additional unsubsidized Stafford annual loan limit for an independent, undergraduate student taking preparatory coursework necessary for enrollment in an undergraduate program is increased from \$4,000 to \$6,000.
- The additional unsubsidized Stafford limit for a student taking preparatory coursework for enrollment in a graduate or professional program, or in a teacher certification program, remains unchanged at \$7,000.

ED suggests that if a school has already packaged students for the 2008-09 academic year using the previous loan limits, it can either re-package an otherwise eligible student with the increased loan amounts, or provide notification to the student that he or she may be eligible for increased amounts of unsubsidized Stafford loans.

Changes to PLUS loan credit criteria and repayment

The ECASLA enables a lender, in determining a parent or Grad PLUS borrower's eligibility, to consider certain extenuating circumstances (specifically, delinquent mortgage or medical bill payments) occurring between January 1, 2007, and December 31, 2009. Regarding this provision, ED encourages lenders to "re-examine the eligibility of applicants who may have been denied previously to determine whether these extenuating circumstances exist."

Another new provision allows a parent PLUS borrower to postpone repayment until either 60 days after the loan is fully disbursed or until six months after the dependent student on whose behalf the parent borrowed ceases to be enrolled on at least a half-time basis. This option will be available for loans that are first disbursed on or after July 1, 2008.

For a Grad PLUS borrower, and for a parent PLUS borrower who does not elect to postpone repayment beyond 60 days after the loan is fully disbursed, the Higher Education Act now requires the lender to capitalize the interest that accrues on the loan from the date of the first disbursement until 60 days after the loan is fully disbursed (instead of capitalizing no more frequently than quarterly, as is currently permitted). The lender must notify the borrower of the capitalization and provide the opportunity to pay the capitalized amount of accrued interest. This provision applies to loans that are first disbursed on or after July 1, 2008.

For a parent PLUS borrower who chooses to postpone repayment, the interest that accrues on the loan prior to the postponed repayment start date may be paid, at the option of the borrower, either monthly or quarterly; or it may be capitalized no more frequently than quarterly.

Changes to ACG and SMART Grant Programs

ECASLA not only ensures and increases loan access, it also aims to boost participation in the Academic Competitiveness Grant (ACG) and National SMART Grant Programs. Effective January 1, 2009, provisions in the ECASLA (detailed in *Shoptalk Online* edition [453](#)) will allow a greater number of students to meet the eligibility requirements of the programs.

ED also provides this cautionary note: "The changes to the ACG and National SMART Grant programs are effective January 1, 2009; however, we also note that these changes to the ACG and National SMART Grant programs may possibly be revisited in the next few weeks. Therefore, we will be providing more information about the implementation of these changes in the very near future."

More information

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

ED releases draft proposed regulations for loan provisions

With its release of a draft version of the notice of proposed rulemaking (NPRM) for loan issues, ED has taken one of the final steps in a negotiated rulemaking (Neg Reg) process that began last October (see *Shoptalk Online* edition [428](#)). The announcement of the draft proposed regulations is available on the Information for Financial Aid Professional (IFAP) Web site at <http://ifap.ed.gov/eannouncements/06192008DraftStudentLoanNotice.html>.

Note that although this is a draft, ED does not expect any changes to the language prior to its official publication in the *Federal Register*, which ED expects to occur in the very near future.

Although the loan issues Neg Reg team reached consensus on the draft version of the proposed rules, ED received comments from the Department of Defense and the Department of Health and Human Services, following the conclusion of the Neg Reg process. Those comments resulted in technical changes that are reflected in the proposed rules.

The proposed regulations concern various provisions enacted by the College Cost Reduction and Access Act of 2007 (CCRAA), including the following topics:

- Eligibility for economic hardship deferment;
- Military service deferment and post-active duty student deferment;
- Income-based repayment plan;
- Public service loan forgiveness; and
- Definition of eligible not-for-profit holder.

Submitting comments

When the NPRM is published in the *Federal Register*, ED will provide a 45-day public comment period. *Shoptalk Online* will notify readers when the *Federal Register* notice is published, and will provide additional comment submission information at that time.

Following ED's review of comments, the final regulations will be published November 1, 2008, and will become effective beginning July 1, 2009.

More information

Detailed information about this Neg Reg session is available on ED's Web site at www.ed.gov/policy/highered/reg/hearulemaking/2008/index2008.html#loans. For questions about the recently released regulations, contact TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgslc.org.

TEACH grant final rules

As noted last week, ED released a draft version of the final rules for the Teacher Education Assistance for College and Higher Education (TEACH) Grant program (see *Shoptalk Online* edition [459](#)). Yesterday, ED published the official version of the final rules, which are effective on July 1, 2008.

The TEACH grant negotiated rulemaking committee reached consensus in February 2008 on all issues discussed during its meeting (see *Shoptalk Online* edition [451](#)). After reviewing public comments regarding the proposed rules, ED made a few minor technical corrections, and a small number of changes based upon submitted comments and suggestions.

The TEACH Grant Program is a non-need-based grant program that provides up to \$4,000 per year to students who are enrolled in an eligible program and who agree to teach in a high-need field at a low-income elementary or secondary school for at least four years within eight years of completing the program for which the TEACH grant was awarded. If the grant recipient fails to complete the required teaching service, the TEACH grant is converted to a Federal Direct unsubsidized loan.

For more information

To view the full *Federal Register* regarding the TEACH grant, see <http://edocket.access.gpo.gov/2008/pdf/E8-13587.pdf>.

***NSLDS Newsletter #18* available**

On June 13, ED released *NSLDS Newsletter #18*, which discusses the rules and responsibilities of schools and school servicers, their CEO/President, Primary Destination Point Administrator (PDPA), and individual users under which National Student Loan Data System (NSLDS) online access is granted.

Highlights of the newsletter include:

- Outline of school and school servicers responsibility for NSLDS access;
- Summary of personal responsibilities for accessing NSLDS online and protecting privacy information;
- Guidelines for establishing relationships and acceptable uses of NSLDS;
- NSLDS password rules;
- Reminder that NSLDS online users' loans must be in good standing; and,
- Instructions for protecting data.

More information

To access *NSLDS Newsletter #18*, visit the Information for Financial Aid Professionals (IFAP) Web site at <http://ifap.ed.gov/nsldsmaterials/Newsletter18.html>.

TG updates

Boost your regulatory IQ with TG's training sessions at the NASFAA Annual Conference

Looking for an effective yet 'painless' way to learn some of the latest federal regulatory changes? Try some participatory training. TG offers two opportunities with sessions at this year's NASFAA Annual Conference.

- **Policy Potpourri** (Sunday; July 6, from 2:30 p.m. - 3:45 p.m.) allows audience members to answer questions on timely student aid topics in a game format. You'll learn facts, test your knowledge, and take away valuable, practical regulatory information.
- **Regulatory Perils in Graduate/Professional Aid** (Monday; July 7, 2008, 2:45 p.m. - 4:00 p.m.) focuses on the regulations that govern the administration of financial aid for graduate and professional programs. The interactive format will help participants explore a variety of regulatory issues that affect these programs.

Co-presenters for both sessions are Kelly Kaelin, TG senior policy advisor and Gordon "Dino" Koff, director of financial aid, Dartmouth Medical School.

TG also presents other sessions that examine the effects of changing student demographics on financial aid and financial literacy services for low-income and first-generation college students.

More information

To learn more about the conference, and to view a preliminary agenda, visit [NASFAA Annual Conference 2008](#). To learn more about TG's regulatory training offered through the TG Speakers Bureau, review the online training catalog at www.tgslc.org/speakers/basics.cfm.

TG's Carmen Dominguez focuses full-time on the needs of corporate schools

Over the last decade, distance education has exploded in popularity at colleges and universities. Nearly one in five higher education students — roughly three million annually — take at least one class online, according to the Sloan Consortium. For some years, corporate schools and other institutions have offered entire degree programs online.

While distance education provides a unique learning environment for students, it poses a different administrative experience for financial aid offices. Carmen Dominguez finds both aspects of the medium fascinating.



“Whether they offer distance learning, traditional classes, or a combination of both, corporate schools help many different students,” said Carmen. “I really enjoy this sector of higher education because it is constantly evolving.”

Carmen has spent her entire professional career working with financial aid offices or in student lending. She also completed her undergraduate degree online through the University of Phoenix.

As TG’s account executive for corporate schools, Carmen is putting her varied background to good use. She devotes much of her time to listening to school customers and learning the technical challenges they face. Oftentimes, she can recommend a solution or a different approach based on her experiences.

“I keep abreast of regulatory changes through a lot of reading, and I’m very familiar with the business needs of corporate schools,” said Carmen. “If I hear about an issue, I can suggest some kind of alternative according to what I’ve read or seen.”

Helping hundreds of students and parents

Carmen got a thorough grounding in financial aid early in her career. She accepted a position with the United States International University (now Alliant International University) in the late 1980s and then worked a series of other financial aid jobs, including several in compliance and training with the corporate owners of the University of Phoenix, the Apollo Group.

In 1997, Carmen began learning the student lending side of the student loan industry when she started with Bank One. She’s represented various other student lenders, including the College Loan Corporation, where she was responsible for the Western Association of Student Financial Aid Administrators (WASFAA) area.

Her experiences — as student, financial aid officer, and lending representative — have given her insight about what students value in a corporate school and what they expect for service. She supplements this with significant research online and the informal sources she’s developed over a life-time in the industry.

“I am fortunate to have great friends who work in compliance, and in various other areas, who I can lean on for information,” said Carmen.

How does Carmen stay focused in her work? She’s motivated like many in financial aid by the good she provides to students and families.

“What draws me to education finance and higher education in general is the fact that I know I have a hand in helping people make their college careers a possibility,” said Carmen. “I have talked with hundreds of students and parents

throughout the years. I am always reminded why I do this when I know I have helped demystify the process in some way for them.”

To contact

Carmen can be reached at (800) 252-9743, ext. 6709, or by e-mail at carmen.dominguez@tgscl.org.

Tech report

New TG notification service for customers available

TG offers simplicity and convenience with an online communication service for customers called TG Message Central. The service connects schools and lenders with news about TG. Subscribers will receive regular notifications about software enhancements, processing schedule announcements, or other TG-related items — all just by opening their e-mail.

Subscribing

TG Message Central will work as an online subscription service. Here’s how you can subscribe.

1. From the [TG Message Central landing page](#) on *TG Online*, select **Subscribe**.
2. Complete the online subscription form.
3. Select the type of e-mail preferred: HTML or text format.
4. Select **Submit**.

Once you subscribe, be on the look-out for messages from MessageCentral@tgscl.org with “TG Message Central” in the subject line.

TG listserv continues

Users of the TG Users Group (TUG) listserv will automatically be enrolled in the new TG Message Central service.

The TUG listserv will remain in operation, and TUG members will be able to continue to use this tool to collaborate and share best practices and processing tips.

Tell us what you think

Each message from TG Message Central offers a “Contact Us” link so that we can get your feedback about the service. Please let us know what you think by clicking the link. With your help, TG can continue to provide timely information on its products and services to keep up with your changing needs.

For questions

To learn more about TG Message Central, contact TG's product support team at (800) 332-1455, or send an e-mail message to product.support@tgslc.org.

Trends and issues

Three ways to help borrowers and lower your default rate

A low cohort default rate (CDR) is good for the federal student loan program, not to mention schools, lenders, and taxpayers. You still have an opportunity during the last quarter of FY 2008 to positively affect your institution's CDR. With a changing economy, many borrowers may find themselves behind on all types of accounts, including student loans. Some of them may not know what is available to help with student loan payments. As a school, you can offer some aid.

Making a difference in default aversion

Looking for ways to make the most of the last quarter in terms of default aversion? Consider one or more of these strategies.

- Start a phone campaign to borrowers that are 201 or more days past due on their accounts. These are the students most likely to affect your FY 2007 CDR.
- Focus on borrowers with slightly shorter delinquencies. Reach out to them via e-mail or by phone with a "we can help" campaign — a message of information about their options and an invitation to help by phone or Web.
- Do a quick self-study to identify any common factors among your later stage delinquencies. Determine if there is a new approach that you can take to these particular borrowers. If financial problems are the issue, you may be able to suggest various payment alternatives. You might draft phone scripts or e-mails that focus on borrowers with specific circumstances.

For help

TG offers a variety of support for your default aversion efforts, including call centers, electronic and print communications, and training on default management for your financial aid office staff.

To learn more, contact your account executive at (800) 252-9743. Or you can direct questions to Rett Anderton or Joe Braxton, TG's default aversion consultants. Rett Anderton may be reached at (800) 252-9743, ext. 4765, or by sending an e-mail message to rett.anderton@tgslc.org. Joe Braxton may be reached at (800) 252-9743, ext. 4696, or by sending an e-mail message to joe.braxton@tgslc.org.

Question of the week

Q.: Is an incarcerated student eligible for an economic hardship deferment?

A.: An incarcerated borrower may be eligible for an economic hardship deferment. According to the *Common Manual* Subsection 11.4.A:

“A borrower who is unemployed, incarcerated, disabled, or on a temporary unpaid leave of absence from work may qualify for an economic hardship deferment if he/she provides the lender with documentation of his/her income. Any borrower who does not have income when applying for an economic hardship deferment must provide a self-certifying statement, either on the deferment form or in a separate statement, indicating that he/she has no income.”

The *Common Manual* Subsection 11.4.C notes the length of the deferment:

“The deferment begins on the date the condition entitling the borrower to the deferment first existed, as determined by the lender. The deferment ends on the date the condition establishing the borrower’s eligibility for the deferment ends. This deferment may be granted for periods of up to 1 year at a time and may be renewed for a total that, collectively, do not exceed 3 years.”

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.

Legislative update

The reauthorization of the Higher Education Act (HEA) — H.R. 4137 — remains in conference committee. House and Senate sponsors are working to adjust the differences between the versions passed by each chamber.

Both the House and Senate must pass the bill and the President must sign it by June 30, which is the expiration date for the latest extension of the HEA.

In the event this does not happen, congressional leadership must extend the Act again for a period of time. With the congressional schedule as crowded as it is and time running out, the next extension may continue beyond the November 11 general election; it may even continue into 2009 for the 111th Congress to take up.

Learn more by reading the full *Legislative Report* on *TG Online* at www.tgslc.org/lege_report/2008/lr_080619.cfm.

This, that, and the other

ED's Federal Student Aid (FSA) offers a concise history of federal student aid in its "FSA COACH." The FSA COACH is an online tutorial that looks closely at the school requirements for administering postsecondary federal student aid (FSA) programs authorized under Title IV of the Higher Education Act of 1965, as amended.

The FSA history includes a brief timeline of significant events in higher education, including the creation of the College Work-Study (CWS) Program. In 1964, President Lyndon Johnson signed the Economic Opportunity Act, which created CWS. The president believed the program's part-time employment opportunities could be a useful support to students while they pursued their degree. Certainly, education, and in particular higher education, was a cornerstone of the president's Great Society policy. The next year, Congress ratified the Johnson-sponsored Higher Education Act, which authorized most federal student financial aid programs.

The complete FSA timeline can be found online at www.ed.gov/offices/OSFAP/fsacoach/lesson1_2/1_2_14.html#.



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

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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.

Contributors to this edition: Joe Braxton, Rob Davenport, Kelly Kaelin, Cindy Marrs, Art Martinez, and George Torres. Edited by TG Communications and Policy and Regulatory Affairs. Designed by TG Communications.

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