

In this issue:

Federal updates	1
Loan purchase programs guidance	1
ED releases final volume of the 2008-09 FSA Handbook — TG offers complete bookmarked version.....	2
Reauthorization: Lender disclosure requirements	2
TG updates	9
TG webinars to profile new lender survey tool, List Assist SM	9
TG and Council to host a “School Dialogue on Student Debt Management”	10
Keep May and June grads on track to repayment with TG’s brochures and collateral.....	11
This, that, and the other	12

Tip^{of} the Week

Busy students can now access TG’s college and career planning Web site, *Adventures In Education* (AIE™), while on the go. Using a smart phone, students can view a mobile version of AIE by going to www.AIE.org/Mobile.

Federal updates

Loan purchase programs guidance

On October 10, ED released Electronic Announcements (E-ANN) #31 and #32 regarding the implementation of the loan purchase programs authorized by the Ensuring Continued Access to Student Loans Act (ECASLA).

E-ANN #31 provides the lender ID for the loans sold to and held by ED under the loan purchase commitment program.

E-ANN #32 alerts program participants to month-end, government fiscal year-end, and system conversion constraints that will make ED’s payment processing system unavailable for the funding of loan purchase transactions.

For more information

The E-ANNs are available online at <http://federalstudentaid.ed.gov/ffelp>.

ED releases final volume of the 2008-09 FSA Handbook — TG offers complete bookmarked version

With the release of Volume 3 of the new 2008-09 *Federal Student Aid Handbook* (FSA Handbook) — Calculating Awards and Packaging — all volumes of the latest edition of the FSA Handbook are now available. To assist customers in using the FSA Handbook as a whole, TG has combined all of its volumes into one easy-to-use, searchable PDF. The PDF includes bookmarks of all the individual volumes, as well as bookmarks of the chapters and appendices within each volume.

Accessing the bookmarked FSA Handbook

To access this practical research tool, visit *TG Online* at www.tgslc.org/resources/fsa_handbook.cfm.

Questions

For questions about the 2008-09 FSA Handbook, contact TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgslc.org.

Reauthorization: Lender disclosure requirements

The Higher Education Opportunity Act (HEOA) made significant changes to the types and amounts of disclosures that lenders must provide to prospective and current FFELP borrowers. This article provides a summary of those disclosures, which must be provided at each phase of the life of the loan.

Keep in mind that certain disclosure provisions are effective upon enactment of the HEOA, August 14, 2008. We are awaiting further guidance from ED in the form of a *Dear Colleague Letter* and, eventually, new regulations. However, in the interim, lenders are responsible for taking the steps necessary to implement these provisions as quickly as possible.

Disclosures before disbursement

This section of the article details disclosures that a lender must provide to a borrower before the first disbursement of a Stafford or PLUS loan, effective August 14, 2008. Some of the disclosures were required before the HEOA was enacted, while others are new (new disclosures are noted below). The lender must provide these disclosures in either written or electronic format. In addition, the lender must provide these disclosures in at least one of the following ways: as part of the application materials provided to the borrower, as part of the promissory note evidencing the loan, or on a separate written form provided to the borrower.

The disclosures include:

- The lender name
- The address to which the borrower sends communication and payments

- The lender telephone number (note that the lender may also provide an electronic address for a borrower to request additional loan information)
- A statement that the borrower is receiving a loan that must be repaid
- The principal amount of the loan
- An explanation to the unsubsidized Stafford and Grad PLUS borrower that the borrower has the option to pay interest that accrues while the borrower is enrolled; and how often interest will be capitalized if the borrower does not choose the payment option (new)
- An explanation to the parent PLUS borrower that the borrower has the option to defer payment while the student or parent is enrolled at least half time; and how often interest will be capitalized if the borrower does not pay the interest while the student is enrolled (new)
- The amount of any charges, such as the origination fee and federal default fee, and whether those charges will be:
 - Collected by the lender at or prior to disbursement
 - Deducted from the loan proceeds
 - Paid separately by borrower
 - Paid by the lender (new)
- The stated interest rate on the loan
- The yearly (annual) and cumulative maximum amounts that may be borrowed
- The total cumulative balance, including the loan being applied for, owed by the borrower to the lender, and an estimate of the projected monthly payment, given that balance
- An explanation of when repayment is required and when the borrower will be obligated to pay the interest that accrues on the loan
- A description of the types of repayment plans that are available for the loan (new)
- The minimum and maximum repayment terms
- The minimum annual payment required by law
- An explanation of the option for consolidation or refinancing
- A statement of the borrower's right to prepay all or part of the loan at any time without penalty

- A statement that provides the circumstances in which repayment of the loan or interest that accrues on the loan may be deferred
- A description of forgiveness options and requirements (new)
- A statement of circumstances in which the borrower may obtain forbearance (new)
- A description of the default and the consequences of default, including that a default will be reported to a consumer reporting agency
- An explanation of the costs that a borrower may incur during repayment or in collection — including an explanation of any costs or fees the borrower may be charged (new); and late payment fees and collection costs that a borrower may incur during repayment or in collection

Disclosures before repayment

This section of the article details disclosures that a lender must provide to a borrower before the borrower enters repayment on a Stafford or PLUS loan, effective August 14, 2008. Some of the disclosures were required before the HEOA was enacted, while others are new (these are noted). The lender must provide these disclosures in either written or electronic format, and not less than 30 days nor more than 150 days before the first payment due date.

The disclosures include:

- The lender name
- The servicer name (new)
- The address to which the borrower sends communication and payments
- The lender telephone number (note that the lender may also provide an electronic address for a borrower to request additional loan information)
- The scheduled date on which the repayment period will begin
- The scheduled deferment end date for parent and Grad PLUS loans that are deferred under the new PLUS deferments (new)
- The estimated balance of loans covered by the disclosure
- The estimated interest to be capitalized, if applicable, as of the scheduled date on which the repayment period is to begin or (new) deferment is to end for parent and Grad PLUS loans that are deferred under the new PLUS deferments
- The stated interest rate on the loan or loans, or the combined interest rate of loans with different stated interest rates
- The repayment schedule for all loans covered by the disclosure, including:

- First payment due date
- Payment number, amount, and frequency

Note: The HEOA restates the previous provision that, for unsubsidized Stafford and PLUS loans, instead of being required to provide a disclosure of monthly repayment amounts, the lender may provide a sample projection of monthly repayment amounts assuming different levels of borrowing and interest accruals resulting from capitalization of interest. However, the HEOA provides a new requirement that the lender include samples of the cost associated with capitalizing interest and with paying interest as it accrues.

- The options and terms for loan consolidation or refinancing
- The projected total of interest charges that the borrower will pay, assuming the borrower makes payments as scheduled
- Any fees that may be charged during the repayment period
- A statement of right to prepay all or part of the loan at any time without penalty
- Information on any loan repayment benefits (new), including:
 - Contingencies, such as interest rate reduction tied to automatic payroll or checking account deduction, or making a specified number of on-time payments; and other benefits that could reduce the amount of repayment or the length of the repayment period
 - Limitations, such as explicit information on reasons why a borrower may lose eligibility for such a benefit and how to regain eligibility if a benefit is lost. In addition, it must include, for a benefit that reduces the interest rate, information on the impact that interest rate reduction would have on repayment period and amount, and, upon request by the borrower, information on the payoff amount and time for repayment
- A description of repayment plans available to the borrower and statement that the borrower may change plans during repayment (new)
- The repayment schedule for all loans covered by the disclosure, based on a standard plan, unless the borrower has selected another plan (new)
- Any interest the borrower has already paid, unless, for PLUS and unsubsidized Stafford loans, the lender has provided projected monthly payment amounts previously (new)
- Options to avoid or remove a default, including any fees (new)
- Additional resources, including nonprofit organizations, advocates, and counselors (including the ED Ombudsman) of which the lender is aware, where borrowers may receive advice and assistance on loan repayment (new)

Disclosures during repayment

Effective for loans for which the first payment is due on or after July 1, 2009, the HEOA requires a lender to provide Stafford, PLUS, and Consolidation loan borrowers with a bill or statement (as applicable) that corresponds to each payment installment time period in which a payment is due and that includes, in simple and understandable terms:

- The original principal amount
- The current balance at the time of the bill or statement
- The interest rate on the loan
- The total amount the borrower has paid in interest on the loan
- The aggregate amount the borrower has paid for the loan, including the amount paid in interest, in fees, and the amount paid against the balance
- A description of each fee the borrower has been charged for the most recently preceding installment time period
- The date by which the borrower needs to make a payment in order to avoid additional fees and the amount of such payment and the amount of such fees
- The lender's or servicer's address and toll-free phone number for payment and billing error purposes
- A reminder of the option to change repayment plans
- A list of the names of repayment plans available to the borrower
- A link to ED's Web site to obtain repayment plan information
- Directions for the borrower to request a change in repayment plan

Disclosures to borrowers having difficulty making payments

Effective for loans for which the first payment is due on or after July 1, 2009, the HEOA requires a lender to provide a borrower who notifies the lender of difficulty making payments on a Stafford, PLUS, or Consolidation loan with the following information, in simple and understandable terms:

- A description of repayment plans available to the borrower
- Directions for the borrower to request a change in repayment plan
- A description of the requirements for obtaining forbearance and associated costs
- A description of the options to avoid default and any fees or costs associated with such options

Disclosures during delinquency

Effective for loans that become delinquent on or after July 1, 2009, the HEOA requires a lender to provide a borrower who is 60 days delinquent on a Stafford, PLUS, or Consolidation loan with a notice that includes, in simple and understandable terms:

- The date on which the loan will default if no payment is made
- The minimum payment to avoid default
- A description of options to avoid default, and any fees or costs associated with such options, including a description of deferment and forbearance and the requirements to obtain each
- Discharge options to which the borrower may be entitled
- Resources, including nonprofit organizations, advocates, and counselors (including the ED Ombudsman) of which the lender is aware, where the borrower can receive advice and assistance on repayment

Disclosures when granting a deferment

Effective for deferments granted on or after August 14, 2008, the HEOA requires a lender, at the time it grants an in-school, graduate fellowship, unemployment, military or economic hardship deferment on an unsubsidized Stafford loan, to provide the borrower with information to help him or her understand the impact of interest capitalization on the principal amount and with regard to interest paid over the life of the loan.

Disclosures when granting a forbearance

Effective for forbearances granted on or after August 14, 2008, the HEOA requires a lender:

- At the time it grants a forbearance, to provide information to the borrower on the impact of interest capitalization on the principal amount and the total amount of interest to be paid over the life of the loan, and
- To contact the borrower every 180 days during the forbearance, to provide the borrower with a notice that includes:
 - The amount of principal and interest that has accrued since the last statement
 - The fact that interest will accrue during the forbearance period
 - The amount of interest that will be capitalized and the dates of such capitalization

- A statement that the borrower can pay interest before it is capitalized and that the borrower can terminate the forbearance at any time (note that this is not a new requirement)

Disclosures concerning consolidation

Effective for Consolidation loan applications provided to prospective borrowers on or after August 14, 2008, the HEOA requires a lender to disclose, in simple and understandable terms, at the time the lender provides a prospective borrower with a Consolidation loan application:

- Information regarding whether consolidation would result in a loss of benefits under the FFELP or Direct Loan Program (e.g., loan forgiveness, cancellation, deferment), or under the Perkins Loan Program (e.g., interest-free periods, deferment, cancellation), including a list of occupations that qualify for cancellation under Perkins
- Information on available repayment plans
- Information on options to prepay the loan (e.g., a shorter repayment schedule and a change in repayment plans)
- That benefit programs may vary among lenders
- Information on the consequences of default
- That the submission of an application does not obligate the borrower to take the Consolidation loan

Cost of disclosure and consequences of nondisclosure

The HEOA also states that the disclosures required before disbursement, before repayment, for a borrower having difficulty making payments, and during delinquency must be made available without cost to the borrower, and that ED may limit, suspend, or terminate the lender's participation for non-compliance with the disclosure requirements. Should a lender fail to provide disclosures as required, however, this non-compliance does not relieve a borrower of the obligation to repay a loan or provide the borrower with a basis for a claim for civil damages; in addition, the disclosures are not subject to the Truth in Lending Act.

For more information

We encourage readers to download the integrated HEA, Title IV, and review the new disclosure requirements. You may download the integrated version of the HEA from *TG Online* at 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.

TG updates

TG webinars to profile new lender survey tool, List AssistSM

Are you looking for a convenient, electronic way to gather lender information for a recommended or suggested lender list? TG's forthcoming product, List AssistSM, can help. List Assist offers an online process for surveying lenders and collecting the information that you and your borrowers need to compare lenders.

TG will offer two webinars on List Assist in early November. The webinars will profile the product's features and highlight its key benefits for schools, lenders, and borrowers. Among other things, participants will learn about:

- List Assist's online process for generating, communicating, and managing lender surveys;
- Its library of assessment questions that can be tailored to individual campus needs; and
- Reports that document survey results and offer a downloadable record for future reference.

List Assist is designed to add more transparency to lender list creation. Find out more about how it can help simplify your processes and benefit your students, adding even more objectivity to lender selection.

Webinar times

Join in the discussion about List Assist by attending one of the webinar sessions listed below.

- Tuesday, November 4
10:00 — 11:00 a.m., CDT
- Wednesday, November 5 (repeat)
2:00 — 3:00 p.m., CDT

To register

To register for a List Assist webinar, visit *TG Online* at www.tgslc.org/training/webinars/webinars0811.cfm.

For questions about the webinar

If you have any questions regarding the upcoming webinar, please contact Lisa Felder, external product training coordinator, at lisa.felder@tgslc.org. If you need technical assistance with TG's products, please contact TG's product support team at (800) 332-1455, or send an e-mail to product.support@tgslc.org.

More about List Assist

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.

TG and Council to host a “School Dialogue on Student Debt Management”

Today's market uncertainties couldn't come at a worse time for college students. Most students borrow to go to college, and many accumulate large amounts of debt before they graduate. In fact, within the last decade, the average debt of student borrowers has more than doubled. A financial burden like this in today's economy leaves many graduates challenged by issues during repayment, including delinquency and even default.

TG and the Council for the Management of Educational Finance are working together to help. With TG's support, the Council is hosting a webinar on best practices in student debt management, to be held Friday, November 7, from 9:30 a.m. to 12 p.m. All schools are invited to participate.

Cooperating for the good of all

The webinar, titled “School Dialogue on Student Debt Management,” will help foster discussion among schools on how to help students in the management and repayment of their student loans. Schools will learn about TG's default prevention tools, initiatives, and its research concerning the impact of the new cohort default rate calculation on the various school sectors. Participants will also have an opportunity to share best practices and exchange ideas on how to effectively help students manage their debt.

“Escalating borrower debt and limited resources make it important that all of us in the financial aid community work together,” said Maria Luna-Torres, liaison to the Council and TG's director of education finance initiatives. “We must step up our commitment to provide students and parents with the knowledge, tools, and information they need to effectively manage their student loan debt.”

To register

To join this timely dialogue on student debt management, register for the webinar through *TG Online* at www.tgslc.org/council/dialogue/index.cfm.

About the Council

The Council works to minimize student loan defaults by providing the higher education community with innovative leadership, activities and services that improve the understanding and management of personal and education finance by students and families. For over 10 years, the Council and TG have worked together to address some of the most important issues affecting students' ability to successfully repay their student loans.

For more information

To learn more about the initiatives of the Council, visit *TG Online* at www.tgslc.org/council. You can also contact Maria Luna-Torres at (800) 252-9743, ext. 4632, or send an e-mail message to maria.luna-torres@tgslc.org.

Keep May and June grads on track to repayment with TG's brochures and collateral

Six months after collecting their diploma, your spring graduates face another milestone of sorts — the end of their grace period for Federal Stafford loans they hold. By November 30, most such borrowers will enter repayment. You can help them make good on their financial obligation with printed materials that anticipate their questions and define their options in paying back loans.

TG's printed help

TG provides several brochures and envelope stuffers, which you can order at no cost for your graduated students or students who have dropped below half-time enrollment. These print materials can be mailed to your former students or stocked in the office lobby for quick reference.



TG's brochures and envelope stuffers offer several advantages: They quickly educate students on debt and empower them to make smart decisions when it comes to repayment. They answer common questions many students have about deferment, forbearance, and consolidation. And they help to ensure that managing debt is on the mind of recent graduates with loans entering repayment.

Here's a look at particular items you can order through TG and mail to graduates or students.

- ***Frequently Asked Questions:*** TG offers a concise yet comprehensive source of help with this brochure, which details answers to perennial questions such as "What is forbearance"? or "Is consolidation right for me?" The brochure also provides instructions on what students should do if they begin receiving bills while still in school, or if they can no longer make payments on a student loan.
- ***Managing Repayment:*** This publication outlines the options students have for managing their student loans, if making payments becomes difficult. The brochure explains deferment, forbearance, consolidation, and alternative payment plans, and provides a list of the top 10 ways students can avoid default.

- **Get the Facts on Forbearance** (envelope stuffer): This flyer, designed to fit in a standard business envelope, helps students understand the differences between deferment and forbearance and encourages them to weigh all available options if they have difficulties in repayment.
- **Bad Credit Bites** (envelope stuffer): This handy flyer offers a variety of resources that students can use to avoid default on student loans.



To order TG's printed materials

You can order the *Frequently Asked Questions* and *Managing Repayment* brochures in English or Spanish. To order any of the items listed above, including the envelope stuffers, visit *TG Online* at www.tgslc.org/order/index.cfm.

For other questions

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

More about TG's default prevention activities

TG's default prevention team works with schools and lenders to prevent the default of student loans. The team also works with borrowers offering information about default and repayment. If you have questions about how you can use the team's service in your default prevention work, contact 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.

This, that, and the other

Gas prices remain high enough to make many students think twice about commutes or extended trips. At the same time, college campuses are becoming more like small cities, supporting a peripatetic population of students who take over campus roads and parking lots each semester. Some schools are taking a proactive approach to both issues by offering free or discounted bikes to students.

Schools like the University of New England and Ripon College in Wisconsin are providing bikes at no cost to freshmen who promise to leave their cars at home. Other colleges are setting up bike-sharing or rental programs, and some universities are even partnering with bike shops to offer discounts on purchases.

The goal, according to college and university officials, is to ease the shortage of parking and to change the car culture that clogs campus roadways and erodes the community feel that comes with walking or biking around campus.

To read more about the trend on some campuses, read the complete *New York Times* article at www.nytimes.com/2008/10/20/education/20bikes.html?_r=1&oref=slogin&ref=education&pagewanted=print.



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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@tgsic.org.

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