

In this issue:

Federal updates	1
Reauthorization: More FFELP-related provisions	1
Updated integrated HEA available on <i>TG Online</i>	4
More loan purchase program guidance from ED	5
New and revised forms for FFELP participants	6
Closed school corner	6
TG updates	7
TG helps simplify lender list creation with upcoming product — List Assist SM	7
Help your students plan for college costs with TG's calculator tools	7
Make sure your students understand their options with TG's <i>Decreasing Coursework</i> brochure	9
Trends and issues	10
Question of the week	10
This, that, and the other	11

Tip^{of} the Week

If your borrowers have questions about the benefits or process for student loan consolidation, direct them to TG's award-winning Web site, Consolidation StationSM. You can find it at www.ConsolidationStation.org.

Federal updates

Reauthorization: More FFELP-related provisions

In last week's [Shoptalk Online](#), we examined some of the FFELP-related provisions included in the Higher Education Opportunity Act (HEOA), the legislation that amends and extends the Higher Education Act (HEA). We again encourage readers to carefully review the legislation, which the president signed into law last Thursday, as it is extensive and covers many topics outside of federal student aid that may impact various entities. In some cases, if the changes are more lengthy or detailed than we can address in this article, we have noted the change and

provided its location in the integrated HEA (see the following article) for easy reference.

Although many provisions in this bill are effective upon enactment, ED has historically worked with the financial aid community to develop guidelines and deadlines for implementing changes brought about by the reauthorization process. Also keep in mind that for many of the provisions in the HEOA, ED will conduct negotiated rulemaking sessions to provide clarification and interpretation of the law.

In today's article, we will consider additional FFELP-related provisions included in the bill. Here is a selection of significant changes included in HEOA:

- Revises the Program Participation Agreement to require a school that participates in a Title IV loan program to develop a code of conduct that prohibits conflicts of interest, to inform staff of the code of conduct at least annually, and to publish the code on the school's Web site, (see Sections 487(a)(25) and 487(e) of the integrated HEA).). Note that some of these requirements overlap with, and complement, provisions related to prohibited inducements found in the November 1, 2007, final rules.

The code must include a ban on revenue sharing agreements and contracting arrangements; a prohibition on assigning a FFELP lender to a first-time borrower or refusing to certify (or delaying certification of) a loan based on the borrower's choice of lender or guarantor; and a prohibition on accepting a lender's offer of private loan funds in exchange for the school's promise to provide a preferred lending arrangement or a specified number or volume of FFELP loans.

Under the code of conduct, a school may accept reasonable reimbursement for service on an advisory board, commission, or group established by a lender, guarantor, or group of lenders or guarantors.

The code must also prohibit the soliciting and accepting of gifts from a lender, servicer, or guarantor. A gift is defined as "any gratuity, favor, discount, entertainment, hospitality, loan, or other item having a monetary value of more than a de minimus amount"; but the following are expressly excluded from the definition of gift:

- Entrance and exit counseling provided for the school's borrowers (as long as the school's staff are in control of the counseling, whether it is provided in person or electronically; and the counseling does not promote the products or services of any specific lender);
- Food, refreshments, training, or informational material included in a training session that is designed to improve the service of a lender, guarantor, or servicer to the school, if the training contributes to the professional development of the staff; and
- Standard material, activities, or programs on issues related to a loan, default aversion, default prevention, or financial literacy.

- Requires a school with a preferred lender list (PLL) to comply with certain disclosure requirements, which closely mirror the PLL requirements found in the November 1, 2007, final rules (see Sections 487(a)(27) and 487(h) of the integrated HEA). Of special note, however, is a provision that requires an institution that recommends, promotes, or endorses private education loans to include at least two unaffiliated private lenders on any private loan preferred lender list.
- Revises the cohort default rate (CDR) calculation by expanding the “window” of repayment from 2 to 3 years, beginning with the FY 2009 cohort; raises the CDR threshold for school ineligibility from 25 percent to 30 percent beginning in fiscal year 2012; creates new appeal processes for schools that do not meet the revised threshold; and requires schools that do not meet the revised threshold to establish a default prevention task force.
- Requires a school as lender to submit an annual compliance audit to ED.
- Allows a FFELP, Direct, or Perkins loan borrower to qualify for a Total and Permanent Disability (TPD) discharge if Veterans Affairs determines that he or she is unemployable due to a service-connected condition. The borrower must provide documentation to the Secretary of Education to verify this status. HEOA also revises the timeline for TPD determinations, permitting discharge if a borrower is unable to engage in substantial gainful activity due to a medically-determined physical or mental impairment that can be expected to result in death, and has lasted — or can be expected to last — over a continuous period of not less than 60 months.
- Excludes veterans education benefits, and awards or benefits received under the National and Community Service Act (for example, AmeriCorps awards), from a borrower’s estimated financial assistance in determining his or her eligibility for a subsidized Stafford loan.
- Creates new loan forgiveness and repayment programs, on a “first-come, first-served” basis, for certain FFELP loans made to a borrower serving in an area of national need or employed as a civil legal assistance attorneys (see Section 428K of the integrated HEA for a full list of areas of national need).
- Increases the borrower disclosures a lender must provide at various points throughout the life of a loan:
 - Before disbursement;
 - Before repayment;
 - During repayment;
 - When granting a deferment;
 - When approving a forbearance;

- When a borrower is having difficulty making payments; and
- During delinquency.

The full list of required items is located in Section 433 of the integrated HEA.

- States that a deceased student's estate (or the estate of a deceased student's family) must not be required to repay any Title IV aid, interest, collection costs, or other charges.
- Requires that a student loan reported to a consumer reporting agency must be reported as an "education loan" and must include the borrower's repayment status.

For more information

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

Updated integrated HEA available on *TG Online*

Last Thursday, President Bush signed into law H.R. 4137, the Higher Education Opportunity Act (HEOA). As a result, the NCHelp Program Regulations Committee has released integrated Higher Education Act (HEA) documents that incorporate changes from the HEOA to certain sections of the law.

To assist customers in using this resource, TG has combined the integrated HEA into one easy-to-use, searchable PDF.

- Part B — FFELP
- Part D — Federal Direct Loan Program
- Part G — General Provisions Relating to Student Assistance
- Part I — Competitive Loan Auction Pilot Program

The PDF shows the language that has been stricken as well as language that has been added. Additionally, each part and section has been bookmarked for easy navigation.

Accessing the bookmarked integrated HEA

To access this practical tool, visit *TG Online* at <http://www.tgslc.org/policy/hea.cfm>.

More information

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

More loan purchase program guidance from ED

Over the past several weeks, *Shoptalk Online* has provided [summaries](#) of a series of Electronic Announcements (E-ANN) from ED with guidance on the operational details of the loan purchase programs authorized by the Ensuring Continued Access to Student Loans Act (ECASLA). We continue this week with a quick look at the E-ANNs that have been released since our last update:

- E-ANN #16, released August 8, replaces E-ANN #12, which provided submission instructions for several loan purchase program documents. E-ANN #16 includes revised copies of the:
 - Security Release Certificate (Exhibit G) from the Master Participation Agreement (MPA)
 - Loan Schedule and Custodial Certification Data File Fields – Definitions and Submission Procedures
 - Loan Schedule Custodial Certification file layout
 - Funding Request Submission Instructions
- E-ANN #17, released August 8, describes the Monthly Aggregate Settlement Date Report Submission Procedures, identifies the information that should appear in the Monthly Settlement Aggregate Report, and includes the “Monthly Aggregate Settlement Date Report” file layout and the “Monthly Aggregate Settlement Report Data Fields – Definitions and Submission Procedures.”
- E-ANN #18, released August 8, announces a 3.25 percent participant yield rate for the quarter ending September 30, 2008, and instructs participants to use this rate when calculating ED’s yield on participation principal balances that ED funds during the quarter of July 1, 2008, through September 30, 2008.
- E-ANN #19, released August 11, provides a list of entities approved to serve as custodians for the purpose of the Master Participation Agreement. The list will be amended as ED approves new custodians.
- E-ANN #20, released August 11, replaces E-ANN #13, and includes a revised version of the “Loan Schedule and Custodial Certification Table Load Procedures,” which details the edits that will be run against each Loan Schedule and Custodial Certification data file transmission prior to ED’s funding of the participation request.

For more information

The E-ANNs and related attachments are all posted in the "News and Announcements" section at <http://federalstudentaid.ed.gov/ffelp/>.

New and revised forms for FFELP participants

The NCHelp Program Operation's Default Aversion and Claim Standardization Subcommittee (DACS) has released two revised forms and one new addendum for FFELP participants, which reflect various legislative, regulatory, and operational changes.

- **FFELP Default Aversion Assistance Request (DAAR) Form**

Includes the new post-active duty deferment in the list of available deferments and forbearances.

- **FFELP Claim Form**

Includes the new Identity Theft claim type code in the filing instructions, and modifies the definitions and instructions for the Ineligible Borrower claim type code.

- **FFELP Ineligible Borrower and Identity Theft Addendum**

Supports and provides additional information necessary to request claim reimbursement for Ineligible Borrower or Identity Theft claims. This new form is designed to accompany the FFELP Claim Form.

Although these forms are available for immediate use, industry participants will need to coordinate the use of, and the eventual complete transition to, the updated forms.

For more information

The forms are available on *TG Online* at www.tgslc.org/forms/index.cfm.

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 August 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
02318600	Everest Institute 101 Marietta St., NW, Ste. 600 Atlanta, GA 30303-8340	N/A	07/25/08

TG updates

TG helps simplify lender list creation with upcoming product — List AssistSM

In the last year, the student loan market has seen rapid change: Some lenders have left the federal program, some are still trying to secure financing for the upcoming year, and others have been forced to reduce their borrower benefits. More than ever, students need reliable information to understand their lender options. Preferred lender lists (PLLs) can be a good starting point, helping students locate lenders still in the program and filtering out lenders that don't meet requirements set by the school.

To produce a PLL, schools often survey lenders on their product offerings, customer service, and loan terms. TG helps to automate this process with a new product available in the fall — List AssistSM. List Assist simplifies information-gathering and documents lender list creation at the same time. It also offers flexibility in creating a survey for lenders.

With List Assist, schools will be able to:

- Query lenders and compare information electronically;
- Tailor surveys to better meet the information needs of students, including adding, deleting, and customizing questions;
- Weigh and rank lender responses by set criteria; and
- Print reports to review lender responses and document list creation.

TG designed List Assist to help cut administrative time and streamline a school's process for producing a list. The tool's online survey also helps schools follow a set procedure for all lenders thereby adding more consistency to the process.

To learn more

To view an online demo of List Assist, visit *TG Online* at www.tgslc.org/products/index.cfm?ref=school and click *TG List Assist Demo* in the right column. For questions about List Assist, please contact your account executive at (800) 252-9743, or send an e-mail message to relationship.management@tgslc.org.

Help your students plan for college costs with TG's calculator tools

Before they come to college and even once on campus, students typically have a variety of questions related to handling their finances: How much money will I need for rent? What can I project for textbook expenses? Will my career field offer me the right salary for the debt I'll incur? You can help students answer these

questions and give them more control over the planning process for school — as well as a better understanding of the obligations that debt brings — with some of TG's online college-cost calculators.

Typically, financial-related calculators for college consider many expenses — tuition and rent, for example — that can affect a student's decision of how much to borrow. TG offers a number of such calculators through its award-winning Web site — *Adventures In Education* (AIE™). AIE helps students and families prepare and pay for college as well as explore career options. Among other things, AIE's calculator tools allow students to project monthly loan payments once they graduate; to gauge EFC, or the expected family contribution from students and/or parents; or to determine what they can expect to take home in pay given a certain salary level.

To give you a sense of what these tools offer students, read through the following concise description of each calculator. All calculators come with the proviso that any information presented is a projection and may vary based on borrowed amounts, EFC, expenses, and other factors.

- **Loan Calculator:** By entering loan amount, loan term, and interest rate, students can easily gauge their monthly repayment. The calculator uses the standard repayment period for a student loan of 120 months. It also takes into consideration that borrowers with standard repayment plans are held to a \$50-per-month minimum payment.
- **Graduation Planning Calculator:** This calculator can help students budget their time to achieve graduation in a specified amount of time. It can also help them in creating a budget for expenses so that they can meet their financial obligations after graduation.
- **Net Earnings Calculator:** With this calculator, students can determine their net earnings based on a certain salary level. The tool is designed to show whether it is in the student's best interest to borrow more and finish sooner or work and borrow less or not at all.
- **In School and Out of School Budget Worksheets:** Just as their names imply, these calculators work up a monthly budget based on expenses and projected income from loans or earnings or both. The worksheets offer a good way for students to begin thinking about their current needs and about what they would like to earn once they graduate.
- **Expected Family Contribution Calculator:** This calculator provides an estimate of what the student and his or her family will be expected to contribute towards educational expenses for one academic year of postsecondary education. The calculator follows the formula used by the Department of Education (ED) but notes that official estimates are provided by ED once the student completes and submits the Free Application for Federal Student Aid, or FAFSA.

For more help

You can find AIE's calculator tools online at www.aie.org/Calculators/index.cfm. You can also explore the rest of AIE by visiting www.AIE.org. If you have questions or need more information about the site's content, contact TG's communications team at (800) 252-9743, ext. 4588, or send an e-mail message to communications@tgsic.org.

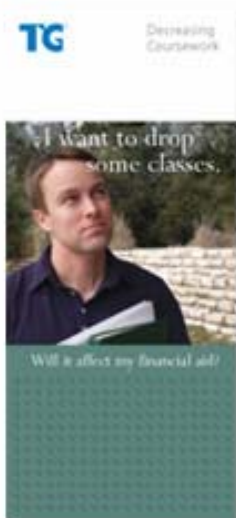
Make sure your students understand their options with TG's *Decreasing Coursework* brochure

Each year on every college campus, students drop below half-time enrollment. In doing so, and perhaps without meaning to, students set in motion a series of financial consequences, including entering almost immediately into grace or repayment on certain student loans.

To help students understand the consequences of a drop below half-time enrollment or a complete withdrawal from school, TG offers a brochure, *Decreasing Coursework*. TG recently revised and updated the brochure, which outlines the repercussions of dropping below half time and cautions students to consider all their options before making such a choice. The brochure, which fits easily into a regular business envelope, can be mailed to students contemplating withdrawal or stocked as a takeaway item in your office lobby.

What's inside

The *Decreasing Coursework* brochure structures its content around the simple proposition: "I want to drop some classes. Will it affect my financial aid?" The pamphlet answers that question with a thorough description of what happens and why. Here's a concise look inside.



- **Impact on financial aid:** The financial effects of a drop below half time are instantaneous. Consolidation and Grad PLUS loan borrowers may have to begin repayment on those loans; the six-month grace period begins for Stafford loans and the nine-month grace period begins for Perkins loans; and grants and scholarships may have to be repaid.
- **Steps to take:** Before dropping below half time or withdrawing, students should visit the financial aid office and talk with a counselor; take exit counseling for Stafford or Perkins loans; and find out the details of re-enrollment by asking about the process.
- **Important information about student loan obligations:** The brochure reminds borrowers that

forbearance and deferment may be options if repayment turns out to be difficult. It also cautions them against delinquency and default, which can negatively affect credit.

- **Are you ready to repay?** Doing the math may be one of the best incentives for ensuring students complete their degree. This section lists the average debt for a bachelor's degree and the typical monthly loan payment.
- **Consider carefully:** The brochure closes with a caution to students: Talk to your financial aid office before making any decision about dropping below half-time status.

To order the brochure

You can order the *Decreasing Coursework* brochure by visiting *TG Online* at www.tgslc.org/order/index.cfm.

To find out more

If you have questions about information available in this brochure, please call TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgslc.org.

Trends and issues

Question of the week

Q.: When does each type of FFELP loan officially enter repayment?

A.: Stafford, PLUS, and Consolidation loans enter repayment as follows:

- A Stafford loan enters repayment on the day following the last day of the grace period. See the *Common Manual* Subsection 10.4.A ("Stafford Loan Repayment Start Date").
- A PLUS (parent PLUS or Grad PLUS) loan enters repayment 60 days after the final disbursement of the loan. However, under the Higher Education Opportunity Act of 2008 (the HEOA, a.k.a. the reauthorization bill), a PLUS borrower can request a deferment as follows:

In the case of a parent borrower, during the 6-month period beginning on the later of the day after the date the student for whom the parent borrowed drops below half-time enrollment, or, if the parent borrower is also a student, the day after the date the parent borrower drops below half-time enrollment.

In the case of a graduate or professional student borrower, during the 6-month period beginning on the day after the date the student drops below half-time enrollment.

See Section 428B(d)(1) of the Higher Education Act, as amended by the HEOA.

- A Consolidation loan enters repayment on the date the loan is disbursed. See the *Common Manual* Chapter 15 (“Federal Consolidation Loans”), Section 15.5 (“Repayment”).

Do you have a question?

If you have a question that needs an answer, feel free to *Ask TG™*. *Ask TG* is TG's online query tool for borrowers, schools, and lenders. It includes a database of frequently asked questions about financial aid, student loan processing, and TG's products and services. To submit a question to *Ask TG*, visit tgslc.custhelp.com.

This, that, and the other

They came from a range of professions — lawyers, merchants, land speculators, and shippers — though most had a second job to supplement their income. Two became president, subsequently, and a large number served as senators or representatives in Congress. Ages were disparate, some as young as 26; the oldest member, Benjamin Franklin, at 81, was ailing and had to be brought in to the assembly in a sedan chair. The delegates of the Constitutional Convention of 1787 were a diverse group, both politically and in terms of education, and their diversity shows in the wide-ranging document they created. Certainly, the United States Constitution benefited from the varied experiences of its authors, many of whom served in the Continental Congress or the Revolution and were passionate about their work as representatives for the various states.

To bring alive the history surrounding the Constitution and to commemorate the work of the Founding Fathers, Congress set aside September 17 as Constitution Day. If you're looking for help in celebrating Constitution Day, consider the resources that ED lists through its Web site. Among other things, you'll find biographies of the Constitution signers, suggested ways of teaching the articles of the Constitution, and other recommended federal sites including one for the Library of Congress.

To learn more about events and learning opportunities around Constitution Day, visit ED's site at www.ed.gov/policy/fund/guid/constitutionday07.html.



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

Shoptalk Online is published by TG. Unless specifically noted, the policies and procedures outlined in *Shoptalk Online* apply only to loans made under the TG guarantee and not to loans underwritten by other guarantors.

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: Felicia Anthony, Rob Davenport, Kelly Kaelin, Cindy Marrs, and Art Martinez. Edited by TG Communications and Policy and Regulatory Affairs. Designed by TG Communications.

©2008 Texas Guaranteed Student Loan Corporation.
Ask TG, Consolidation Station, List Assist, and the TG logo are trademarks of Texas Guaranteed Student Loan Corporation.