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Smart Solutions

Will incoming freshmen be visiting your campus this summer? Help them get the most from their experience with TG's tip list for campus visits. You'll find it along with schedule planners, college repayment charts, and more through [Adventures In Education](#).

Industry Update

ED requests emergency clearance for SAFRA payments to loan servicers for retaining jobs

In a [June 15, 2010, Federal Register](#) notice, ED requests that the Office of Management and Budget (OMB) grant an emergency clearance by June 25, 2010, for all documents necessary to implement the requirements in Section 458(a)(7) of the Higher Education Act of 1965 (HEA), as amended by Title II of the Health Care and Education Reconciliation Act of 2010 (HCERA). Title II of the HCERA is also known as the SAFRA Act. The SAFRA Act requires ED to commit \$25 million to distribute to eligible FFELP servicers by the end of FY 2010 and another \$25 million by the end of FY 2011.

The funds must be used to help eligible FFELP servicers in retaining jobs at their loan servicing facilities located in the US where such servicers were operating on January 1, 2010. ED will determine by formula the dollar amount of funds each eligible servicer will receive.

Emergency clearance is needed so that eligible servicers can apply for an award under SAFRA, and ED can meet the deadline set by Congress to evaluate the applications and obligate the awards before the end of the 2010 federal fiscal year — September 30, 2010.

Implementation phases

Implementation of the SAFRA Act requirements will be conducted in several phases listed in order below.

1. FFELP loan servicers will submit application forms with payroll information for individuals working within a servicing entity on loan origination activity at the location they designate on the date specified in the final requirements, as well as a plan for preserving jobs at that facility. The information provided will be used by ED to determine award amount. ED expects to provide 30 days for applicants to submit their applications.
2. ED will calculate, by formula, the award each servicer will receive and will then notify the servicer of the award amount. ED approximates that its review will take 20 days.
3. Finally, before any funds are disbursed, the servicer will submit an updated plan detailing how it will use the awarded funds to preserve jobs at that facility based on the actual award amount. ED allows 15 days for selected applicants to submit revised plans, and ED will need 15 days to prepare its final funding list and make awards.

4. The awarded amount will subsequently be disbursed to the servicer before September 30, 2010.

Upon receiving emergency clearance of the document, ED will publish the “Interim Final Requirements” in a separate *Federal Register* notice and start accepting applications from eligible servicers. ED will adopt the Interim Final Requirements for FY 2010 awards. ED will allow 30 days for public comments. After consideration of public comments on the Interim Final Requirements, ED will publish final requirements to govern the FY 2011 awards.

Allocation of payments

ED’s Information Collection System package that corresponds to the June 15 notice includes a future draft notice that requests public comments on the Interim Final Requirements. According to the draft notice, ED:

“will allocate the payments among eligible applicants based on the servicer’s relative annualized payroll of employees engaged in FFELP loan origination activities at each location in the United States where it was servicing loans as of January 1, 2010, weighted by the local unemployment rate of the county or county equivalent in which the facility is located. For FY 2011 the Secretary will use, subject to consideration of public comments received on these interim final requirements, the same approach as that for FY 2010 but will also take into account the status of the servicer’s job retention efforts since the enactment of SAFRA.”

Eligible entities

The [draft notice](#) also contains a summary of the Interim Final Requirements, including definitions of key terms:

Eligible entity — Any company or organization that was engaged in servicing FFELP loans on January 1, 2010, and that submits a complete application by the deadline established by the Secretary.

Eligible employees — The eligible entity’s domestic employees, employed by the eligible entity as of March 31, 2010, who spent more than 50 percent of their time during the review period working for one of the eligible entity’s locations to market, evaluate, authorize, or recommend approval of FFELP loans.

Servicing FFELP loans — Providing collection, origination, deferment processing, and borrower contact services to a lender in connection with FFELP Loans.

Allowable use of funds — Eligible entities must use funds awarded under this program for either or both of the following:

- Job training and related services to permit current employees, whose employment status has been negatively affected by SAFRA, to maintain employment with the eligible entity.
- Job training and related services that lead laid-off eligible employees to a position at another entity.

More information

The draft application form and draft notice requesting public comment on Interim Final Requirements are available online in ED's Information Collection System (EDICS) Website. Click "Browse Pending Collections" and search for the package 04336.

ED answers Direct Loan Transition questions via webinar

On June 8, 2010, ED held the first of two webinars designed to answer questions for financial aid administrators at schools that are currently transitioning to the Federal Direct Loan Program (FDLP). As announced in *Dear Colleague Letter ANN-10-22*, ED will offer the session again on June 29, 2010 (prior registration is required).

In the first of two articles, TG summarizes a number of pertinent answers based on topics covered during the webinar. The topics covered in this article include: FDLP transition; Student Aid Internet Gateway and Common Origination and Disbursement (SAIG and COD); and ED servicing. ED's answers for these topics are provided below.

FDLP Transition

Resources that may assist schools transitioning to Direct loans include:

- ED's Point of Contact (POC) — Every school has been assigned a POC. If you are not sure who your POC is, please contact the On-boarding Team at DLenrollment_fsa@ed.gov.
- Webinars — Webinar participation is provided on a first-come, first-served basis. Prior registration is required for each Direct loan webinar; ED has posted a [schedule and online registration](#).
- [COD Computer-Based Training \(CBT\) module](#) — These modules were created to help schools become familiar with processing Direct loan data in COD.
- Transition Checklist — ED and [NASFAA](#) collaborated to create NASFAA's "[Checklist for the Transition to Direct Loans](#)."
- IFAP box — IFAP's "Direct Loan Information" box contains several resources that highlight the transition process and may help schools avoid mistakes.

- Other resources — Mentors and other resources may be found via the [National Direct Student Loan Coalition](#).
- Pending disbursements on a FFELP loan that was certified — and for which the first disbursement took place — before July 1, 2010, may be released by the school. See more information about subsequent FFELP disbursements in *Shoptalk* 546, 548, 550, 551, and 553, and the Questions and Answers on [TG's Federal Direct Loan Program Resource](#) page.

SAIG and COD

- A loan is booked when COD has accepted the full loan origination record, the Master Promissory Note (MPN), an approved credit decision (for PLUS loans only), and the first actual disbursement record for a particular loan ID.
- The accepted origination record, the accepted and linked MPN, and an accepted actual disbursement record must be received by COD within 30 days of the actual disbursement date.
- The actual disbursement date is the date the school credits the borrower's account or makes the loan funds available to the student as per the [2009-10 Federal Student Aid Handbook](#), page 4-9.
- When a loan books, the liability of the funds associated with that loan moves from the school to the US.
- Currently, COD reports booked loan data to ED's Direct Loan Servicers on a daily basis — the data then resides on both systems — so booked loan data generally becomes resident with the servicer in 24 hours.

Servicing

- ED's four additional servicers — FedLoan Servicing (PHEAA), Great Lakes Educational Loan Services, Inc., Nelnet, and Sallie Mae — currently service FFELP purchased loans, but by early fall 2010, they will be servicing new Direct Loans as well. Of course, the goal is to keep a borrower's loans with one servicer.

More information

In next week's *Shoptalk*, the second article on ED's Q&A webinar will include the topics of funds management, entrance and exit counseling, MPNs and applications, PLUS loans and credit checks, reports, and reconciliation.

Additional Questions

Contact FSA at DLenrollment_fsa@ed.gov or call (800) 848-0978.

Keep in mind that TG also offers helpful information and resources to assist schools in the transition process. Many of the resources ED mentioned (as well as additional items) are just a click away at [TG's Federal Direct Loan Program Resources](#) page.

You can also contact TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgsllc.org.

ACG "previously enrolled" language corrected in *Federal Register*

In the *Federal Register* published on June 10, 2010, ED corrects the regulations that govern a first-year student's eligibility for the Academic Competitiveness Grant (ACG), specifically the removal of 34 CFR §691.15(b)(1)(ii)(C)(1) and (b)(1)(ii)(C)(2). The *Federal Register* notes that this revision is effective July 1, 2009.

As explained by the [May 1, 2009, Federal Register](#), the two erroneous clauses to be removed state "that a student is not eligible for a first-year ACG if the student was enrolled as a regular student in an ACG-eligible program while the student was at or below the age of compulsory attendance while he or she was in high school."

Further, the May 1, 2009, *Federal Register*, with an effective date of July 1, 2009, amended §691.15(b)(1)(ii)(C) such "that the restriction on prior enrollment does not apply to students who were enrolled as regular students in an eligible program of undergraduate education that was also part of a secondary school program of study."

The notice also clarified "that transfer students who are first-year students are not considered to have been previously enrolled and, therefore, are not subject to the prior enrollment restriction." However, the May 1, 2009, notice failed to strike the clauses noted in June 10, 2010, correction notice.

The [2009-10 Federal Student Aid Handbook](#), page 1-68, already reflects May 1, 2009, "previously enrolled" rule and clarification and provides helpful examples in the sidebar.

More information

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

TG Report

A short guide to TG FFELP processing as FFELP originations conclude

As schools know, the July 1, 2010, implementation date for the Federal Direct Loan Program (FDLP) is fast approaching. Concurrently, FFELP originations will soon end. TG would like to remind schools that we have implemented measures to assist schools in making the transition from one loan program to the other.

In late April, TG issued an article in *Shoptalk* edition 551 titled "TG processing and product information for FDLP conversion." The article outlines what TG customers need to know regarding TG's guarantee processing, continued FFELP loan processing and disbursements, private loan processing, and reporting resources. Please review this article to make sure that you have all of the bases covered as the conversion date approaches.

In addition, TG recently issued a message to customers through its TG Message Central™ service with the following guidance for schools regarding the final FFELP originations and technical issues the school may have to take into consideration:

Special Day Funding (EFT)

To ensure that funds disburse timely, please review your funding profile, especially if you are a Special Day Funding school. Consider the following: during the last week of June, does your funding day fall before or after July 1? Is your funding cycle flexible enough to accommodate changes?

AdvanTG Web™ purge criteria

Review your Purge Date Criteria for applications, loans, and change transactions. We recommend setting your Purge Date to a minimum of 90 days. This will allow you to identify and resolve outstanding issues (application rejects, certifications, incomplete applications, PLUS applications awaiting credit response, declined awards, applications saved but not submitted) and ensures any loans needing adjustments (cancellations, Title IV refunds) remain in your AdvanTG Web database. It also facilitates the ability to access and identify which change transactions processed successfully.

TG Loans By Web™ (LBW) — Borrower- vs. school-initiated flow

Please review your Stafford and PLUS application flows to ensure your school has adequate control over borrower-initiated loan requests. For Plus Credit Connection™ (PCC) and Grad PCC loan requests, we recommend changing from borrower-initiated to school-initiated flow. By taking this proactive step, you will prevent unnecessary credit requests for loans scheduled to disburse on or after July

1, 2010, and will allow timely review of credit denials, certifications, and resolution of applications prior to the June 25 LBW cut-off date.

AdvanTG Web change transactions

To ensure timely processing of change transactions, contact the lender prior to processing loan increases or reinstatements to make sure the loan is eligible. Be sure to check with the lender if you need to add a disbursement (the loan must still have a pending disbursement). Returns move according to your school's electronic funds transfer (EFT) profile (3-day or next-day funding).

Put loan notifications

TG receives Put loan notifications from ED's servicers weekly. Since March 29, 2010, these updates are loaded to AdvanTG Web. To identify loans recently sold to ED, use the Responses Received Report in AdvanTG Web for refresh records from lender 897577. If you prefer to receive a weekly report of Put loans, or if you want a comprehensive list of loans sold to ED since last year, please contact TG's product support.

For assistance

For any questions, additional information or further assistance, please contact TG product support at (800) 332-1455, or send an e-mail message to product.support@tgslc.org.

TG to host industry panel discussion on IBR at NASFAA Annual Conference

The Income-Based Repayment (IBR) plan offers some unique benefits to qualifying borrowers, including reduced payments and potential loan forgiveness after 300 payments, or 25 years under the plan. Some schools and other institutions are reporting anecdotally that IBR is not being used to full advantage by potentially eligible borrowers. For the upcoming National Association of Student Financial Aid Administrators (NASFAA) Conference, TG will moderate a panel of industry experts, including representatives from a school, lender, and TG, who will address particular questions on IBR and offer insight on how better to inform borrowers about the plan.

The NASFAA Conference will be held in the Mile High City of Denver from July 18-21. The conference agenda maintains a focus on the regulatory and policy issues that matter to schools, given recent industry changes. TG echoes that theme with its sessions — [one that allows participants to learn and share policy knowledge](#) and another that provides an in-depth look at IBR.

Offered on Tuesday, July 20, from 2 p.m.-3:15 p.m., the panel discussion, **IBR — A tool to help students manage repayment**, will focus on the experience of

various institutions in working with borrowers that chose IBR. Panelists will consider questions such as “How does capitalization work under IBR?,” “If a loan is forgiven under IBR, does the lender receive payment from ED or from the guarantor for the outstanding balance forgiven?,” and “Are there new rights and responsibilities under IBR that borrowers should be aware of?”

Panelists will also speak about their efforts to educate borrowers about the value of this new repayment plan and answer questions from the audience.

More information

To learn more about the conference, and to view the agenda, visit [NASFAA National Conference 2010](#). Find out more about TG's regulatory training offered through the TG Speakers Bureau by reviewing the [online training catalog](#).

TG's upcoming July regional trainings to focus on industry change and team dynamics

TG has scheduled a number of regional trainings for July at locations in Texas and Georgia. TG's regional trainings offer a forum in which to learn the latest regulatory developments as well as focus on strategies for improving office processes.

Here's a short list of locations and training topics for July. Refer to the online [TG Regional Training](#) page for exact training times.

- *July 13: Houston; Houston Community College, Southwest College – West Loop Center*

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.

Show what you know — Show what you know (and anonymously discover what you don't) about recent changes in federal student aid policy, regulations, and law. During this interactive session, participants click their answers to challenging questions on a variety of current federal student aid topics in a game format. Enjoy the fun, interactive nature of the presentation and leave with valuable, practical information.

For the love of it™ — Each of us has the ability to love what we do by honoring our passion, making a contribution to those around us, and expressing gratitude. When you work for the love of it, you serve as an inspiration to yourself and to those around you. Find out how you can live your work life with this paradigm in mind.

- *July 13: Rome, Georgia; Shorter University, Robert H. Ledbetter School of Business*

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? — 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.

What do you say? — When faced with a challenging customer service situation, it's often the first few seconds — and your first words — that determine your success or failure. This fast-paced and entertaining program answers the question — "What do you say?" — in those first moments dealing with unhappy customers. Topics cover a variety of situations, including how to respond when your customer is disappointed, when your customer won't let you help, and when you can't say yes.

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.

TG's Jeff Webster to participate in panel discussion during ACFSA Spring Hearing

The Advisory Committee on Student Financial Assistance will host a Spring Hearing on Friday, June 25, 2010, from 9 a.m. to 4:30 p.m. Eastern Time in Washington, DC. Among other things, the hearing will focus on the Committee's congressionally mandated studies.

TG's assistant vice president of research and analytical services, Jeff Webster, will participate in a panel discussion featured in Session I of the hearing. The panel, which includes David Hawkins of The National Association for College Admission Counseling, Donald Heller of The Pennsylvania State University, Mark Kantrowitz of FinAid.org, Donald Norris of Strategic Initiatives Inc., and ED's Zakiya Smith, will offer opinion on the committee's report, *The Rising Price of Inequality*. Each

panelist will speak for 10 minutes and then, as a group, field questions from the committee.

Webster has worked on TG's research team for more than two decades and lent his expertise to TG research studies on a diverse set of issues, including college outreach, default prevention, persistence and graduation, and borrower repayment.

About ACSFA

The Advisory Committee on Student Financial Assistance is an independent committee providing expertise on student aid to Congress and the Secretary of Education.

Reminder: Sharpen your industry skills with upcoming TG webinars

TG's free webinar series on industry topics continues over the next few months, including a webinar for this coming Thursday on changes in federal student aid programs. TG will provide presentation materials for each session. A Q&A will follow the presentation portion of each session. Webinars are posted in an [online archive](#) within a day or two of the broadcast.

Consider these webinar opportunities:

- **Federal update** — Thursday, June 17, 10 a.m.-11 a.m. and 3 p.m.-4 p.m. Central Time: Learn more about the latest activities that affect federal student aid programs. Updates will be provided on various issues including final rules that become effective July 1 and recent ED guidance announcements.
- **Veteran issues and servicemember benefits** — Thursday, July 15, 10 a.m.-11 a.m. and 3 p.m.-4 p.m. Central Time: Find out more about federal loan benefits for military borrowers, including the Servicemembers Civil Relief Act, military deferments, HEROES Act Waivers, and Veterans Disability Discharge.
- **Crafting the keys to customer service** — Thursday, August 19, 10 a.m.-11 a.m. and 3 p.m.-4 p.m. Central Time: Develop an understanding of how to build a customer-focused financial aid office (FAO) by reviewing current research on customer service in business and higher education. Participants will also identify internal and external customers, define the principles of great customer service, and develop specific steps that can be taken to improve customer service in the FAO and on campus.

To register

Register for these [TG trainings online](#). Click each session link to begin the registration process. Schedules for additional training will be published regularly and announced in *Shoptalk*.

Policy Resources

Ask the Policy Expert

Q.: Is a school required to send the borrower a notice when it returns funds to the lender due to a student withdrawal?

A: According to the *Federal Student Aid Handbook*, §682.607(a)(2), the school must provide a notice to the borrower when it returns Title IV funds to the lender due to a student's withdrawal. The regulations state that:

(a) General. By applying for a FFEL loan, a borrower authorizes the school to pay directly to the lender that portion of a refund or return of title IV, HEA program funds from the school that is allocable to the loan upon the borrower's withdrawal. A school —

(2) Must provide simultaneous written notice to the borrower if the school makes a payment of a refund or a return of title IV, HEA program funds to a lender on behalf of that student.

This requirement continues to be the same for a school that is transitioning to or participating in the Direct loan program. The FDLP regulatory cite is §685.306(a)(2).

More information about this topic can also be found in the 2009-10 *Federal Student Aid Handbook* on page 5-104.

Do you have a question?

Feel free to *Ask TG™*. *Ask TG*, TG's online query tool for borrowers, schools, and lenders, offers a database of frequently asked questions about financial aid, student loan processing, and TG's products and services. To submit a question, visit tgslc.custhelp.com.

News Briefs

The National Center for Education Statistics (NCES) provides an easy-to-use data analysis tool for postsecondary information. PowerStats gives you access to a variety of data on the postsecondary student experience, including academics, employment, enrollment and persistence, degree attainment, financial aid, and student and institution characteristics. Data are organized by various categories, such as all postsecondary undergraduate students interviewed in 2008; all postsecondary undergraduate students interviewed in 2004; college graduates who received their bachelor's degrees in 1992-93 and were followed for 10 years; and other such groupings. Users of PowerStats can produce complex tables, run linear

and logistic regressions, and select from data sets which contain thousands of variables. [Learn more about PowerStats.](#)



P.O. Box 83100
Round Rock, TX 78683-3100
(800) 252-9743
(512) 219-5700
(512) 219-4560 TDD

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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: Bonnie Brinkley, Rob Davenport, Sarah Faszholz, David Garza, Kelly Kaelin, and Art Martinez. Edited by TG Communications and Policy and Regulatory Affairs. Designed by TG Communications.

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