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Smart Solutions

Summer jobs are important to many continuing students. Help them line up their next positions with some concise advice on job-hunting and interviewing. TG's *Adventures In Education* offers an [assortment of tips and checklists](#).

Industry Update

ED publishes Loan Purchase Program Electronic Announcements

On May 20, 2010, ED published Loan Purchase Program Electronic Announcement #86, which provides important information on the ending dates for the 2009-2010 Loan Purchase Programs. The definition of an eligible loan for purposes of the 2009-2010 Put Program and the 2009-2010 Participation Program includes the requirement that, to participate in either program, the loan must be fully disbursed no later than September 30, 2010. ED will not extend the September 30, 2010, fully disbursed date. However, the final purchase date for the 2009-2010 Put Program will be extended to October 15, 2010. To support the loan purchase date extension to October 15, 2010, ED has set August 31, 2010, as the last date on which to accept a seller's 45-Day Notice to Sell. This announcement also includes an updated table on blackout and funding dates for the remaining months of the 2009-2010 Put Program. For details about these items and more important deadlines associated with these programs, access the complete announcement from the link provided below.

In regard to the ED's Asset-Backed Commercial Paper Conduit Put Program (Conduit), ED published Loan Purchase Program Electronic announcement #87 on May 21, 2010. This announcement explains that effective April 26, 2010, an Amended and Restated Funding Note Purchase Agreement (FNPA) was approved and adopted for use by Funding Note Issuers and that ED's Office of Inspector General will soon issue a guide for the performance of agreed-upon procedure (AUP) engagements required under the FNPA to assess the eligibility of loans pledged to the Conduit.

In addition, to support these AUP engagements, ED requests that Funding Note Issuers, Sellers, and Servicers:

- Include certain optional fields as mandatory with respect to any Loan Transmittal Summary submission.
- Submit to ED the previous form of the Loan Data Schedule (the "Old LDS" that was part of the original FNPA) with each Advance at a time prior to each Advance occurring as well as the requirements under the revised FNPA that reference the New LDS.

For details about the Restated FNPA and samples of the Loan Transmittal Summary and "Old LDS," see the complete announcement at the link provided below.

More Information

The complete announcements are available on ED's [ECASLA website](#).

Professional judgment guidance continues to apply for 2010-11 award year and beyond

In an electronic announcement, dated May 21, 2010, the U.S. Department of Education (ED) acknowledged numerous inquiries from financial aid administrators (FAAs) as to whether guidance in *Dear Colleague Letters* (DCLs) [GEN-09-04](#) (posted April 2, 2009) and [GEN-09-05](#) (posted May 8, 2009) is applicable to the 2010-11 award year. ED confirms that the information provided in the two DCLs continues to be in effect for the 2010-11 award year and subsequent award years until further notice.

GEN-09-04

Because most students and families are not aware of their right to request an adjustment of one or more of the components that determine their eligibility for financial aid, this DCL asks FAAs to reach out to students and families (and prospective students and families), who may have experienced a layoff, faced a costly medical situation, lost a house to foreclosure, or have some other financial difficulty, and make sure that they are aware that the FAA may be able to help.

The DCL reminds FAAs that any adjustment made to address circumstances not reflected in a student's original Free Application for Federal Student Aid (FAFSA) must be done on a case-by-case basis as supported by adequate documentation. It is appropriate to use information that realistically reflects the individual's and/or family's current and near-term economic situation. ED offers the following example:

"For an individual who has lost a job or has taken a significant salary cut beginning in November 2008, you may choose to project income for the next 12-month period (December 2008 through November 2009) and use that figure instead of the base year income (calendar 2008) that was initially used in the calculation of the student's expected family contribution (EFC). Of course, you should seek to obtain, and maintain verifiable third-party documentation of the changed circumstances in order to support your decision to use professional judgment. [In this case, you might] ... seek to obtain adequate documentation of the individual's loss of employment."

ED also reminds FAAs that, while students may face common or similar issues, the school may not establish automatic categories of special circumstances and then provide identical treatment to all students in that circumstance. It is not permissible to assume that every student in a similar situation would be affected in the same way. However, the DCL advises that a school may identify a category of students or families to contact (for instance, all students that have a parent who recently lost a job). Once these families have been contacted, the FAA must assess each student's and family's circumstance and document how each student's situation was affected.

GEN-09-05

According to DCL GEN-09-05, "Because of the severity of the economic recession, the U.S. Department of Labor has been working with the states so that each state will send a letter to all recipients of unemployment insurance benefits to encourage them to consider enrolling in postsecondary education and applying for financial aid."

The DCL informs FAAs that letters sent by state unemployment agencies to all recipients of unemployment insurance benefits can be used to document a student's or family's special circumstance, if received by the FAA within 90 days from the date of the letter's issuance.

Unless the FAA knows that an applicant already has obtained other employment, such a letter (or other evidence that a student is receiving unemployment benefits) may be used to document that the income earned from the student's work is zero for the purposes of adjusting data items on the student's FAFSA. For purposes of implementing this DCL only, unemployment benefits can also be considered zero as ED, in consultation with the Department of Labor and the Office of Management and Budget, has determined that the maximum unemployment benefits available would not have a material impact on the EFC of an independent student. If other members of the student's family are receiving unemployment benefits, ED encourages FAAs to examine the totality of the family's economic situation and make any appropriate adjustments. Other verification of current receipt of unemployment benefits is an acceptable substitute for the state unemployment agency letter.

ED also acknowledges that many FAAs have been reluctant to use professional judgment because ED has utilized the percentage of students for whom a professional judgment determination has been made as part of its risk-based model to select schools for program reviews. The DCL explains that ED has made appropriate adjustments to its risk-based model, recognizing that appropriate use of professional judgment by a school is likely to increase in the current economic environment.

More information

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

ED's recorded professional judgment training ([ANN-10-17](#)) covers basic professional judgment statutory and regulatory guidelines, including the above-mentioned DCLs, dependency status, dependency overrides, homelessness issues, and dependent students who lack parental support.

ED invites schools to participate in the Federal Perkins Loan Default Reduction Assistance Program

Need help in getting defaulted Federal Perkins Loan (Perkins Loan) borrowers back into repayment before these accounts go to a collection agency? A school may voluntarily participate in ED's Default Reduction Assistance Program (DRAP) at no cost to the school. DRAP is designed to assist schools in bringing defaulted Perkins Loan borrowers into repayment and may significantly reduce the number of defaults and the Perkins loan cohort default rate for the school.

Schools that participate in DRAP provide ED with information about borrowers who have defaulted on the Perkins loans. ED will print and mail a letter to each borrower. The letter informs borrowers of the serious consequences of default and encourages them to contact the school to initiate repayment arrangements. This service is usually provided during the 30-day period when the school is waiting for the defaulted borrower to respond to the final demand letter.

It is important for a school participating in DRAP to provide ED with a physical address for borrowers to be contacted; P.O. Box addresses will not be accepted. ED's eCampus-Based (eCB) [website](#) currently indicates that IRS skip trace service is available for Perkins Loans. However, this information is incorrect and ED will update the eCB website in the next revision to the site.

More information

For information about accessing and initiating the DRAP process, see [ED's electronic announcement published May 18, 2010](#). For additional information, contact the Campus Based Call Center at (877) 801-7168, or send an e-mail message to CBFOB@ed.gov.

Congress funds Civil Legal Assistance Attorney Loan Repayment Program

The Civil Legal Assistance Attorney Loan Repayment Program was authorized by the Higher Education Opportunity Act (HEOA) in August 2008. Congress recently appropriated \$5 million for the repayment program through the Consolidated Appropriations Act of 2010. These funds must be committed by ED to eligible borrowers by the close of the fiscal year on September 30, 2010.

Under the Civil Legal Assistance Attorney Loan Repayment Program, civil legal assistance attorneys who meet certain qualifications may have a portion of certain federal student loans repaid by ED based on qualifying full-time employment for at least three years. For complete eligibility details, see [Common Manual 13.9.C](#).

In a [Federal Register notice](#) published May 19, 2010, ED requests the Office of Management and Budget to provide emergency clearance of two forms that will be

used for this repayment program. The Application to Participate and Service Agreement form will serve as the means for an eligible borrower to apply to participate in the program and to agree to the terms and conditions of the three-year service agreement. The Annual Certification of Employment form will serve as the means for a borrower who has completed a year of service as a full-time civil legal assistance attorney service to request loan repayment and to provide ED with verification of the qualifying employment. As soon as these forms are approved, ED will publish a notice announcing the program. ED intends to require borrowers to submit applications no later than August 16, 2010.

More information

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

ED releases new interest rates for Stafford and PLUS loans

Yesterday ED summarized fixed and variable interest rates for FFELP and Direct loans that will be effective beginning July 1, 2010.*

Fixed rates for loans first disbursed on or after July 1, 2006

Loan type	Borrower type	First disbursed on or after July 1, 2009, and before July 1, 2010	First disbursed on or after July 1, 2010, and before July 1, 2011*
Subsidized Stafford loans	Undergraduate students	5.60%	4.50%
	Graduate students	6.80%	6.80%
Unsubsidized Stafford loans	All borrowers	6.80%	6.80%
PLUS loans	FFELP borrower	8.50%	—*
	Direct loan borrowers	7.90%	7.90%

* *The Health Care and Education Reconciliation Act of 2010 eliminates new lending under the FFELP. All Stafford, PLUS, and Consolidation loans first disbursed on or after July 1, 2010, must be made under the [Federal Direct Loan Program \(FDLP\)](#).*

Variable rates for loans first disbursed on or after July 1, 1998, and before July 1, 2006

Stafford and PLUS loans first disbursed on or after July 1, 1998, and before July 1, 2006, have variable rates that reset annually on July 1, based on the last 91-day T-bill auction in May as shown in the chart below:

Loan type	Loan status	Effective July 1, 2009, to June 30, 2010	Effective July 1, 2010, to June 30, 2011*
Stafford loans (subsidized and unsubsidized)	Repayment or Forbearance	2.48%	2.47%
	In-school, Grace, or Deferment	1.88%	1.87%
PLUS loans (parent or student)	All statuses	3.28%	3.27%

More rates to come

ED will post a more comprehensive listing of the interest rates for all FFELP and Direct loans, including those that were first disbursed prior to July 1, 1998, in the coming days.

Some older PLUS and Supplemental Loan for Students (SLS) loans have variable interest rates based on the weekly average of the one-year constant maturity Treasury yield for the last calendar week ending on or before June 26. As a result, new rates on such loans won't be available until late June.

Another interest rate not expected until late June is the one applicable to the Health Education Assistance Loan (HEAL) portion of federal Consolidation loans, which is based on the average of the bond equivalent rates of the 91-day T-bills auctioned for the quarter ending June 30.

More information

[ED's announcement on the new interest rates](#) is available online.

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

TG Report

Preparing for industry change? TG's regional trainings can help

Across the country, the subject that is top-of-mind for financial aid offices is the transition to the Federal Direct Loan Program. TG's regional trainings offer a forum in which to learn more about regulatory changes required by the federal loan program shift. These trainings also offer help in preparing staff to better embrace general process and culture changes required by the transition.

TG has scheduled a number of trainings for the upcoming months at locations in Texas and Georgia. Here's a short list of dates and locations. Refer to the online [TG Regional Training page](#) for exact training times.

- May 26: Kennesaw, Georgia; Kennesaw State University
- June 24: Westlaco, Texas; South Texas College Mid-Valley/Weslaco Campus
- July 14: Atlanta, Georgia; Emory University

Training topics

Regional trainings offer information on a diverse array of topics, including such subjects as:

- **Federal Update** — Updates on various issues will be provided, including federal common forms, *Dear Colleague/Partner* letters issued by the Department of Education, proposed and final federal regulations, and pending legislation.
- **Embracing change** — In this interactive session, attendees will discuss responses to change in the financial aid work environment; explore how to work effectively with peers, students, and families; and consider actions to take in navigating change.
- **Best practices in customer service** — Based on years of research with financial aid administrators, TG has developed a list of customer service principles geared for financial aid offices. In this interactive workshop, participants will discuss customer service practices that have proven successful with students. Attendees will also take away a copy of TG's publication, *Customer Service in Financial Aid*.
- **Say what? Communicating more effectively with students, parents and other financial aid professionals** — How we communicate with students, parents, and each other often determines the quality of both the internal and external customer service experience. This program reviews the basics of sending and receiving messages and explores specific techniques for communicating effectively with students, parents, and colleagues.

Register

To [register for a TG regional training](#), visit *TG Online*.

To learn more

Visit [the TG Speakers Bureau training catalog](#) online to browse other training offerings. Keep in mind that TG can adapt training sessions to meet the needs of your campus. To find out how, contact your account executive at (800) 252-9743.

Four takeaways for your graduating seniors

Semester-end can turn into gridlock for students, especially graduating and departing ones who have federal loans to repay. Deadlines, relocation, job prospects — these can overwhelm even the most organized student. Offering these students information as they depart school can be key to their long-term success career-wise and in repaying any student loans they may have.

Better than a note on the fridge or a letter in the mailbox, how about a small portfolio of resources and information that students can take with them? After the dust has settled at the end of the semester, a loan repayment folder could serve as a guide to repayment and be as important, in its own way, as a diploma or certificate. Here's what that exit counseling takeaway might contain.

- **Lifelines, also known as contacts** — Contact numbers and names of all the parties involved in a student's loans can be invaluable. In case something unforeseen happens financially, students can use these numbers to gather advice and help. While lender information is good, loans are often sold immediately to servicers. Placing ED's contact information prominently might be more useful. Other contacts to consider include the school's FAO and a Web listing for the National Student Loan Data System (NSLDS). TG's customer assistance team forms TG's first line of support for students — (800) 845-6267.
- **The mover's postcard** — Schools are required to gather contact information before a student leaves school; however, these addresses can be temporary, i.e., a parent's address for a few months. Offer your departing students blank postcards that they can fill in with their new addresses and mail back to your office.
- **Budget online or on paper** — Many institutions offer online budgeting worksheets to help students estimate expenses in and out of school. Provide a hardcopy of the same thing, preferably with a link to an online version printed somewhere on the page. TG's [online budgeting worksheets](#) for departing students are available through *Adventures In Education*.
- **Career DIY materials** — Do-it-yourself is the name of the game for job-hunters who have to create and shape a career for themselves. Sharpen your students' career-building skills by offering materials on crafting a résumé, drafting cover letters, interviewing, and following up on a job offer.

For help

TG's *Adventures In Education* (AIE™) offers planning and preparation resources for all phases of a student's college experience, including graduation. Direct your students to [AIE's career management tools](#) for more information.

TG closed on Memorial Day

TG will be closed next Monday, May 31, in observance of Memorial Day. TG will resume normal business hours on Tuesday, June 1.

News Briefs

Millions of dollars of financial aid go unused at community colleges. Low- and moderate-income community college students often qualify for but don't apply to obtain financial aid, according to research cited by the College Board in its report titled "The Financial Aid Challenge: Successful Practices that Address the Underutilization of Financial Aid in Community Colleges." Since securing financial aid can be key to retention and eventual graduation for many students, the College Board recommends a variety of practices for motivating low-income community college students to complete and submit the Free Application for Federal Student Aid, or FAFSA. These practices include, among other things, offering bilingual services and materials, maintaining office hours in the evening and on weekends, involving the families of students when holding financial aid events, and participating in transition programs with local high schools. Learn more about the [College Board study](#).



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

To ask questions about *Shoptalk*, please contact Communications at (800) 252-9743, ext. 4732, or send an e-mail message to communications@tgsic.org.

Contributors to this edition: Michelle Anderson, Rob Davenport, Sarah Faszholz, and Art Martinez. Edited by TG Communications and Policy and Regulatory Affairs. Designed by TG Communications.

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