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## Tip<sup>of</sup> the Week

Looking for a handy FAQ on loan repayment that your students and parents can use? Refer borrowers to *TG Online's* repayment resource available at [www.tgslc.org/borrowers/faqs.cfm](http://www.tgslc.org/borrowers/faqs.cfm).

## Federal updates

### Reauthorization: School code of conduct

The Higher Education Opportunity Act (HEOA) made significant changes to the contents of a school's Program Participation Agreement (PPA) with ED. One of those changes requires a school that participates in a Title IV loan program to develop a code of conduct with which the school's officers, employees, and agents must comply.

TG knows that financial aid administrators continually strive to provide excellence, integrity, and transparency, and to exhibit the highest levels of professionalism in everyday business practices. This commitment not only supports the continued success and health of the FFELP, but more importantly, provides students, borrowers, and their families with objective and ethical guidance in navigating the financial aid system. Although the HEOA code of conduct requirements are important and should be carefully reviewed, they probably codify policies and practices many schools already follow.

Keep in mind that this change in the HEOA was effective upon enactment — August 14, 2008. Although we are awaiting further guidance from ED in the form of a Dear Colleague Letter and, eventually, new regulations, in the interim, all affected entities are responsible for taking the steps necessary to comply as quickly as possible.

### **Code of conduct requirements**

The school's code of conduct must prohibit a conflict of interest with the responsibilities of an officer, employee, or agent of a school regarding Title IV loans. The school must publish the code "prominently" on its Web site; and it must annually inform all of the school's officers, employees, and agents with Title IV loan responsibilities of the provisions of the code of conduct. The code must include the following items:

- Ban on revenue-sharing arrangements, which means that the school must not enter into any revenue-sharing arrangement with any lender. The term "revenue-sharing arrangement" means an arrangement between a school and a lender under which a lender provides or issues a Title IV loan to the school's students or the families of its students; and in exchange the school recommends the lender or its loan products, or the lender pays a fee or provides other material benefits, including revenue or profit sharing, to the school, a school officer or employee, or an agent of the school.
- Ban on gifts, meaning that an officer or employee of the school's financial aid office — or any employee or agent of the school whose responsibilities are related to education loans — must not solicit or accept any gift from a lender, guarantor, or servicer. Note that the language of the HEOA in certain areas is different than the language of the currently-enacted regulations regarding prohibited inducements.

A "gift" is defined as any gratuity, favor, discount, entertainment, hospitality, loan, or other item having a monetary value of more than a de minimis amount. A gift also includes a gift of services, transportation, lodging, or meals, whether provided in kind, by purchase of a ticket, payment in advance, or reimbursement after an expense has been incurred.

However, the HEOA does not prohibit a school from accepting certain items and services that are specifically exempt from the definition of "gift":

- Standard material, activities, or programs on issues related to a loan, default aversion, default prevention, or financial literacy, such as a brochure, a workshop, or training.
- Food, refreshments, training, or informational material furnished to an officer, employee, or agent of the school, as an integral part of a training session that is designed to improve the service of a lender, guarantor, or servicer of education loans to the school, if such training contributes to the professional development of the school's officer, employee, or agent.

- Favorable terms, conditions, and borrower benefits on an education loan provided to a student employed by the school if those terms, conditions, or benefits are comparable to those provided to all students at the school.
- Entrance and exit counseling services provided to borrowers, as long as the school's staff is in control of the counseling (whether in person or via electronic capabilities), and the counseling does not promote the products or services of any specific lender.
- Philanthropic contributions to a school from a lender, servicer, or guarantor of education loans that are unrelated to education loans, or any contribution from a lender, guarantor, or servicer that is not made in exchange for any advantage related to education loans. Note that under the current prohibited inducements regulations, it is incumbent upon the lender or servicer to prove, if necessary, that a philanthropic contribution was not made in exchange for FFELP loan applications or application referrals, or a specified volume or dollar amount of FFELP loans made or guaranteed, or placement on a school's list of recommended or suggested lenders. Also note that certain schools or lenders may have entered into agreements which differ from the HEOA language, or may be subject to state laws which provide a different standard.
- State education grants, scholarships, or financial aid funds administered by or on behalf of a state.

What is de minimis? Just as ED did not assign a dollar value to the term "nominal value" in the regulations regarding prohibited inducement, Congress declined to assign a dollar value threshold to the gift ban in establishing a de minimis standard. We recommend that a school discuss this provision with its legal counsel to determine what might or might not constitute a de minimis amount.

Also note that under this provision, a gift to a family member of an officer, employee, or agent of a school, or any other individual based on the family member's relationship with that officer, employee, or agent, is considered a gift to the officer, employee, or agent if the gift is given with the knowledge and acquiescence of the officer, employee, or agent; and the officer, employee, or agent has reason to believe the gift was given because of the officer, employee, or agent's official position. Gifts to family members given under those circumstances are therefore prohibited, just as if they were given to the officer, employee, or agent.

- Prohibition on contracting arrangements, which means that the school's officers, employees, and agents with education loan responsibilities must not accept any fee, payment, or other financial benefit (including the opportunity to purchase stock) from a lender as compensation for any type of consulting arrangement or other contract to provide services to a lender or on behalf of a lender relating to education loans.

Note that there are some exceptions to this rule:

- An officer or employee of a school who is not employed in the school's financial aid office and who does not have responsibilities related to education loans, or an agent who does not have responsibilities related to education loans, may perform paid or unpaid service on a board of directors of a lender, guarantor, or servicer of education loans;
- An officer or employee of the school who is not employed in the school's financial aid office but who does have responsibility related to education loans, or an agent who has responsibility related to education loans, may perform paid or unpaid service on a board of directors of a lender, guarantor, or servicer of education loans, if the school has a written conflict of interest policy that clearly states that officers, employees, or agents must recuse themselves from participating in any decision of the board regarding education loans at the school;
- An officer, employee, or contractor of a lender, guarantor, or servicer of education loans may serve on a board of directors, or serve as a trustee, of a school, if the school has a written conflict of interest policy that states the board member or trustee must be recused from any decision regarding education loans at the school.
- Rules for interaction with borrowers, which prohibit a school from assigning, through award packaging or other methods, a first-time borrower's loan to a particular lender; or refusing to certify, or delaying certification of, any loan based on the borrower's selection of a particular lender or guarantor.
- Prohibition on offers of funds for private loans, meaning that the school must not request or accept from any lender any offer of funds to be used for private education loans, including funds for an opportunity pool loan, in exchange for the school providing concessions or promises of a specified number or volume of Title IV loans, or a preferred lender arrangement for Title IV loans.

What is an opportunity pool loan? In this context, the term means a private education loan made by a lender to a student or the family member of a student that involves the school's direct or indirect payment of points, premiums, additional interest, or financial support to the lender, for the purpose of the lender extending credit to the student or the family.

- Ban on staffing assistance, meaning that the school must not request or accept from any lender any assistance with call center or financial aid office staffing. However, a school is permitted to request or accept certain types of assistance, including professional development training for financial aid administrators; educational counseling, financial literacy, or debt management materials for borrowers, provided that such materials disclose to borrowers the identification of any lender that assisted in preparing or providing the materials; and staffing services on a short-term, nonrecurring basis to assist the school with financial

aid-related functions during emergencies, including state- or federally-declared national disasters, and other localized disasters and emergencies identified by ED.

- Rules for advisory board compensation, which state that any employee in the school's financial aid office, or who otherwise has responsibilities related to education loans or other student financial aid of the school, and who serves on an advisory board, commission, or group established by a lender, guarantor, or group of lenders or guarantors, shall be prohibited from receiving anything of value from the lender, guarantor, or group of lenders or guarantors. However, the employee may be reimbursed for reasonable expenses incurred in serving on the advisory board, commission, or group.

### **How do these changes affect my current processes?**

Schools may already be operating in compliance with the HEOA code of conduct requirements, since the new provisions closely resemble requirements in the existing regulations. Additionally, many schools already have codes of conduct in place that can be adapted to align with the new provisions described above. In the event the HEOA contradicts an existing regulatory requirement, keep in mind that law always supersedes regulation. It is anticipated that the 2009 negotiated rulemaking process will align current regulations with the new provisions in the HEOA.

If a school has entered into a code of conduct agreement with a third party, it should consult with its legal counsel to evaluate its responsibilities in complying with all applicable requirements.

In all cases, TG recommends that financial aid staff discuss these provisions not only with the school's legal counsel, but also with its administration to ensure all parties are aware of the code of conduct requirements.

### **For more information**

The revisions to the PPA are located in HEA 487(a)(25) and 487(e). You may download integrated versions of HEA Title I, Title IV, and Title X from *TG Online* at [www.tgslc.org/policy/hea.cfm](http://www.tgslc.org/policy/hea.cfm).

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

### **ECASLA quarterly participant yield rate**

In accordance with the Master Participation Agreement for the loan participation purchase program authorized by the Ensuring Continued Access to Student Loans Act (ECASLA), ED has released E-ANN #30, announcing a 3.37 percent participant yield rate for the current quarter. Participants should use this rate when calculating ED's yield on participation principal balances that ED funds during the first quarter of the fiscal year — October 1, 2008, through December 31, 2008.

## For more information

The E-ANN is posted online at

<http://federalstudentaid.ed.gov/ffelp/library/EA30.doc>.

## **NSLDS Newsletter #20 available**

On October 10, ED released *NSLDS Newsletter #20*, which announces new National Student Loan Data System (NSLDS) security enhancements and tools to assist Primary Destination Point Administrators (PDPAs) in researching potential security violations at their organizations. These changes, which will become effective in mid-October 2008, include:

- Masking Social Security numbers on most NSLDS Web pages and on reports provided to the PDPA;
- Sending e-mail alert notifications to the PDPA if users are in violation of the NSLDS security policy; and
- Providing new reports to assist the PDPA's monitoring process.

## More information

To access *NSLDS Newsletter #20*, visit the Information for Financial Aid Professionals (IFAP) Web site at

<http://ifap.ed.gov/nsldsmaterials/1010Newsletter20.html>.

## 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 *October 2008 Closed School Monthly Report* supplied by ED. Schools listed are those with which TG has done business or to which TG has otherwise provided services.

### Newly reported closures

OPE School ID	School Name and Address	Unofficial Closure Date	ED's Official Closure Date
01004004	<b>Ivy Tech Community College of Indiana-Valparaiso Valley</b> 8401 Valley Dr. Valparaiso, IN 46383-9104	N/A	05/31/08
01073700	<b>Advocate Illinois Masonic School of Radiologic Technology</b> 836 W Wellington Chicago, IL 60657-5193	N/A	08/31/08

## TG updates

### Register for the Fall TG Users Group Meeting

Customer feedback offers a vital source of information to TG team members planning the next generation of TG products and product enhancements. TG gathers feedback from its school and lender customers in many ways, including the TG Users Group (TUG). The TUG serves as a communication channel for customers who want to learn more about TG products. It also offers a conduit for suggesting changes to TG's existing suite of products and services.

TG hosts TUG meetings twice a year, once in spring and again in the fall. These meetings provide a time to train TG users on new and enhanced products; they also offer an opportunity for collecting feedback.

The Fall 2008 TUG meeting is scheduled to be held November 7 at the Common Center in Austin, Texas. The agenda emphasizes an open dialogue between customers and TG team members and covers a variety of items, including the following:

- TG product update
- Impacts of the Ensuring Continued Access to Student Loans Act (ECASLA)
- Panel discussions on process flow: Best Practices for school-initiated and borrower-initiated flows
- AdvanTG Web™ enhancements
- TG Loans By Web™ enhancements
- Electronic Funds enhancements
- List Assist<sup>SM</sup>

### Register to attend

School and lender customers should register for the Fall TUG meeting by Friday, October 17. To register, users must complete the online registration form at [www.tgslc.org/tug/register.cfm](http://www.tgslc.org/tug/register.cfm).

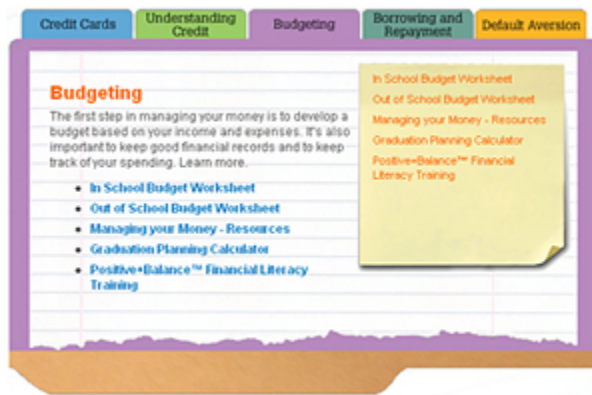
The complete agenda for the meeting is available online at [www.tgslc.org/tug/agen\\_20081107.cfm](http://www.tgslc.org/tug/agen_20081107.cfm).

### For more information on TUG

Any school or lender that uses TG products is automatically enrolled as a member of TUG. To learn more about TUG, its board of directors and officers, its mission and goals, and other details, refer to *TG Online* at [www.tgslc.org/tug/index.cfm](http://www.tgslc.org/tug/index.cfm).

For questions about TUG, contact Sheila Casey at (800) 252-9743, ext. 4576, or send an e-mail message to [sheila.casey@tgsdc.org](mailto:sheila.casey@tgsdc.org).

## TG redesigns financial literacy area of AIE™



*Adventures In Education* (AIE™) provides a rich assortment of financial literacy tools that teach students the basics of money management. The AIE pages describe financial concepts like budgeting and credit in creative ways, including through videos, interactive games, and testimonials. TG recently reorganized the content to make navigation more intuitive. At the same time, the Web pages got a fresh new look designed to

attract high school students and college students.

By clicking “Financial Literacy” on the left-hand menu of the main page, visitors can now select from a set of simulated folder tabs. Clicking these tabs brings up AIE’s menu pages to various financial literacy topics, including “Credit Cards,” “Understanding Credit,” “Budgeting,” “Borrowing and Repayment,” and “Default Aversion.” A smaller contents or “note” page appears in the upper right corner of the menu page to provide easy navigation within a section.

AIE’s financial literacy offerings are extensive. Here’s a sampling of AIE resources on credit cards.

- **Interactive Credit Card Statement:** AIE’s sample credit card statement familiarizes students with the terms and calculations included on a typical statement. Just move the cursor over a section to read a concise description.
- ***Pizza Cravings and Credit Cards:*** This short video follows a student as she contemplates a credit card offer and receives an “intervention” of sorts. In a simple, entertaining way, the video teaches smart credit card management.
- **Credit Card Skills Builder:** Many students use credit cards without considering the long term consequences. AIE’s Credit Card Skills Builder is an interactive game that teaches students the true cost of credit after interest begins accruing on purchases.
- ***Credit Card Debt — A Student’s Story:*** This testimonial video focuses on a former student who accumulated a large amount of credit card debt while in college. The debt significantly affected her lifestyle choices once she graduated.

### Find out for yourself

To find a listing of a variety of TG’s online financial literacy tools, visit AIE at [www.aie.org/financial\\_literacy/index.cfm](http://www.aie.org/financial_literacy/index.cfm).

## AIE™ calendar helps you keep students on the college track



*Adventures In Education* (AIE™) offers a new calendar to promote higher education awareness. Designed for high school counselors, the *2008-09 AIE School-Year Calendar* highlights AIE's college planning resources and features timely tips that can help counselors — and financial aid professionals — prepare students for college.

### Inspiration and information

The AIE calendar provides a stylish layout featuring student photos and small stories that motivate students to plan. Each month also features links to online tools that offer information on college admissions, financial aid, and career considerations.

Financial aid offices can provide the calendar to interested schools and high school counselors, or hang it in the office lobby as another educational resource for students.

### To order

Orders of the calendar are limited to one per office or one per customer. To order the AIE calendar, visit *TG Online* at [www.tgslc.org/order/index.cfm](http://www.tgslc.org/order/index.cfm).

### Other useful tools

TG produces two online newsletters that can also be helpful to college-bound high school students. *AIEmail* is a free, weekly e-newsletter filled with articles on college admissions, scholarships, testing and study skills, and much more. Visit [www.aie.org/AIEmail/subscribe.cfm](http://www.aie.org/AIEmail/subscribe.cfm) to subscribe.

TG also offers *Counselor's Network*, a monthly e-newsletter designed for high school counselors. The newsletter features upcoming educational conferences and events and suggests monthly Internet resources for students and parents. Interested readers can subscribe at [www.aie.org/Counselors/Network/index.cfm](http://www.aie.org/Counselors/Network/index.cfm).

## Trends and issues

### Question of the week

**Q.:** Where can a school find guidance on becoming a participant in the TEACH Grant Program?

**A.:** *Dear Colleague Letter* (DCL) GEN-08-07 (available at <http://ifap.ed.gov/dpcletters/060308GEN0807.html>) discusses school eligibility

requirements, and provides step-by-step instructions for requesting approval to participate in the TEACH Grant Program.

Final rules for the TEACH Grant Program were published in the June 23, 2008, *Federal Register*, available online at <http://edocket.access.gpo.gov/2008/pdf/E8-13587.pdf>.

### Do you have a question?

If you have a question, feel free to *Ask TG™*. *Ask TG* is TG's online query tool for borrowers, schools, and lenders, and offers a database of frequently asked questions about financial aid, student loan processing, and TG's products and services. To submit a question, visit <http://tgsic.custhelp.com>.

### This, that, and the other

The Department of Education recently unveiled a new Web site, [College.gov](http://College.gov), geared to inspire students with stories and information as they plan, prepare, and pay for college.

Approximately 90 percent of the fastest-growing jobs require some postsecondary education. The [College.gov](http://College.gov) Web site emphasizes the benefits of a college degree and describes how to take advantage of those benefits through careful planning.

The site features video profiles of students who overcame obstacles to go to college. It also offers an interactive tool for creating a roadmap that details the steps to college. Content is organized so that students can quickly find answers to common questions about higher education, including "Why Go?", "What to Do?" and "How to Pay?" The site also relies on more graphics designed to appeal to a younger audience.

To learn more about the site, visit [www.college.gov](http://www.college.gov).



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