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Tip^{of} the Week

TG offers students an array of worksheets for budgeting time, expenses, and income.

Adventures In Education's Graduation Planning Calculator is one example, offering an all-purpose tool for preparing to graduate on time. You can find it at

www.aie.org/financial_literacy/fl_graduation_planning_calculator.cfm.

Federal updates

Neg Reg: Two down, one to go

Since our last negotiated rulemaking (Neg Reg) update (see *Shoptalk Online* edition [493](#)), Teams I and II have completed the second round of meetings on the loan-related topics under discussion this year. Following the first meetings held in late February, ED developed and distributed draft regulatory language to the non-federal negotiators for their review. Much of the second round of meetings was spent discussing those draft regulations in efforts to reach agreement, or consensus, on the language and intent of those regulations.

Team I (Lender/General Loan Issues)

Team I made significant strides toward reaching consensus on its agenda topics. While ED declined to add several agenda items suggested by non-federal negotiators — due to the proposed issues being unrelated to the Higher Education Opportunity Act (HEOA) — it did include a new item intended to address outstanding concerns on determining Partial Financial Hardship for the purpose of the Income-Based Repayment (IBR) plan. Other outstanding issues include FFELP and Direct Loan Teacher Loan Forgiveness, loan discharges based on Total and Permanent Disability, required education loan borrower disclosures by FFELP lenders, and consumer credit reporting after loan rehabilitation and eligibility for loan rehabilitation.

Team II (School-Based Loan Issues)

Team II made progress toward reaching consensus as well, although several important issues remain unresolved, including cohort default rate calculation, institutional eligibility, and default prevention plans; required disclosures for covered entities; and Program Participation Agreements: preferred lender lists. As with Team I, ED declined to add several agenda topics proposed by the non-federal negotiators because they were outside of the scope of the current negotiations.

Team II participants benefited from the insights of two guest speakers during the meeting: ED's Robert Shireman, senior advisor, briefed the group on the aforementioned changes to the Perkins loan program; and Brent Lattin, senior attorney with the Federal Reserve System, discussed proposed rules pertaining to the Truth in Lending Act (see *Shoptalk Online* edition [497](#)) and how they may interact with issues under discussion during Neg Reg.

What's next

Team I and Team II will hold their third and final negotiating meetings May 4-8. Some time after that, proposed rules for both teams will be published in the *Federal Register* for public comment as a Notice of Proposed Rulemaking. After public comments have been received and reviewed, final rules will be published in the *Federal Register*. *Shoptalk Online* will keep you informed as these events occur.

More information

For meeting agendas and proposed regulatory language, please visit ED's HEOA Neg Reg Web site at www.ed.gov/policy/highered/leg/hea08/index.html#neg-reg. This page also includes information about the activities of Teams III, IV, and V (Accreditation, Discretionary Grants, and General and Non-Loan Programmatic Issues, respectively).

ED releases Volume 2 of the 2009-10 *Federal Student Aid Handbook*

ED has published Volume 2: School Eligibility, of the 2009-10 *Federal Student Aid Handbook* (FSA Handbook). TG will make Volume 2 available on *TG Online* at www.tgslc.org/resources/fsa_handbook.cfm. Other volumes will be posted as they are released. Once all the volumes of the 2009-10 FSA Handbook have been released, TG will provide a single downloadable file encompassing all of the volumes.

For more information

Watch future editions of *Shoptalk Online* for details. Volume 2 is also available on the Information for Financial Aid Professionals (IFAP) Web site at <http://ifap.ed.gov/fsahandbook/0910FSAHbkVol2.html>.

New resources provide help in understanding PLUS auction and IBR

TG is pleased to inform its customers about two new resources available for schools, lenders, and servicers that address questions and concerns about the Competitive Loan Auction Pilot Program (PLUS auction) and the Income-Based Repayment Plan (IBR).

PLUS auction Q&As

Although Congress is considering a postponement of the auction program until July 1, 2010 (see *Shoptalk Online* edition [497](#)), at this time the auction is still scheduled to proceed, with winning bidders to be announced on April 24. To assist the financial aid community in preparing for the program, should it be implemented this year, ED has released an Electronic Announcement (E-ANN) that includes 35 Q&As on the auction program. The Q&As include some information of particular note:

Q&A 4:

Are parent PLUS loans made under the auction program eligible for the Department's 2009-10 loan purchase programs (Loan Purchase Participation Program and Loan Purchase Commitment Program)?

Yes, if the loans are otherwise eligible, they may be part of the Department's 2009-10 Loan Purchase programs.

Q&A 14:

For a dependent student to be eligible for additional unsubsidized Stafford loans for a loan period that begins on or after July 1, 2009, as a result of a new parent PLUS applicant's denial, must the denial come from one of the lenders that has PLUS Auction rights in the State?

Yes, the denial must be from one of those two lenders.

Q&A 17

When determining if a PLUS borrower is a "new" borrower, do lenders need to take into consideration the dependent student for whom the parent is borrowing? For example, if a lender currently has loans for a PLUS borrower with dependent student "A" and that same PLUS borrower applies for a PLUS loan after July 1 for dependent student "B," given that the borrower is not a "new" borrower, would the new loan fall under the PLUS Auction program or under the PLUS program as it exists today?

No, only a new parent borrower in the PLUS program would be a borrower under the PLUS Auction program. A new borrower is one who, prior to July 1, 2009, had not borrowed a parent PLUS loan for any dependent student. The borrower in this example would not be considered a new borrower and would continue to borrow under the current PLUS program.

The E-ANN and complete Q&A document are available online at <http://ifap.ed.gov/eannouncements/03309RespQuestParentPLUSAuction.html>.

As always, *Shoptalk Online* will keep readers informed of any changes to the PLUS auction as details become available.

IBR Q&As

The National Council of Higher Education Loan Programs (NCHELP) has published a collection of 54 Q&As about the new Income-Based Repayment (IBR) Plan, which will become available to borrowers on July 1, 2009. The Q&As are based on a recent IBR webinar hosted by NCHELP. The slides for that webinar are also available at the link below. Here is a sample of the topics covered in the Q&As:

Q&A 1

If a married couple without other dependents files separately, would the family size be one or two?

The family size would be two.

Q&A 4

[If a borrower leaves IBR] does the borrower need to pay or be billed for at least one installment of the Expedited-Standard before switching to another payment plan?

Yes.

Q&A 15

If the customer comes out of IBR and we recalculate their payment, can it be higher than the payment amount before IBR?

Yes, especially since the IBR months used will have counted against the maximum repayment months available.

The Q&As are posted to the NCHELP IBR Initiatives page at www.nchelp.org/pages/page.cfm?id=143. While the Q&As include a wealth of information applicable to lenders and servicers, we encourage schools that are interested in learning how to educate students on this new program to register for the upcoming NCHELP Webinar, "An Introduction to IBR for Schools" (scheduled for April 9, 1:30 p.m. - 3 p.m., CDT). Registration for this free webinar is available at <http://event.on24.com/r.htm?e=140203&s=1&k=1FF8EB53F071C630D95AF905210B7D53>.

More information

For questions about the PLUS auction or IBR, please contact TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgsic.org.

TG updates

TG to provide \$2 million to students through its Charley Wootan Grant Program for academic year 2009-10

TG has allocated \$2 million to the Charley Wootan Grant Program. Of these funds, \$1 million will be distributed to Texas students, and another \$1 million will be distributed to students in other states, the District of Columbia, or U.S. territories, to help pay for college education. Applications for grant consideration will be available beginning April 2, 2009.

The first-come, first-served, need-based grant program will provide up to \$4,245 per successful applicant for the 2009-10 academic year. Since 2000, TG has awarded nearly \$7.8 million through the program, named in honor of the late Dr. Charley V. Wootan, a former chairman of TG's Board of Directors.

"The Charley Wootan Grant Program has made a significant difference to students in Texas and around the nation," said Sue McMillin, TG's President and CEO.

"Through this program, TG is able to help individuals get closer to attaining their higher education dreams. This action helps build a foundation for students in order for them to succeed and contribute to our economic future."

For the 2009-10 academic year, TG will offer grants ranging from \$1,000 to \$4,245 to qualified undergraduate students. Amounts awarded will be based upon a student's unmet financial need. To become eligible, students must complete the Free Application for Federal Student Aid (FAFSA) and meet other eligibility requirements.

Grants will be awarded for one year only, but recipients may reapply in subsequent years. The grant program is open to students who:

- Are high school seniors or graduates who plan to enroll, or are students already enrolled, at least half time, in an undergraduate course of study for the fall 2009 at a Title IV, two- or four-year college or university, or vocational-technical school.
- Demonstrate financial need.
- Are eligible to receive Title IV federal financial aid funding.

For the 2008-09 academic year, more than 650 students received grants from the program. In all, grants were awarded to students in 46 states. Additional information on last year's typical grant recipient includes the following:

- Recipients were always first-generation students. Many were female also.
- The average grant award was \$3,350.
- Adult learners (24 years old or older) made up 15 percent of awardees.

About the grant program

The Charley Wootan Grant Program is independently managed by Scholarship Management Services, a program of Scholarship America, the nation's largest non-profit, private-sector scholarship and educational support organization.

To learn more

For questions, contact TG's Charley Wootan Grant Program manager Robert Westrick by calling (800) 537-4180. Information is also available at www.aie.org.

There is no correlation or connection between TG's selection of recipients for grant awards and an institution's or individual's business relationship or potential business relationship with TG. Participation in TG's Charley Wootan Grant Program does not require or impose any *quid pro quo* condition.

TG Annual Training Conference offers comprehensive training with multi-track format

Each year, TG offers a training experience designed to appeal to a broad range of financial aid interests, from topics in legislative and regulatory change to default prevention strategies. The 2009 TG Annual Training Conference is another example of this kind of comprehensive approach to training, offering over 50 specialized sessions and workshops covering seven different subject areas, or tracks.

Set to debut on Wednesday, April 22, at the Renaissance Hotel in Austin, Texas, TG's three-day conference provides attendees a chance to ask the financial aid questions that matter to them on such topics as the Ensuring Continued Access to

Student Loans Act (ECASLA), Income-Based Repayment, the latest developments in Washington, and more.



Planning your conference experience

Attendees have their pick of sessions grouped according to focus or track. These sessions are led by TG experts, respected presenters from outside TG, or feature panels of school and lender representatives in discussions moderated by TG. Here's a list of tracks along with a summary session description to serve as an example of track offerings.

- **FAM systems**

Sessions focus on the best practices for using various FAMS. Attendees learn from other users about how a given FAMS interacts with TG's products and services.

- **Debt management**

On the Horizon: A Look at the New Three-Year Cohort Data — Participants will preview the calculation and effects of the new three-year cohort default rate. The workshop also considers preliminary data and focuses on what TG is doing to manage effects of the new calculation.

- **School interest**

Ensuring Continued Access to Student Loans Act (ECASLA) of 2008 — Congress enacted ECASLA to help make funds available to FFELP lenders. Attendees at this session learn the ABCs of ECASLA from a school financial aid administrator's perspective. They also find out what tools and processes that TG and others in the FFELP community are developing to help schools.

- **Lender interest**

Income-Based Repayment — This new repayment option will soon be available to both current and new FFELP and Direct Loan borrowers. Attendees learn more about what "standard-standard," "permanent-standard," and "expedited-standard" mean, and how this new repayment plan will work. They also find out how Income-Based Repayment (IBR) may help schools in delinquency and default prevention efforts.

- **General interest**

Show What You Know: The Policy Game — Participants test their knowledge about recent changes in federal student aid policy, regulations, and law. During this interactive session, attendees use a hand-held device to click their answers

to a variety of questions on current federal student aid topics. The session offers a wealth of practical information in an entertaining format.

- **Professional development**

Creativity Workshop — Individuals in endeavors such as financial aid spend so much time encouraging and supporting students that they can forget to nurture themselves. This Creativity Workshop teaches the hows and whys of daily self-nurturing.

- **TG tools**

Change Transactions: The Remix — TG has redesigned its change transaction tool for AdvanTG Web™, providing a more intuitive user experience and consolidating a number of screens to streamline processes. Learn more about the extensive enhancements in this session.

Agenda online

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., CDT.

Find out more about this year's varied agenda by visiting *TG Online* at www.tgslc.org/tgconference/index.cfm.

To register

You can register for the conference at www.tgslc.org/tgconference/register.cfm.

Positive+Balance™ presentation teaches students the value of saving now rather than later

Until recently, Americans tended to save less. Statistics from the U.S. Bureau of Economic Analysis show that the average American household put away diminishing amounts over the last twenty years.

Economic shifts have reversed that trend. A survey from First Command Financial Services, a financial planning firm for middle-income families, shows that Americans feel less secure financially as the economy continues to slow. They're being more cautious with their money as a result. In fact, the amount of an individual's savings rose to an average of \$901 in September from \$756 in August, up nearly 20 percent. Americans also put an average of \$863 into retirement accounts, up from \$560, an increase of 54 percent.

A positive balance: saving and spending

Positive+Balance™, TG's financial literacy training program, offers help to students just learning the fundamental concepts of saving. *What's in Your Piggy Bank?* encourages students to make a habit of saving money while they are young.

Students learn how compound interest works and find out how to develop a savings plan to achieve short-term and long-term savings goals.

"Many students find reasons to put off saving until later in life and don't realize that time is money when it comes to saving," says TG's director of financial literacy programs Margie Harvey. "Waiting to save is like throwing money away because of the compound interest that is lost."

The presentation also provides details about different savings instruments, e.g., money market accounts, certificates of deposit, and U.S. savings bonds. Although many students can't afford to save a great deal of money while they are in school or when they first start working, they can begin following smart saving practices.

"If they save at all, regardless of the amount, they will at least develop the habit of saving, which will help them throughout life," says Harvey. "As an added benefit, they might be surprised how much a small amount of savings can grow over time."

TG trainers are available to present *What's in Your Piggy Bank?*. Presentation slides and an accompanying handout can also be downloaded free of charge from the Positive+Balance CommunitySM, 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. 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.

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.

Reminder: Product webinars for enhanced AdvanTG Web™ and TG Loans By Web™ offered

Last week, TG unveiled a variety of enhancements to AdvanTG Web and TG Loans By Web. To help users benefit from these modifications and incorporate them effectively into their loan processing, TG has scheduled various webinars that explain the changes and offer time for customer Q&A.

Webinar times and topics

Webinars reviewing the various changes have been scheduled for each product before and after the new release. Here is a complete list.

Wednesday, April 8, 2 p.m.-3 p.m., CDT: TG Loans By Web's open processing and e-sign options

Thursday, April 9, 10 a.m.-11 a.m., CDT: TG Loans By Web's open processing and e-sign options (repeat)

Tuesday, April 14, 2 p.m.-3 p.m., CDT: TG Loans By Web open processing, e-sign options, and change transaction redesign

Wednesday, April 15, 10 a.m.-11 a.m., CDT: TG Loans By Web open processing, e-sign options, and change transaction redesign (repeat)

To participate in a webinar

Register for one of the listed webinars at www.tgslc.org/training/webinars/register.cfm.

For help

For questions about TG Loans By Web or AdvanTG Web, please contact TG's product support team at (800) 332-1455, or send an e-mail to product.support@tgslc.org.

Common Manual

Common Manual updates

On March 19, 2009, guarantor representatives who serve on the *Common Manual* Governing Board approved several changes to the *Common Manual*. Details on these changes and a newly updated *Integrated Common Manual* incorporating the changes are available online at www.tgslc.org/policy/integrated_online_Manual.cfm.

The nation's guarantors provide the following summaries to inform schools, lenders, and servicers of the latest *Common Manual* policy changes. These changes will appear in the *Manual's* next annual update. These changes will also be incorporated into the *Integrated Common Manual*. The *Integrated Common Manual* is available on several guarantor Web sites, and it is also available on *Common Manual's* Web site at www.commonmanual.org. Please carefully note the effective date of each policy change.

Entrance Counseling

The *Common Manual* has been updated to include statutory changes resulting from the Higher Education Opportunity Act. Revised policy includes all the information that a school must ensure a borrower receives during entrance counseling and

expands counseling specific to Grad PLUS borrowers to make formatting consistent with counseling applicable to Stafford borrowers. In addition to fulfilling the existing requirements, under the new provisions, a school must also include information about each of the following:

- How interest accrues and is capitalized during periods when the interest is not paid by either the borrower or the Department.
- That the borrower has the option to pay accruing interest on any unsubsidized loan while the borrower is in school.
- The effect of accepting the loan on the borrower's eligibility for other forms of student financial assistance.
- The school's definition of half-time enrollment during regular and summer terms, and the consequences of not maintaining half-time enrollment.
- The importance of contacting the appropriate school offices if the student intends to withdraw.
- The name and contact information for a party whom the student may contact with questions about rights, responsibilities, loan terms and conditions.
- That the student must repay the loan in full, even if the student does not complete the program or if the student does not complete the program in the regular time.
- The availability of the NSLDS and how the borrower can use the information found there.
- Federal delinquent debt collection procedures.

Revised policy deletes audiovisual presentation as an acceptable means of providing entrance counseling. Acceptable entrance counseling methods are in-person counseling; interactive electronic means with the condition that the borrower must acknowledge receipt of the information; and written counseling materials that the school provides to the borrower that includes a separate written form that the borrower must sign and return to the school.

Affected Sections:	4.4.C	Entrance Counseling
Effective Date:	Entrance counseling provided by the school on or after August 14, 2008.	
Basis:	HEA §485(I), as amended by the Higher Education Opportunity Act (HEOA), P.L. 110-315.	
Policy Information:	1090/157	
Guarantor Comments:	None.	

Exit Counseling

The *Common Manual* has been updated to include statutory changes resulting from the Higher Education Opportunity Act. Revised policy expands counseling specific to Grad PLUS borrowers and makes it consistent with counseling applicable to Stafford borrowers. In addition to the existing requirements, a school must include information about each of the following:

- The different features of the available repayment schedules, sample information showing the average anticipated monthly payments, and the difference in interest paid and total payment under each.
- The borrower's options to prepay a loan, to request a shorter repayment period, or select another repayment plan.
- Federal delinquent debt collection procedures.
- Forbearance, deferment, loan cancellation, forgiveness, or discharge options for all Title IV loans.
- The effect of consolidation on total interest, fees to be paid, the length of repayment, the grace period, forgiveness, cancellation, and deferment opportunities.
- The borrower's option to prepay the Consolidation loan or change the repayment plan, and a statement that borrower benefit programs may vary from lender to lender.
- Tax benefits available to borrowers.
- The availability of the NSLDS, where/how it may be accessed and how the borrower can use the information found there. In addition, a school must ensure that the borrower is provided the NSLDS disclosure form developed by the Department.

The school must also ensure that the borrower is provided a copy of the Department's publication that describes federal student aid programs.

*As of this writing, the Department has not informed the FFELP community which of its publications it intends to use to fulfill the requirements described in the last bullet and the sentence above.

The *Common Manual* has also been updated to delete redundant text and makes other nonsubstantive changes to provide clarity.

Affected Sections:	4.4.D	Exit Counseling
Effective Date:	Exit counseling for Stafford and Grad PLUS borrowers on or after August 14, 2008.	
Basis:	HEA §485(b), as amended by the Higher Education Opportunity Act (HEOA), P.L. 110-315; DCL GEN 08-12/FP-08-10.	

Policy Information: 1091/157

Guarantor Comments: None.

Grade Level Changes and Increases in the Stafford Annual Loan Limit

The *Common Manual* has been updated to include clarification found in the 08-09 FSA Handbook concerning increases in the Stafford annual loan limit for students who have experienced a grade level change during an academic year. In a credit-hour program that uses standard terms or nonstandard terms that are substantially equal and at least nine weeks of instructional time in length (SE9W), a student who experiences a grade level change within the academic year becomes eligible for the Stafford annual loan limits that are applicable to the new grade level. To provide an increased Stafford loan amount to a student who gains eligibility for a higher Stafford annual loan limit due to a grade level change, a school may request an increase in the amount of the current Stafford loan (see Section 6.20). Alternately, a school may certify a new loan for a loan period that includes only the term(s) during which the student qualifies for the higher loan limit. The new Stafford loan amount must not exceed the higher grade level annual loan limit, minus the amount of the first Stafford loan. A school may choose instead to cancel an undelivered Stafford loan disbursement(s) from the first loan that is intended for a term(s) in which the student qualifies for a higher Stafford annual loan limit. In that case, the new Stafford loan amount must not exceed the amount of the canceled disbursement(s) plus the additional amount for which the student is eligible due to the grade level change.

A school may not certify the higher annual loan limit associated with the next grade level until the student completes both the minimum number of weeks of instructional time and the minimum number of credit or clock hours in the program's defined academic year if the student is enrolled in any one of the following programs:

- A clock-hour program.
- A non-term-based credit-hour program.
- A credit-hour program with nonstandard terms that are not SE9W, i.e., the terms are not substantially equal in length, or each term is not at least nine weeks of instructional time in length.
- A credit-hour program with a combination of standard terms and nonstandard terms that does not qualify to use an SAY.

The glossary definition of "Grade Level" has been revised to clarify that a school must provide the appropriate grade level code (e.g., 01 through 05) on the Federal Stafford Loan School Certification.

Affected Sections: 6.10 Determining the Student's Grade Level
6.11.A Stafford Annual Loan Limits

Appendix G

Effective Date:	Publication date of Volume 3 of the 08-09 FSA Handbook, unless implemented earlier by the school on or after November 1, 2007.
Basis:	08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-96 and 3-97.
Policy Information:	1093/157
Guarantor Comments:	None.

Increased Loan Limits and Overawards

The *Common Manual* has been updated to clarify that a borrower must resolve an inadvertent overaward before the school can award the borrower additional Title IV funds, including in circumstances when a Stafford annual or aggregate loan limit is increased.

Affected Sections:	6.11.E	Exceeding Loan Limits
Effective Date:	Inadvertent overawards resulting from Stafford loans first disbursed before July 1, 2008, and inadvertent overawards that occur in the future prior to an annual or aggregate loan limit increase.	
Basis:	§668.35(d); private guidance from Pam Moran of the Department of Education to the National Council of Higher Education Loan Programs (NCHELP) dated June 26, 2008.	
Policy Information:	1094/157	
Guarantor Comments:	None.	

Reduced Interest Rate for Military Servicemembers

The *Common Manual* has been revised to require the lender to provide a reduced interest rate to some military servicemembers. If the borrower qualifies under Section 207 of the Servicemembers Civil Relief Act (SCRA), the lender is required to charge the borrower an interest rate that does not exceed 6% for the period of the borrower's qualifying military service on or after August 14, 2008. For purposes of this provision, interest includes service charges, renewal charges, fees, or any other charges (except for actual insurance) with respect to the loan. A borrower may qualify for the 6% rate if all of the following criteria are met:

- The borrower has an outstanding Stafford, PLUS, or Consolidation loan that was made prior to the date that the servicemember entered active-duty military service.
- The borrower is the only borrower, a comaker on the loan, or an endorser on an outstanding PLUS loan.

- The borrower, comaker, or endorser requests the reduced interest rate in writing and provides to the lender a copy of his or her initial military orders and any orders that extend military service.
- The borrower provides the request and documentation not later than 180 days following the last date of the borrower's military service.

The reduced interest rate applies to an endorser if the endorser is an eligible servicemember and the lender is actively collecting the loan from the endorser.

If the lender charges the reduced interest rate based on SCRA provisions, and the loan was first disbursed on or after July 1, 2008, then the lender may determine the applicable special allowance payment based on the loan's actual 6% interest rate. However, if the loan was disbursed prior to July 1, 2008, then the lender must continue to determine the special allowance payment based on the applicable (maximum) interest rate permitted in statute.

Affected Sections:	7.4	Establishing Stafford Loan Interest Rates
	7.4.B	Reduced Stafford Interest Rates
	7.5	Establishing PLUS Loan and SLS Loan Interest Rates
	7.5.B	Reduced PLUS Interest Rates
	10.9.B	Reduced Interest Rates
	15.3.D	Calculating the Interest Rate
	A.2	Special Allowance and Excess Interest

Effective Date: Loans for which the lender receives a servicemember's written request for the reduced interest rate that is effective on or after August 14, 2008, for periods of military service ending on or after that date.

Special allowance billings for loans that are first disbursed on or after July 1, 2008, if the lender receives a servicemember's request for the reduced interest rate on or after August 14, 2008.

Basis: HEA §428(d), as amended by the Higher Education Opportunity Act (HEOA), P.L. 110-315; HEA §438(g); DCL GEN-08-12.

Policy Information: 1096/157

Guarantor Comments: None.

Timing of Lender Disclosures Before Repayment

The *Common Manual* has been revised with regard to the time frames in which a lender discloses repayment terms to a borrower prior to the start of the repayment period. The lender must notify a Stafford loan borrower of repayment terms no less than 30 days, and no more than 150 days, before the first payment due date. The lender must notify a PLUS loan borrower of repayment terms no less than 30 days, and no more than 150 days, before the first payment due date.

Affected Sections: 10.7.A Time Frame for Disclosure

Effective Date: Effective for loans first disbursed on or after August 14, 2008.

Basis: HEA §433(b) as amended by the Higher Education Opportunity Act (HEOA), P.L. 110-315; DCL GEN-08-12/FP-08-10.

Policy Information: 1097/157

Guarantor Comments: None.

Economic Hardship Deferment

The *Common Manual* has been revised to add a definition of family size as it pertains to the economic hardship deferment. The *Manual* has also been revised to delete the two eligibility criteria based on a federal debt-to-income ratio.

Affected Sections: 11.4 Economic Hardship Deferment
 11.4.A Eligibility Criteria: Economic Hardship
 11.4.B Deferment Documentation/Economic Hardship

Effective Date: Elimination of the debt-to-income provisions is effective for economic hardship deferments granted on or after July 1, 2009, that begin on or after July 1, 2009.

The definition of family size is effective for economic hardship deferments granted on or after July 1, 2009.

Basis: §682.210(s)(6)(iii)(b) and (s)(6)(ix).

Policy Information: 1098/157

Guarantor Comments: None.

Post-Active Duty Student Deferment

The *Common Manual* has been revised to incorporate regulatory changes to the military active duty student deferment that were part of the Final Rules dated October 23, 2008. These changes include revising the name of the deferment to "post-active duty student deferment" and clarifying that a borrower's eligible military service must begin on or after October 1, 2007, or include that date. Figure 11-1, "Deferment Eligibility Chart," is also revised to reflect these changes and to clarify that there is no limit to the number of post-active duty student deferments an eligible borrower may receive; however, each individual deferment is limited to 13 months.

Affected Sections: 11.8 Military Active Duty Student Deferment
 11.9 Military Service Deferment
 11.10 National Oceanic and Atmospheric Administration Corps Deferment
 11.11 Parental Leave Deferment
 11.12 Peace Corps Deferment
 Figure 11-1 Deferment Eligibility Chart

Effective Date: Post-active duty student deferment requests received on or after July 1, 2009, unless implemented earlier by the lender on after October 23, 2008.

Basis: §682.210(u).

Policy Information: 1099/157

Guarantor Comments: None.

Military Service Deferment

The *Common Manual* currently states that a military service deferment begins on the date the condition entitling the borrower to the deferment first existed, as determined by the lender. The deferment ends on the date on which the borrower's qualifying service is certified to end or actually ends. The *Manual* is revised to add that without supporting documentation, a lender may grant a military service deferment to an otherwise eligible borrower for a period not to exceed the initial 12 months from the date the qualifying eligible service began based on a request from the borrower or the borrower's representative.

Affected Sections: 11.9.C Length of Deferment/Military Service

Effective Date: Military service deferment requests received by the lender on or after July 1, 2009, unless implemented earlier by the lender on or after October 23, 2008.

Basis: §682.210(t)(9).

Policy Information: 1100/157

Guarantor Comments: None.

Mandatory Forbearance for Post-Active Duty Student Deferment

The *Common Manual* has been revised to incorporate the mandatory forbearance that must be granted to a borrower who is a member of the National Guard and is serving on active military state duty and qualifies for the post-active duty student deferment, but who does not qualify for the military service deferment or other deferment. This type of forbearance is granted in yearly increments (or for a lesser period of time that is equal to the period for which the borrower is eligible) while the eligible borrower is engaged in active military state duty for a period of more than 30 consecutive days. The forbearance begins on the day after the grace period expires for a Stafford loan that has not entered repayment, or begins on the day after the end of the in-school deferment for a FFELP loan in repayment.

For purposes of this deferment, active duty means serving in full-time duty in the active military service of the United States for at least 30 consecutive days, including active state duty for members of the National Guard, for either of the following:

- Activities authorized by the governor, and approved by the president or Secretary of Defense, that are supported by federal funds.
- Activities authorized by the governor based on state statute or policy that are supported by state funds.

Active duty does not include:

- Training or attendance at a service school.
- Employment in a full-time, permanent position in the National Guard unless that position is reassigned as part of a Title 32 call to state active duty service.

Figure 11-2, "Forbearance Eligibility Chart," is also being revised to incorporate this forbearance type.

Affected Sections: 11.24.C National Service, Loan Forgiveness, or
Department of Defense Repayment
Figure 11-2 Forbearance Eligibility Chart

Effective Date: Requests received by a lender on or after July 1, 2009, unless implemented earlier by the lender on or after October 23, 2008.

Basis: §682.211(h)(2)(iii).

Policy Information: 1101/157

Guarantor Comments: None.

Additional Documentation Requirements for Subrogated Loans

The *Common Manual* has been updated with information and documentation that a guarantor may require a lender to provide for a loan that is subrogated to the Department or upon request of the guarantor. This information includes a record of the lender's disbursement of Stafford and/or PLUS loan proceeds to the school for delivery to the borrower, and the name and location of the entity in possession of the original electronically signed promissory note. Revised policy also creates a new subsection to specifically address additional documentation requested by a guarantor.

Affected Sections: 13.1.D Claim File Documentation
13.1.G Additional Documentation Requested by the Guarantor

Effective Date: Requests for loan disbursement information and electronic signature documents received from the guarantor on or after July 1, 2008.

Basis: §682.409(c)(4)(vii) and (viii).

Policy Information: 1102/157

Guarantor Comments: None.

Repayment Options on Rehabilitated Loans

The *Common Manual* has been updated to include that upon purchase of a rehabilitated loan, a lender must immediately establish a repayment period with the borrower that meets the requirements applicable to other FFELP loans of the same type as the rehabilitated loan and must allow the borrower to choose any repayment schedule that is available for that specific loan type. The rehabilitation lender is no longer required to ensure that the repayment schedule on the rehabilitated loan has initial payments that are equal to or greater than the nine monthly payments that the borrower made to the guarantor during the rehabilitation period.

Affected Sections: 13.7 Rehabilitation of Defaulted FFELP Loans

Effective Date: Rehabilitated FFELP loans purchased by a lender on or after July 1, 2009.

Basis: §682.405(b)(4).

Policy Information: 1103/157

Guarantor Comments: None.

Consolidating to Obtain Direct Loan Benefits

The *Common Manual* has been updated to reflect that a FFELP borrower may consolidate into the Federal Direct Loan Program for the purposes of using the Public Service Loan Forgiveness Program and the no accrual of interest for active duty service members benefits. Also, a FFELP borrower may consolidate into the FDLP if the loan holder has requested default aversion assistance from the guarantor, or if the loan is already in default and the borrower is seeking an income-based repayment schedule.

Affected Sections: 15.2 Borrower Eligibility and Underlying Loan Holder Requirements

Effective Date: Direct Consolidation loans disbursed on or after October 1, 2008, for purposes of using the no accrual of interest benefits for active duty service members.

Direct Consolidation loans disbursed on or after July 1, 2009:

- to obtain an income-based repayment plan (if the loan has been submitted for default aversion or is already in default).
- for purposes of using the Public Service Loan Forgiveness Program.

Basis: HEA §428C(a)(3)(B)(i)(V)(aa), (bb), and (cc) and §455(o) as amended by the Higher Education Opportunity Act (HEOA), P.L.110-315; §682.201(e)(5); DCL GEN-08-12/FP-08-10.

Policy Information: 1104/157

Guarantor Comments: None.

This, that, and the other

Community colleges continue to see increases in distance education enrollments, according to a report released at a recent annual meeting of the American Association of Community Colleges.

A national survey of colleges by the Instructional Technology Council found that distance enrollments grew 11.3 percent from fall 2006 to fall 2007. Last year, the survey found an increase of 18 percent over the previous year. Given several recent years of significant gains in distance enrollments, such increases "could not be sustained indefinitely," says the report.

Even if the rate of growth has slowed, the report notes that distance enrollments are increasing at a faster rate than are other enrollments. And in a further sign that distance enrollments are not likely to plateau any time soon, the study notes that 70 percent of respondents said that student demand for distance options at their institutions exceeds current offerings.

Read the complete *Inside Higher Ed* article on the report at www.insidehighered.com/news/2009/04/06/distance.



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