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

Anticipate some of your students' questions about default and offer answers with TG's *Frequently Asked Questions* located at [Hwww.tgslc.org/borrowers/default/faqs.cfm](http://www.tgslc.org/borrowers/default/faqs.cfm)H.

## Federal updates

### What if the PLUS auction fails?

Following the recent publication of information about the Competitive Loan Auction Pilot Program (auction) in notices in the March 2 and March 3 issues of the *Federal Register* (see *Shoptalk Online* edition [493](#)), TG received several questions from the financial aid community about the auction process. ED has subsequently provided information guidance on a number of these issues, which we will disseminate in future editions of *Shoptalk Online*. One question in particular, though, has prompted a flurry of discussion and debate within the industry: In the event there are no bidders for an auction within a state, would ED consider the auction to have failed; and if so, what effect would the failure have on the PLUS program?

## **Back to the basics**

First, let's review the auction process and define what we mean by a successful or failed auction. As established by the College Cost Reduction and Access Act of 2007, a PLUS auction will be held in each state. Lenders will submit bids for special allowance payment (SAP) rates they are willing to accept, and the two lowest bidders will win the auction. The winning lenders will be paid at the second-lowest SAP rate bid.

The winning bidders will originate PLUS loans to new parent borrowers for any dependent students attending school within that state, and will continue to make loans available to those parent borrowers, until the student graduates or ceases enrollment in that state. This scenario would constitute a successful auction. However, if there are not two winning bidders in a state, the auction will have failed. This could occur if only one lender submits a bid, or if no lenders decide to submit bids in that state.

## **Failed auction does not threaten loan availability**

According to the March 3 *Federal Register* notice referenced above, in the case of a failed auction, borrowers in that state will be served by a PLUS Loan Lender of Last Resort (PLUS-LLR). PLUS-LLR is not to be confused with the LLR program administered by guarantors that is designed to ensure that eligible student loan borrowers who are unable to locate a lender have access to FFELP funds (see *Shoptalk Online* edition [463](#) for information about that LLR program). However, similar to the guarantor-administered LLR program, the PLUS-LLR would provide a backstop source of funding within the PLUS auction process in the event of a failed auction.

## **What if no lender applies to serve as PLUS-LLR in a state?**

Based on informal industry guidance from ED, if the auction in a state fails, and no lender has applied to serve as PLUS-LLR, the PLUS program will continue to operate in that state in the normal manner. Parent PLUS funding will continue to be available to borrowers as it is today, without any changes or disruptions in the program as a result of the failed auction.

## **For more information**

For questions about the auction program, send an email to TG customer assistance at [cust.assist@tgslc.org](mailto:cust.assist@tgslc.org).

Visit ED's PLUS auction Web page at [www.ed.gov/ope/plus-auction](http://www.ed.gov/ope/plus-auction) for a summary of the auction program and the related *Federal Register* notices.

*Shoptalk Online* will continue to communicate updated information about the auction program as it becomes available.

## New ECASLA Announcements

ED recently released Electronic Announcements (E-ANN) #52 and #53, providing additional guidance on the implementation of the Loan Purchase Programs authorized by the Ensuring Continued Access to Student Loans Act (ECASLA).

- In E-ANN #52, ED reminds Sellers participating in the 2007-08 Short-Term Purchase Program that, in accordance with Section 5 (B)(ix) of the Master Loan Sales Agreement (MLSA), they must deliver an Agreed Upon Procedures (AUP) letter that has been prepared by an independent public accountant in a form acceptable to ED. ED's Office of the Inspector General has issued an "Agreed Upon Procedures Attestation Engagement Guide" that lenders participating in the 2007-08 Short-Term Purchase Program must use for the AUP letter. The guide may be accessed at [www.ed.gov/about/offices/list/oig/nonfed/ecalsa-aup-030409.pdf](http://www.ed.gov/about/offices/list/oig/nonfed/ecalsa-aup-030409.pdf).

The E-ANN also outlines the format to be used for the Corrective Action Plan (CAP) that a Seller must provide to ED, in accordance with Section 5 (B)(vii) of the MLSA, for all findings included in the AUP letter.

- E-ANN #53 provides a revised version of the "Loan Schedule and Custodial Certification Data File Fields — Definitions and Submission Procedures" document that was previously provided with E-ANN #16. ED also notes in E-ANN #53 that effective March 29, 2009, the payment mechanism for funding requests under the Loan Purchase Participation Program will change from ACH to Fedwire, and that any changes to bank account information should be sent to [fsa\\_lr@ed.gov](mailto:fsa_lr@ed.gov) on or before Friday, March 27, 2009.

### For more information

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

## Federal Reserve Board issues proposed regs for private loans

Last week, the Federal Reserve Board (Board) issued a press release announcing proposed amendments to Regulation Z, which implements the Truth in Lending Act, or TILA. These amendments are necessary in order to implement provisions of the Higher Education Opportunity Act (HEOA), found in Title X of the Higher Education Act of 1965, as amended.

Under the proposed regulations, creditors that offer private education loans would provide disclosures about loan terms and features on or with the loan application and would have to disclose information about federal student loan programs that may offer less costly alternatives. Creditors would also have to provide additional disclosures when the loan is approved and when the loan is consummated. The Board's proposal also implements the HEOA's restrictions on using the name, emblem, or mascot of an educational institution in a way that implies that the institution endorses the creditor's loans.

The Board released proposed private education loan model disclosure forms and samples that creditors could use to comply with the new disclosure requirements, including:

- Application and solicitation model form
- Approval model form
- Final model form
- Application and solicitation sample
- Approval sample
- Final sample

The new disclosure requirements would apply to loans made expressly for postsecondary educational expenses, but would not apply in the case of educational expenses that are funded by credit card advances, or real estate-secured loans. In addition, the proposed requirements do not apply to Title IV loans, which are subject to separate disclosure rules issued by ED.

### **For more information**

The Board's announcement and proposed model disclosure forms and samples are available at [www.federalreserve.gov/newsevents/press/bcreg/20090311a.htm](http://www.federalreserve.gov/newsevents/press/bcreg/20090311a.htm). The public comment period on the proposed regulations will end 60 days after they are published in the *Federal Register*, which is expected shortly.

Visit *TG Online* at [www.tgslc.org/policy/hea.cfm](http://www.tgslc.org/policy/hea.cfm) to download an integrated, searchable PDF version of the portions of the TILA that were affected by the HEOA.

## **TG updates**

### **TG enhances AdvanTG Web™, TG Loans By Web™, and Integrated Default Assistant™**

In a changing market, TG makes a priority out of offering products that help add efficiency and convenience to student loan processes. In early April, TG will make available several enhancements to its flagship application and loan management system, AdvanTG Web™, and its online loan application tool, TG Loans By Web™. Among other things, these enhancements help simplify change transaction management and open loan processing to any combination of FFELP lender, school, and guarantor.

In early April, TG will also introduce an enhanced version of its default management tool for TG loans — the Integrated Default Assistant™ (IDA™). IDA offers schools and lenders an online, interactive application for tracking and managing their TG cohort default rate performance.

Webinars reviewing the various changes will be scheduled for each product before and after the new release. Watch for information about times and dates of these webinars in a future issue of *Shoptalk Online*.

Here is a short review of added features and enhancements.

### **AdvanTG Web's change transaction management**

In the change transaction area of AdvanTG Web, TG has made several improvements, which will significantly streamline the process for schools that enter change transactions directly within AdvanTG Web, either as the standard process or to address exceptions.

AdvanTG Web will have a new change transaction menu, making all of the pertinent loan information easily accessible and more user-friendly. Loan information will be displayed at the top of each detail screen with "expand/collapse" functionality to minimize scrolling.

The change transaction redesign helps reduce possible rejects of change transaction records by guiding users to appropriate transactions according to the disbursement or loan status.

Modifications have been made to other areas of change transactions to make processing easier and more efficient. Among other things, these changes:

- Eliminate dependency on CommonLine terminology. Screen menus feature plain-language options.
- Make available current values for easier entry and processing of records; fields for entering changes are separate.
- Consolidate all @1-09 (disbursement-level changes, pre-disbursement) and @1-10 (disbursement-level changes, post-disbursement) transactions into a new Change/Add Disbursement screen. Also, facilitates the @1-07 (loan period, grad date, and grade-level changes) transaction. The new screen allows users to:
  - Submit changes to all disbursements on a loan from one screen;
  - Submit a hold/release request when adjusting the disbursement amount or date;
  - Add a new disbursement; and
  - Adjust corresponding loan level information such as loan period dates.
  - The screen combines 12 individual transactions from the previous change transaction main menu into one screen.
- Combine both steps of a reallocation procedure into one screen. This change applies to both create and edit screens for change transactions.

- Offer a new mass hold/release feature, which:
  - Applies to all loans in a school's AdvanTG Web database;
  - Provides filter criteria to the mass hold/release feature, including disbursement date, disbursement number, and loan type.
- Add ability to create change transactions from an application or disbursement roster record.

### **TG Loans By Web**

The enhanced version of TG Loans By Web adds flexibility to the application process by allowing for any combination of school, FFELP lender, or guarantor. Here is a short list of other changes.

- Provides a new borrower registration process, which helps ensure borrower security.
- Merges incoming lender-originated certification requests with outstanding TG Loans By Web certifications.
  - TG Loans By Web will combine the two records, keeping the best source of information for each field.
  - Application records will maintain the school's CommonLine unique ID.
- Modifies the existing e-sign feature and the option to reprint pre-guarantee applications, including:
  - Provides e-sign option to borrower in cases where lender does not provide feature or prefers that TG provide it.
- Allows for lender's marketing name;
- Offers ability to display school's recommended lender list for private loans;
- Adds the borrower's e-mail to the e-signature data sent to lenders.
- Improves messaging to schools in cases where a recommended lender modifies its profile related to new loans for a school.

### **AdvanTG Web's import feature**

TG has enhanced its AdvanTG Web import tool so that users can now import up to 20 files at one time. The import tool also provides asynchronous import, which allows users to continue working while the import process runs in the background.

### **Integrated Default Assistant**

IDA is designed to help schools, lenders, and servicers achieve successful default aversion goals for their TG loans. Using IDA's query feature and pre-formatted reports, schools, lenders, and servicers can pinpoint student populations at risk of

delinquency or default. IDA also offers customizable letters for notifying borrowers of their status.

Based on customer feedback, TG recently added features to IDA to make the tool even more versatile and effective. Among other things, these changes:

- Provide the ability to forecast a three-year cohort default rate for the institution's TG loans.
- Help schools identify at-risk borrowers based on pre-defined attributes, including graduation status and academic level.
- Offer a filter for identifying delinquent borrowers who can affect the institution's cohort default rate for TG loans.
- Include a sort order option for user-specified delinquency ranges.
- Provide schools the ability to generate letters in English only or Spanish only, or with an English front page and a Spanish back page.

### **For help**

For questions about updates to TG's products, please contact TG's product support team at (800) 332-1455, or send an e-mail to [product.support@tgscl.org](mailto:product.support@tgscl.org).

## **Positive+Balance™ training examines the links among advertising, consumer spending, and debt**

Each day, Americans view hundreds of ads that vie for their attention and urge them to pull out their checkbooks. According to *Advertising Age* magazine, American companies spent \$149 billion in 2007 on advertising.

A Positive+Balance™ presentation, *The Brewing Storm: Consumerism, Advertising, and Debt*, examines consumerism and the advertising industry's influence on spending. The session highlights some of the latest consumer debt statistics and examines the role of advertising in shaping consumer values and in motivating consumers to buy.

### **Wants versus needs**

According to Margery Harvey, TG's financial literacy program manager, advertisers appeal to consumer insecurities in order to make a sale.

"We like to spend money on things we don't really need that make us feel better about ourselves," said Harvey. "Advertisers promise us that we will be more successful, beautiful, popular, or athletic if we spend our money on their products. It's very effective."

The Positive+Balance presentation considers some of the methods advertisers use to market products to young people. Many ads target children and teens because they influence how their parents spend money. According to the National

Association of Media Literacy Education (NAMLE), “tweens” (8–12 year olds) influence more than \$30 billion in purchases by parents.

The *Brewing Storm* encourages students and consumers of all ages to view ads with a critical eye. “When students are taught how to be smart consumers, they will start to recognize the manipulative practices advertisers use to get them to spend their money on ‘wants’ and not ‘needs,’” said Harvey. “More critical consumers will be better prepared to manage their personal finances and avoid overwhelming debt.”

TG trainers are available to present *The Brewing Storm: Consumerism, Advertising, and Debt*. Presentation slides and an accompanying handout can also be downloaded free of charge from the Positive+Balance Community<sup>SM</sup>, TG's online resource for educators and financial aid professionals seeking financial literacy solutions and support.

### To learn more

For more information about Positive+Balance, visit *TG Online* at [www.tgslc.org/PositiveBalance](http://www.tgslc.org/PositiveBalance). If you would like TG's assistance in developing, implementing, or improving your financial literacy efforts, contact your account executive at (800) 252-9743, or send an e-mail message to [positivebalance@tgslc.org](mailto:positivebalance@tgslc.org).

You'll also find a wealth of information and resources on financial literacy through the Positive+Balance Community. To sign up for a membership, visit [www.PositiveBalance.org](http://www.PositiveBalance.org).

## Register today — early registration and hotel rates for the 2009 TG Annual Training Conference end March 31



The 2009 TG Annual Training Conference is set to debut on Wednesday, April 22, at the Renaissance Hotel in Austin, Texas. The three-day conference offers an excellent forum for learning more about regulatory and industry issues, including program changes required by legislation such as the Ensuring Continued Access to Student Loans Act (ECASLA) and the Higher Education Opportunity Act (HEOA).

The early registration fee is \$50 if attendees register by Tuesday, March 31. Early registration rates for hotel accommodations at the Renaissance will also expire on March 31.

### Varied agenda, great training

If you're considering your options for the spring conference season, you'll find no better bet than TG's comprehensive conference program. The agenda includes two

general sessions held daily along with more than 50 breakout sessions over the course of three days. Attendees have their choice of interactive presentations and workshops on a variety of issues important to industry professionals, including financial literacy, default prevention strategies, Income-Based Repayment, entrance and exit counseling best practices, and more.

Both the Texas Higher Education Coordinating Board (THECB) and the Department of Education (ED) will be presenting sessions. THECB will lead breakout sessions offering information on the latest developments for both Texas public and private higher education institutions. ED will be presenting a session on Academic Competitiveness and SMART grants as well as leading the conference's Federal Update.

The conference offers a variety of other sessions, including:

- A review of a commissioned study on student aversion to borrowing,
- TG's public policy Web page,
- Best practices in customer service,
- TG's Positive+Balance Community,
- Creativity workshops,
- A customer panel on TG's List Assist<sup>SM</sup>, and
- FAMS breakouts.

The [conference agenda](#) is available online and offers a day-by-day breakdown of sessions according to subject and time. The agenda provides a tool for choosing what sessions to focus on, learning more about keynote speakers, and planning for evening events. Receptions are scheduled immediately following general sessions on Wednesday and Thursday, from 5:30 p.m. to 7 p.m. Each day of the conference, local Austin talent will provide some rhythmic entertainment for conference attendees.

### **To learn more and register**

Find out more about this year's varied agenda by visiting *TG Online* at [www.tgslc.org/tgconference/index.cfm](http://www.tgslc.org/tgconference/index.cfm). You can register for the conference at [www.tgslc.org/tgconference/register.cfm](http://www.tgslc.org/tgconference/register.cfm).

## **This, that, and the other**

Given today's markets, the college class of 2009 may not have an easy time finding a job, at least according to a recent survey conducted by the National Association of Colleges and Employers. The survey finds that employers will probably hire 22 percent fewer graduates than they did from the class of 2008. Jobs in popular fields like finance have been hit especially hard. Considering their options, more college

seniors are looking into careers in public service. The *Boston Globe* reports that graduating seniors are enrolling in record numbers in programs such as the Peace Corps and Teach for America. Applications to graduate school are also on the rise.

Find out more about the change in hiring trends at

[www.boston.com/news/education/k\\_12/articles/2009/03/14/economic\\_collapse\\_puts\\_graduates\\_on\\_unforeseen\\_paths](http://www.boston.com/news/education/k_12/articles/2009/03/14/economic_collapse_puts_graduates_on_unforeseen_paths).



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