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Smart Solutions

Have a question about the latest federal student loan interest rates? Need to review regulatory language on satisfactory academic progress in the *Federal Student Aid Handbook*? Refer to the [Policies and Regulations](#) page of *TG Online* to access an extensive set of policy-related material.

Industry Update

ED provides guidance for making final loans under the FFELP

On June 15, 2010, ED published *Dear Colleague Letter* GEN-10-10/FP-10-02 to provide schools and lenders with implementation guidance related to how the June 30, 2010, deadline applies to the making of FFELP loans. The guidance is presented in a question and answer format with examples that should answer most questions that schools and lenders may encounter during the transition to the Federal Direct Loan Program (FDLP).

Although many of the questions have been previously answered through communications between higher education entities and ED and have been disseminated through financial aid industry newsletters and training sessions, ED's publication of this information via a *Dear Colleague Letter* ensures that all schools and lenders are aware of this detailed guidance as we approach the June 30 deadline for making loans under the FFELP.

The following questions and answers provide a sampling of the guidance provided by ED.

Q.: What does it mean that no new FFELP loans may be made after June 30, 2010?

A.: A FFELP loan is considered to have been "made" when the lender makes the first disbursement of the loan by transmitting funds to the school (or in the case of a Consolidation loan, when the first payment is made to a holder of a loan being consolidated). Therefore, consistent with the new law, a lender may not make a first disbursement of a FFELP loan or make a first payment to a holder of a loan for consolidation purposes after June 30, 2010.

Q.: Isn't it the school that makes the disbursement of the FFELP loan to the borrower?

A.: Under the law and regulations governing the FFELP, a FFELP loan disbursement is made when the lender transmits loan funds to the school. The school then "delivers" the funds to the borrower by crediting the student's account at the school, electronically sending the funds to the student's financial institution, or by issuing a check or similar instrument to the student. Note that this definition of "disbursement" differs from the definition of that term in the cash management regulations (34 CFR Part 668, Subpart K). For all of the Title IV aid programs (including the FFELP), the cash management regulations use the term "disbursement" to refer to the school's payment of Title IV funds to the student, either by crediting the funds to the student's school account or paying

the student directly. However, throughout these questions and answers, the terms “disburse” and “disbursement” always refer to the transfer of FFELP loan funds from a lender to a school.

Q.: Will all FFELP loans with first disbursements scheduled to take place before July 1, 2010, for the summer of 2010, be made in full?

A.: Not necessarily. We are aware that some FFELP lenders have decided that they will not make new FFELP loans if the scheduled final disbursement of the loan will take place after a certain date specified by the lender (e.g., June 30 or September 30). As a result, schools should confirm with their FFELP lenders whether those lenders have established any policies that limit the making of new FFELP loans even if the first disbursement of the loan is scheduled to take place prior to July 1, 2010.

Q.: What should a school do if a lender asks the school to change the date of a scheduled disbursement to meet the lender’s deadline as mentioned above?

A.: If a FFELP lender makes the first disbursement of a loan prior to July 1, 2010, it must make all scheduled subsequent disbursements of the loan as requested by the school. Under these circumstances, the school must decide whether it wants to adjust a subsequent disbursement date in response to the lender’s request (provided that the change is consistent with regulatory requirements). If the first disbursement of the loan has already been made and the school chooses not to make an adjustment, or cannot do so in accordance with ED’s regulations, the lender must make the subsequent disbursement(s) according to the original disbursement schedule provided by the school. However, if the first disbursement of the loan has not yet been made, the lender has the right to decline to make the loan.

Q.: What should a school do if it learns that a lender chosen by one or more of its students will not make a new FFELP loan because of the lender’s policy?

A.: The school has two options. It may, if ready to do so, originate a Direct loan for the borrower. The borrower must be notified of the change and must complete (or have completed) a Direct loan promissory note.

Alternatively, the school could discuss the situation with the borrower and suggest that the borrower select another FFELP lender that is willing to make the loan regardless of the date the final disbursement is scheduled to occur. Schools should check with their guarantors to see if the agencies can provide a listing of lenders that will make FFELP loans regardless of the final disbursement date. Such a listing could be provided to prospective borrowers to assist them in choosing a lender. It is important to note that this option may result in the borrower having loans made within the span of a few months by three different lenders — the lender that made the borrower’s most recent

FFELP loan, the new FFELP lender, and ED for the borrower's subsequent Direct loan.

Q.: If a FFELP Stafford loan is first disbursed prior to July 1, 2010, and the school later requests a reallocation between subsidized and unsubsidized Stafford loans, may a lender undertake such a reallocation?

A.: The answer to this question depends on whether both a subsidized loan and an unsubsidized loan were first disbursed before July 1, 2010, or whether only a subsidized loan or only an unsubsidized loan was first disbursed before July 1. Even if they were disbursed and are being serviced together, a subsidized loan and an unsubsidized loan are legally separate loans, not two parts of one loan. Therefore, if both a subsidized loan and an unsubsidized loan were first disbursed before July 1, 2010, and the first disbursements of each loan remain in effect (were not cancelled), a reallocation between the subsidized and unsubsidized loans may take place after July 1, 2010. However, if only a subsidized loan or only an unsubsidized loan was first disbursed before July 1, 2010, a reallocation of subsidized and unsubsidized funds (for example, replacing an unsubsidized loan with an equal amount of subsidized loan funds) may not take place after July 1, 2010, because there was no first disbursement of the other loan type prior to July 1, 2010.

The school should check with the lender to ensure that the lender will, based on the guarantor's and lender's policies, process a reallocation of subsidized and unsubsidized loan funds when it is permissible to do so.

More Information

Access [GEN-10-10/FP-10-02](#) to view the complete guidance letter. You can direct any questions to Pamela Moran at (202) 502-7732, or send an e-mail message to pamela.moran@ed.gov.

Shoptalk editions [546](#), [551](#), and [553](#) provided schools with information on managing summer loans as the July 1, 2010, effective date approaches. These articles also highlighted other information relevant to the conclusion of FFELP originations.

For questions about loan requests, existing loans, or upcoming disbursements, please contact TG's guarantee, support, and reporting team at (800) 446-5616, or send an e-mail message to lgo.helps@tgslc.org.

Part 2 of ED's answers to transition questions — Direct loans

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. As announced in *Dear Colleague Letter ANN-10-22*, ED will offer the session again on June 29, 2010 (prior registration is required).

Last week's *Shoptalk*, edition 558, summarized the FDLP transition; Student Aid Internet Gateway and Common Origination and Disbursement (SAIG and COD); and ED servicing.

To conclude *Shoptalk's* report on ED's Direct loan Q&A webinar, TG summarizes a number of pertinent answers based on topics covered during the webinar. The topics covered in this article include funds management, entrance and exit counseling, MPNs and applications, PLUS loans and credit checks, reports, and reconciliation. ED's answers for these topics are provided below.

Funds management

- Unlike a FFELP loan, there is no need to "hold" a disbursement for a Direct loan because the school is in control of the Direct loan process, including the disbursing of funds. The school simply does not send Actual Disbursement data to COD until the funds for a particular term are actually credited to the student's account.
- Each actual disbursement of a Direct loan is assessed a loan origination fee. The origination fee for a federal Direct Stafford loan for which the first disbursement is made on or after:

July 1, 2009, and before July 1, 2010	is not to exceed 1.5%
July 1, 2010	is not to exceed 1.0%

The earliest disbursement date (EDD) of a Stafford loan determines the origination fee. However, an actual disbursement date will take precedence over an anticipated disbursement date.

For federal Direct PLUS loans, the origination fee is 4 percent of the loan principal.

- The up-front interest rebate for a federal Direct Stafford loan for which the first disbursement is made:

before July 1, 2010	is 1.0%
on or after July 1, 2010	is 0.5%

The EDD of a Stafford loan determines the rate of the up-front interest rebate. However, an actual disbursement date will take precedence over an anticipated disbursement date.

For federal Direct PLUS loans, the rate for the up-front interest rebate is 1.5 percent of the loan principal.

Note: After entering repayment on the loan, if the borrower does not make his or her first 12 payments on time, the rebate amount will be added back to the loan balance.

- The net calculation is the sum of the gross disbursement less the origination fee plus the up-front interest rebate. The net calculation is the amount that is disbursed to the borrower and the amount that the school draws down through the [G5 website](#).
- When drawing down funds in G5, there is just one Direct loan fund from which a school will draw down.
- Funds can be drawn down as soon as that award year's available balance and award are established in G5.
- It generally takes 24 to 48 hours for financial data submitted to COD to update a school's current funding level (CFL) in G5.
- Like Pell Grant funds, a school may use Direct loan funds for any eligible student. So if a school draws down funds for one student, but that student does not accept the loan funds, the school may award those funds to another student.
- If a student chooses to return all or a portion of a Direct loan after it has already been disbursed, the school is required to return the funds if the student makes the request within the specified time frame dictated by the school's (active or passive) confirmation process [[2009-10 Federal Student Aid Handbook](#), page 4-4]. The funds are returned electronically. The adjustment is made in the school's financial aid software, which is then transmitted to COD. At that point, the substantiated cash in G5 is adjusted. Each school should have a designated "refund bank account" from which G5 will draw returned funds. ED's February 17, 2010, "Refund Bank Account" announcement on the [G5 website](#) offers more information.

Entrance and exit counseling

- Once a loan is booked on COD, the information is sent to the Direct Loan Servicing Center. In turn, the Direct Loan Servicing Center reports to the National Student Loan Data System (NSLDS) on a weekly basis. So an exit counseling session for a new borrower should be available on the [NSLDS Student Access site](#) shortly after that time frame.
- See *Shoptalk* [557](#) for more information about entrance and exit counseling resources.

MPNs and applications

- If a student completed an MPN for a Direct loan at one school, then transferred to another school, the second school may use the student's MPN. Schools are able to view the student's MPN on the [COD website](#). And, if the second school has a multi-year MPN functionality, the student's MPN can link to his or her loan at the second school as long as the MPN is still active (the MPN has not expired).
- A student need not complete a Direct loan MPN before the school sends a Loan Origination Record (LOR) to COD. Schools can choose to send an LOR to COD first and then direct the student to complete an MPN. There is an option the school can set on the COD School Options page to designate whether an LOR must be on file before accepting an electronic MPN.
- There must be an active MPN in the COD database that links to the school's incoming LOR before the school can successfully submit an Actual Disbursement on the loan.

PLUS loans and credit checks

- A school may forego the PLUS credit check if the school documents adverse credit history relative to the criteria listed in the regulations [[34 CFR §685.200\(b\)\(5\) and \(c\)\(1\)\(vii\)](#)]. In the event of a credit check, the financial aid administrator (FAA) may still forego originating the PLUS loan for a borrower and offer an unsubsidized Stafford loan instead. The FAA simply does not complete the PLUS process. Note: this is distinct from a professional judgment, which is exercised due to a change in the borrower's financial condition.
- COD automatically runs a credit check based on the loan origination record, if a credit check has not been run within the last 90 days.
- If using the www.studentloans.gov website or the [COD website](#), in most cases, the credit decision is immediate. COD will return a status of "P" when the credit bureau results are not yet available. This usually occurs when a borrower's identifiers do not match credit bureau information and a credit decision cannot be made. The COD School Relations Center is notified of all pending credit decisions and determines what action is needed to resolve the situation. The schools are also contacted.

Reports

- To track students who are at risk of defaulting on loans (i.e., who are over 30 days late in payments), visit the COD website, click on the Services tab, select Direct Loan Servicing in the left-hand navigation listing, then click on the link in the middle of the page, then School Reports and Delinquency Reports.

- Most reports are available on the COD website for at least 90 days. There is an archive under each report description if a school needs information from an older report.

Reconciliation

- Monthly reporting of reconciliation to ED or COD is not required.
- Reconciliation is a collaborative effort. In most cases, the business office reconciles the cash records (draw downs and return of funds) and the financial aid office typically reconciles the loan detail records.

Additional Questions?

Contact FSA at (800) 848-0978 or send an e-mail message to dlenrollment_fsa@ed.gov.

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](#).

TG also offers [default prevention resources](#), including self-help tools, specialized call centers, in-person consulting, and technology support. For more information, contact TG default aversion at (800) 252-9743, or send an e-mail message to defaultaversion@tgslc.org.

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

Updated 2009-10 Bill of Sale instructions for Put program available

On June 17, ED published Ensuring Continued Access to Student Loans (ECASLA) [Electronic announcement \(E-ann\) #88](#), updating the submission instructions for Bill of Sale for the 2009-2010 Master Loan Sale Agreement (MLSA) under ED's Loan Purchase Program (Put Program). (There are no changes to the process for submitting the Bill of Sale documents for the Conduit Program.)

To ensure that ED would have a record of the transfer of ownership of the loans, in a form that was stable and not readily malleable, ED required PDF versions of the pre-sale Loan Detail Schedule (Loan Detail Schedule) created and sent by ED's servicers to the Sellers. However, these files were often so large that some Sellers reported difficulty in transmitting them by e-mail back to ED with the Bill of Sale as required. Due to this difficulty, ED has reviewed and modified the sale procedures to achieve the same objective without requiring the Seller to submit with the Bill of Sale a PDF record of the Loan Detail Schedule.

The Sellers will no longer be required to return a PDF of the Loan Detail Schedule with the Bill of Sale and instead must execute ED's new form, the [Certificate of Loan Detail File](#), and must return this document as a PDF attachment to the e-mail sent with the Bill of Sale form five business days before the sale date. The Certificate of Loan Detail File will constitute the Loan Schedule for the sale.

The deadline for Sellers to begin using the revised document submission procedures for the Bill of Sale, implementing the Certificate of Loan Detail File, will be for any Puts with Bill of Sale packages submitted on or after June 22, 2010.

More information

The complete announcement and detailed instruction on the new sales procedures are available on [ED's ECASLA website](#).

If you have any questions on the revised document submission procedures for the Bill of Sale, send an e-mail message to margaret.ayanian@ed.gov.

ED releases program integrity proposed rules

On June 18, 2010, ED published [proposed rules for program integrity](#) issues in the *Federal Register* and requested public comment by August 2, 2010. With these proposed rules, ED intends to improve the integrity of Title IV programs by proposing amendments to the regulations that govern:

- School eligibility,
- ED's recognition of accrediting agencies,
- ED's recognition procedures for state agencies,
- Student assistance general provisions,
- The Federal Family Education Loan Program (FFELP),
- The William D. Ford Federal Direct Loan Program (FDLP),
- The Teacher Education Assistance for College and Higher Education (TEACH) Grant Program,
- The Federal Pell Grant Program, and
- The Academic Competitiveness Grant (AGC) and National Science and Mathematics Access to Retain Talent Grant (National SMART Grant) Programs.

Readers may recall that *Shoptalk* edition [539](#) reported that the program integrity team (Team I) of the 2009-2010 negotiated rulemaking (Neg Reg) process concluded its negotiations without reaching consensus on all issues. Because the

team did not reach consensus, ED was not required to adopt the team's agreed-upon language in these proposed regulations.

Team I issues a summary of ED's proposed changes

Issues negotiated by Team I are listed below. Provided with each issue is a summary of changes proposed in the *Federal Register* notice:

Gainful employment in a recognized occupation

(Note: These proposed regulations introduce several changes in rules regarding gainful employment in a recognized occupation. An additional proposed rules package on gainful employment is expected to be published in the Federal Register later this summer.)

- Update the definition of the term “recognized occupation” to reflect current usage
- Establish requirements for schools to submit information on program completers for programs that prepare students for gainful employment in recognized occupations

Definition of a “credit hour”

- Define a credit hour and establish procedures that certain accrediting agencies must have in place to determine whether a school's assignment of a credit hour is acceptable
- Modify provisions to clarify whether and when a school must award aid based on clock or credit hours and the standards for clock-to-credit-hour conversions

State authorization as a component of school eligibility

(Note: The negotiators did not reach tentative agreement on this topic during the meeting deliberations.)

- Clarify the requirements for an institution of higher education, a proprietary institution of higher education, and a postsecondary vocational institution to be considered legally authorized by a state

Agreements between institutions of higher education

- Modify the provisions related to written arrangements between two or more eligible schools that are owned or controlled by the same person or entity, so that the percentage of the educational program that may be provided by the school that does not grant the degree or certificate under the arrangement may not exceed 50 percent

- Prohibit written arrangements between an eligible school and an ineligible school that has had its certification to participate in Title IV programs revoked or its application for recertification denied
- Expand provisions regarding the information that a school with a written arrangement must disclose to a student enrolled in a program affected by the arrangement, including, for example, the portion of the educational program that the school that grants the degree or certificate is not providing

Incentive compensation

(Note: The negotiators did not reach tentative agreement on this topic during the meeting deliberations.)

- Remove the “safe harbor” provisions concerning incentive compensation for any person or entity engaged in any student recruitment or admission activity, including making decisions regarding the awarding of Title IV aid

Satisfactory academic progress

- Modify the provisions governing schools’ satisfactory academic progress policies and the impact of these policies on a student’s eligibility for Title IV aid

Retaking coursework

- Expand the definition of “full-time student” to allow, for a term-based program, repeated coursework taken in a program to count toward a full-time workload

Definition of a “high school diploma” for the purpose of establishing school eligibility to participate in Title IV programs, and student eligibility to receive Title IV aid

- Require schools to develop and follow procedures to evaluate the validity of a student’s high school diploma if the school or ED has reason to believe that the diploma is not valid or was not obtained from an entity that provides secondary school education

Return of Title IV funds (R2T4) for term-based programs with modules or compressed courses

(Note: The negotiators did not reach tentative agreement on this topic during the meeting deliberations.)

- Clarify when a student is considered to have withdrawn from a period of enrollment for the purpose of calculating R2T4

R2T4 and taking attendance

(Note: The negotiators did not reach tentative agreement on this topic during the meeting deliberations.)

- Clarify the circumstances under which a school is required to take attendance for the purpose of calculating R2T4

Verification of information included on student aid applications

- Codify ED's IRS Data Retrieval System Process, which allows an applicant to import income and other data from the IRS into an online Free Application for Federal Student Aid (FAFSA)
- Require the processing of all changes and corrections to an applicant's FAFSA information;
- Codify current policy that a school must complete verification before it may exercise its professional judgment authority
- Eliminate the 30 percent verification cap
- Retain the ability of schools to select additional applicants for verification
- Replace the five verification items for all selected applicants with a targeted selection from items included in an annual Federal Register notice published by ED
- Allow interim disbursements when changes to an applicant's FAFSA information would not change the amount that the student would receive under a Title IV program

Misrepresentation of information to students and prospective students

- Revise the definitions and provisions that describe the activities that constitute substantial misrepresentation by a school of the nature of its educational program, its financial charges, or the employability of its graduates

Ability to benefit

- Expand eligibility for Title IV aid to students who demonstrate the ability to benefit by satisfactorily completing six credits of college work, or the equivalent, that are applicable toward a degree or certificate offered by a school
- Amend and add definitions of terms related to ability-to-benefit testing
- Consolidate into a single regulatory provision the approval processes for ability-to-benefit tests developed by test publishers and states;

- Require test publishers and states to describe processes for identifying and handling test score abnormalities, ensuring the integrity of the testing environment, and certifying and decertifying test administrators, as well as any accommodations available for individuals with disabilities, and how a test administrator would identify and report to the test publisher instances in which such accommodations were used;
- Revise the test approval procedures and criteria for ability-to-benefit tests, including procedures related to the approval of tests for speakers of foreign languages and individuals with disabilities

Disbursements of Title IV funds

- Modify the provisions for disbursing Title IV funds to ensure that certain students can obtain or purchase books and supplies by the seventh day of a payment period

Invitation to comment

While significant public participation — three regional hearings and three negotiated rulemaking sessions — has already contributed to the development of these proposed rules, ED encourages the public to submit comments regarding these proposed regulations by August 2, 2010. Comments may be submitted online via ED's [Federal eRulemaking Portal](#). Individuals may comment directly to ED or may contribute to and/or support official comments made by higher education associations, such as [NASFAA](#), NCHELP, and others.

To ensure that comments have maximum effect in forming the final regulations, ED urges each commenter to clearly identify the specific section(s) of the proposed regulations that the comments address and to arrange the comments in the same order as the issues are presented in the proposed rule notice.

What's next?

In preparing the final rules, ED considers the public comments received by the August 2 deadline. The Federal Register notice of the final rules will include a summary of the comments received, ED's response to the comments, and an explanation of any changes made to the regulations that differ from the proposed rules. Final rules are expected to be published in the Federal Register by November 1, 2010, with most or all of the new provisions becoming effective on July 1, 2011.

More information

The complete, 86-page, *Federal Register* [notice of proposed rules for program integrity](#) issues, including a summary of the proposed changes, draft amendatory language, and details on how to submit comments, is available online.

Team II, which discussed foreign school issues, reached consensus. A summary of these issues was reported by *Shoptalk* edition 542. A proposed rules package on Team II issues is also expected to be released this summer.

Visit ED's "[Negotiated Rulemaking for Higher Education 2009-10](#)" Web page for more information on both teams' activities, including issue summaries and ED's most recently posted proposed language. Note that the posted language does not reflect any revisions considered during the final team meetings.

New IBR forms for FFEL borrowers available

On June 17, 2010, ED announced in *Dear Colleague Letter GEN 10-11* of the availability of the new Income-Based Repayment (IBR) forms for FFEL borrowers. The new forms include the Income-Based Repayment Plan Request form and the IBR Plan Alternative Documentation of Income form. Read on to learn more about the forms' purpose and implementation.

Use of the forms

FFEL borrowers can use the IBR Plan Request form to request the IBR plan. Borrowers must include all necessary information as listed on the form and provide it to their loan holder(s). The loan holder needs the information in order to determine a borrower's eligibility for the IBR plan along with the monthly payment amount.

In the event that documentation of the borrower's adjusted gross income (AGI) is not available, or in an instance where the AGI does not reasonably reflect the borrower's current income, the borrower can submit the IBR Plan Alternative Documentation of Income form. This form is available to borrowers who have requested or are currently repaying under the IBR plan. The loan holder will use this form to determine the borrower's eligibility for the IBR plan along with the monthly payment amount.

Implementation

All program participants — including schools, lenders, and servicers — may begin providing these forms to borrowers on July 1, 2010. However, these new forms must be made available to borrowers no later than September 1, 2010. Further, keep in mind that the new form IBR Plan Request form incorporates the changes to the definition of "partial financial hardship" as described under 682.215(a)(4) of the [final rules](#), which were published on October 29, 2010 in the *Federal Register*.

While loan holders may receive and process requests for the IBR plan from borrowers using other non-ED forms prior to the availability of these new IBR forms, they must evaluate a borrower's eligibility in accordance with the revised

definition of “partial financial hardship” for IBR requests received on or after July 1, 2010.

Additional information

The new forms are attached to [Dear Colleague Letter GEN 10-11](#). For additional information about IBR or managing loan repayment, contact TG’s customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgsllc.org.

FTC delays enforcement of “Red Flags” rule through December 31, 2010

Even though the “Red Flags” rule was not issued by ED, on June 14, 2010, ED released an [update and helpful reminder](#) that the FTC has granted another delay of enforcement of the “Red Flags” rule through December 31, 2010. The “Red Flags” rule applies to schools participating in the Federal Perkins Loan Program and may also apply to other programs administered by a school. ED cautions that this delay does not mean that the “Red Flags” rule is not in effect, but only that the FTC will not enforce the rule through December 31, 2010.

In its May 28, 2010, [press release](#), the FTC explains that the enforcement delay gives Congress time to consider, “legislation that would affect the scope of entities covered by the Rule” and notes that this enforcement delay does not “affect other federal agencies’ enforcement of the original November 1, 2008 deadline for institutions subject to their oversight to be in compliance.”

More information

To help those that may be subject to enforcement by the FTC under the “Red Flags” rule, the FTC suggests that entities review ["Fighting Fraud with the Red Flags Rule: A How-To Guide for Business"](#) in order to:

- Find out if the rule applies to them;
- Get practical tips on spotting the red flags of identity theft, taking steps to prevent the crime, and mitigating the damage it inflicts; and
- Learn how to put in place a written Identity Theft Prevention Program.

The FTC offers additional resources, frequently asked questions, and a “Getting Red Flags Ready” video on its [website](#).

TG Report

Enhancing default prevention? Start the process with TG's default aversion self-assessment tool

The jobless rate remains above nine percent, according to the Bureau of Labor Statistics. At the same time, the cohort default rate, the traditional measure of a school's default prevention efforts, is shifting from a two- to three-year calculation. These factors, among others, are causing schools to examine their default prevention programs with an eye to building in new or more effective strategies. If you're enhancing your campus default prevention program, you'll find some ready support in TG's default aversion self-assessment tool.

The self-assessment poses a series of questions on various aspects of default prevention to help schools evaluate processes and goals; compare recent cohort default rates with other similar types of institutions; and learn more about strategies designed to improve a school's default aversion effectiveness.

The self-assessment offers a number of advantages. As a self-help tool, schools can use it when they need. Sections have been expanded to help evaluate aspects or areas of default prevention, including a school's default aversion committee, enrollment management committee, latest cohort default rates, campus environment for students, and borrower interactions. And at the end of the evaluation, schools have the opportunity to schedule an in-person consultation with one of TG's default aversion consultants. TG's consultants can use results of the self-assessment as a blueprint for recommending various strategies and tools to help improve a school's default prevention initiatives.

Get started

Access TG's [default aversion self-assessment tool](#) through *TG Online*. You can learn more about TG's extensive set of default aversion products and services by contacting a TG account executive at (800) 252-9743, or sending an e-mail message to relationship.management@tgsllc.org.

Four ways to help your borrowers succeed in repayment

A low cohort default rate (CDR) is good for the federal student loan program, not to mention taxpayers. You still have an opportunity during the last quarter of FY 2010 to positively affect your institution's CDR. With a changing economy, many borrowers may find themselves behind on all types of accounts, including student loans. Some of them may not know what is available to help as they make student loan payments. As a school, you can offer some aid. Consider one or more of these strategies.

- **Start a phone campaign** to borrowers that are 201 or more days past due on their accounts. These are the borrowers most likely to affect your FY 2009 CDR.
- **Focus on borrowers with slightly shorter delinquencies.** Reach out to them via e-mail or by phone with a "we can help" campaign that offers the message that information and help is available.
- **Do a quick self-study to identify any common factors among your later stage delinquencies.** Determine if there is a new approach you can take to these particular borrowers. If financial problems are the issue, you may be able to suggest various payment alternatives. Draft phone scripts or e-mails that focus on borrowers with specific circumstances, such as a high debt-to-income ratio. In this case, you could outline Income-Based Repayment (IBR) as one option to consider. IBR was crafted to help borrowers without jobs or in low-paying jobs who are struggling to make payments on high student loan balances.
- **Beef up your alumni Web page with borrower information** — tons of it. If your institution maintains a presence on a social media website such as Facebook®, augment it with information and self-help tools. You could include descriptions of repayment plans, deferment and forbearance options, basic principles of debt management, and budgeting tips. Add to this budget calculators and loan repayment calculators so that borrowers can plan for their post-graduation expenses.

For more help

TG offers a variety of support for your default aversion efforts, including call centers, electronic and print communications, and training on default management for your financial aid office staff.

To learn more, contact a TG account executive at (800) 252-9743, or send an e-mail message to relationship.management@tgsic.org.

Policy Resources

Ask the Policy Expert

Q.: Under Return of Title IV (R2T4) rules for a school not required to take attendance, the school may use as the withdrawal date a student's last date of attendance at an academically related activity. May documentation of the activity be provided by the student through a self-certification process developed by the school?

A.: Documentation of a student's attendance at an academically related activity must always be provided by a school official. A student's self-certification of

attendance is not sufficient documentation. For more information, see page 5-77 of the 2009-10 *Federal Student Aid Handbook*.

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

Over the last decade, technology has begun reshaping classrooms, moving them from small “theaters of learning” focused on an individual into more lab-like settings where interaction between the instructor and students is freer and guided partly by media at the students’ fingertips. These media devices — such as laptops or remote control “clickers” for answering questions — help turn the instructor into more of a “facilitator” moving among desks, which are arranged in clusters around the room. Read more about this [reshaping of classroom design](#).



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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@tgslc.org.

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