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### Smart Solutions

Your graduates face a tough job market. You can continue to support them after graduation with TG’s pages on job hunting. Landing an interview is equal parts art and science, requiring practice and research. TG’s *Adventures In Education* walks job-seekers through the steps of interview preparation and offers tips to polish performance.

## TG Report

### New video features TG's message of commitment in new federal student loan environment

For more than 30 years, TG has helped schools, students, and families navigate the college financial aid process. As the federal student loan industry makes an historic shift from bank-based to government lending, TG remains dedicated to supporting students, families, and schools. In a new video, TG's President and CEO Sue McMillin affirms that message, noting that TG sees the changing environment as an opportunity to work even more closely with students and schools. "We offer the strength, care, and commitment to support [schools'] higher education needs for years to come," said McMillin.

TG continues to provide life-of-the-loan support for its \$30 billion FFELP portfolio, as well as help ensure the success of the federal student aid programs. TG is also focused on expanding and enhancing services in such key areas as default prevention and financial literacy.

#### Default prevention

TG's default prevention tools are designed to help schools successfully manage their cohort default rates (CDR), an area of critical importance for schools participating in the federal student aid programs. TG is working to add to its default prevention tools, trainings, and resources so that schools can better prevent and reduce default and so that borrowers have stronger support on the path to repayment.

#### Financial literacy

TG provides Web tools and in-person training to explain how to create and manage a budget, save for expenses, and maintain good credit. TG offers students financial literacy resources to strengthen their money management skills while in school. TG is equally concerned with helping students manage their money after college as they lay the foundation for their financial future. TG is enhancing its financial literacy products to supply more information in new and interactive ways.

#### Watch the TG video

To view the video, visit [www.tgslc.org](http://www.tgslc.org) and click the banner link.

### New additions to English-Spanish glossary related to student financial aid and higher education

The fifth edition of the *English-Spanish Glossary of Student Financial Aid and Postsecondary Education* is now available. The glossary aims to promote greater consistency in the vocabulary used in Spanish-language materials when communicating information on federal student financial aid programs and accessing a college education.

New enhancements in the edition include the addition of 83 new terms, revisions to 23 existing terms (expanded translations to allow for more word choice), and the addition of ED-directed service marks to some terminology.

## **Glossary details**

Featuring more than 2,500 higher education terms, the glossary is intended to be used as a common reference by secondary school administrators, postsecondary admissions advisors, financial aid and outreach professionals, and others providing Spanish-speaking families and students with information related to going to and paying for college. Use of the glossary is entirely voluntary.

Most studies indicate that, in comparison to other ethnic groups, Hispanics are less likely to continue their education beyond high school. Factors cited as causes of this trend are a lack of awareness in Hispanic families about the financial aid resources available to help pay for college, and the need or preference among Hispanic parents and students for information in Spanish.

The glossary is available in a searchable PDF. Users can also find an [online searchable database](#) of terms to assist the financial aid community and the general public in locating the Spanish equivalent.

## **About the glossary**

Review and production of the glossary is provided by staff from TG and the U.S. Department of Education. Additionally, promotional support is provided by the National Association for College Admission Counseling, the National Association of Student Financial Aid Administrators, the National College Access Network, the National Council for Community and Education Partnerships, the National Council of Higher Education Loan Programs, and the U.S. Department of Education.

## **To learn more**

Explore the [glossary online](#) to find out more about its features.

## **“Show what you know” at Booth #306 of the 2010 NASFAA Conference**

Have you got policy “cred”? TG offers a fun way to find out at the National Association of Student Financial Aid Administrators (NASFAA) Conference held this year in Denver from July 18-21.

Visit TG’s booth, #306, to take part in a light-hearted, entertaining competition that tests your industry knowledge in various areas, including policy, financial literacy, and default prevention. Questions are presented and attendees “click” or choose answers using remote control devices. You’ll leave with valuable, practical information and have fun too.

## 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.

## Training tools: TG webinars to focus on veteran issues and customer service in financial aid

This quarter, TG's policy and regulatory experts will continue a free webinar series on topics of interest to financial aid professionals, including current issues in the financial aid industry and financial aid fundamentals.

TG will provide presentation materials for each session, which can be downloaded, viewed, and/or printed. A Q&A will follow the presentation portion of each session.

TG's industry webinars will be offered twice on the third Thursday of each month, at 10 a.m. and 3 p.m. Central Time. Webinars are posted in an [online archive](#) within a day or two after the broadcast.

Join TG for the following webinars.

- **Veteran issues and servicemember benefits** — Thursday, July 15, 10 a.m.-11 a.m. and 3 p.m.-4 p.m. Central Time

This session will address 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

In this session, participants 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, identifying internal and external customers, defining the principles of great customer service, and developing 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*.

## As industry shifts, *Mapping Your Future*<sup>®</sup> makes changes to entrance counseling module, website

*Mapping Your Future*<sup>®</sup> has revised entrance counseling sessions and student loan content on other areas of the *Mapping Your Future* website. Below is a short guide to relevant changes.

### Counseling names

*Mapping Your Future* has revised some of the entrance counseling names, as follows

- Stafford entrance became “Direct Loan entrance” (previously “Stafford entrance”)
- Spanish Stafford entrance became “Orientación de admisión del Préstamo Directo” (previously “Orientación de admisión del Préstamo Stafford”)
- Stafford and Perkins combined entrance became “Direct Loan and Perkins combined entrance” (previously “Stafford and Perkins combined entrance”)
- Grad PLUS entrance became “Direct PLUS entrance” (previously “Grad PLUS entrance”)
- Stafford and Grad PLUS combined entrance became “Direct Loan and Direct PLUS combined entrance” (previously “Stafford and Grad PLUS combined entrance”)

### Counseling content

In addition to changing counseling names, *Mapping Your Future* updated entrance counseling sessions so that they relate only to the Federal Direct Loan Program (FDLP). For example, borrowers no longer will read about choice of lenders in Direct loan entrance counseling. The counseling sessions reference FFELP in the context of potential past loans: “If you previously borrowed, you might have a Direct loan or a federal Stafford loan (subsidized or unsubsidized) from the Federal Family Education Loan Program. Private lenders such as banks, credit unions, and savings and loan associations made the loans.”

*Mapping Your Future's* exit counseling session content will continue to address both FFELP and FDLP loans, ensuring students receive sufficient information about both loan programs before they enter repayment.

### Regulatory compliance

For nearly all counseling sessions, schools need to take additional steps to fully meet regulations. More information about regulatory requirements is available in the *OSLC User's Guide*.

## Exit records to guarantors and the Federal Direct Loan Program

Regulations require that schools send Stafford exit and Grad PLUS exit counseling records to guarantors and the FDLP within 60 days of the borrowers completing counseling. *Mapping Your Future's* ExitExpress makes it easy to meet this requirement:

- Guarantors, like TG, that sponsor *Mapping Your Future* will continue to provide a service to schools, retrieving exit records for borrowers with loans in the FFELP. Schools are still responsible for ensuring that guarantors do so on time.
- Schools can export Stafford and Grad PLUS exit records for Direct loan borrowers in the NSLDS Exit Counseling Submittal Template. Schools should then upload the records to NSLDS. (As an alternative, schools can print records and mail them to the Federal Direct Loan Program.)

Details about how to ensure guarantors retrieve data and export records for Direct loan borrowers are in the [OSLC User's Guide](#).

### Questions

For questions about any changes, contact the *Mapping Your Future* staff at [feedback@mappingyourfuture.org](mailto:feedback@mappingyourfuture.org).

## Industry Update

### ED provides details about temporary loan consolidation authority

*Shoptalk* editions 551 and 546 provided information about the one-year temporary loan consolidation authority for certain borrowers. As a reminder, this temporary authority created by the Health Care and Education Reconciliation Act of 2010, allows an eligible borrower to obtain a Direct Consolidation loan while his or her loans are still in an in-school status. The purpose of this provision is to help borrowers affected by split-loan servicing, which occurs when a borrower has loans that are held by two or more holders — lenders or ED.

ED recently provided more details about the borrower eligibility requirements for a Consolidation loan under this temporary authority as well as factors for borrowers to consider before consolidating. This information is in [Dear Colleague Letter GEN-10-13](#) dated June 29, 2010: Temporary Authority for the Consolidation of Loans in an In-School Status.

In this guidance, ED clarifies that if a borrower chooses to consolidate under this temporary authority, he or she may include in the Consolidation loan only:

- FFELP loans held by a lender,
- FFELP loans purchased by ED, and

- Direct loans.

No other loans currently allowed under the regular Consolidation loan program may be included.

ED also notes that if a borrower consolidates a loan that has a grace period while the loan is in an in-school status, the borrower will not receive the grace period when he or she ceases to be enrolled at least half time. If a borrower waits to consolidate until after the loan has entered the grace period, the borrower may delay the processing of the Direct Consolidation Loan application until the end of the grace period. A borrower who delays applying until his or her loans enter the grace period and whose application is received by ED before the July 1, 2011 deadline, may receive the modified interest rate associated with the temporary authority, provided that the borrower is not consolidating certain variable interest rate loans.

Further, a borrower with FFELP or Direct PLUS loans that were first disbursed on or after July 1, 2008, is eligible to defer repayment of these loans for a 6-month period that begins on the date the borrower (or the dependent student on whose behalf the borrower obtained the loan) ceases to be enrolled at least half time. Parent PLUS borrowers are also eligible to defer repayment while the dependent student is enrolled in school on at least a half-time basis. If a PLUS borrower consolidates one of these loans while the borrower (or the dependent student) is still enrolled in school at least half time, or during the 6-month post-enrollment deferment period, the borrower will lose eligibility for these deferments.

It's important to remember that consolidation is a serious decision, and borrowers need to consider all of the factors involved before consolidating under this temporary authority.

A handful of questions regarding Consolidation loans made under the temporary loan consolidation authority remain. Stay tuned to *Shoptalk* for more information.

## **New TPD regs for federal student loans and TEACH Grant service obligations take effect**

On June 30, 2010, ED posted an [electronic announcement](#) regarding new regulations that govern total and permanent disability discharge. The regulations, which took effect July 1, 2010, establish a new standard for discharging FFELP, FDLP, and Federal Perkins Loan Program loans and TEACH Grant service obligations; the new regulations also alter the discharge process.

### **Total and permanent disability definition**

Effective July 1, 2010, total and permanent disability is defined as the condition of an individual who —

1. Is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death, has lasted for a continuous period of not less than 60 months, or can be expected to last for a continuous period of not less than 60 months;

OR

2. Has been determined by the Department of Veterans Affairs to be unemployable due to a service-connected disability.

“Substantial gainful activity” is defined as a level of work performed for pay or profit that involves doing significant physical or mental activities, or both.

Loan holders (lenders and guarantors for FFELP loans, schools for Perkins loans, and ED for Direct loans and TEACH Grant service obligations) must evaluate all discharge applications received on or after July 1, 2010, using the revised definition of total and permanent disability. If it is unclear whether the borrower (or grant recipient as applicable) is totally and permanently disabled under the new definition, the loan holder must follow up with the physician, who must provide documentation establishing the borrower’s eligibility. In addition, ED will apply the new definition when reviewing all discharge applications received by the loan holder on or after July 1, 2010.

### **Total and permanent disability discharge processes**

Effective July 1, 2010, the general discharge process for borrowers who meet condition 1 in the definition of total and permanent disability above has changed. The discharge process for veterans who meet condition 2 has not changed.

#### *General Discharge Process for Borrowers Who Meet Condition 1*

The new general discharge process for a borrower who meets condition 1 is similar in some respects to the discharge process under previous regulations. However, instead of using the previous three-year conditional discharge process, ED now discharges a borrower’s obligation to repay a loan after determining that the borrower meets the discharge eligibility requirements. If the borrower fails to meet certain requirements during a three-year post-discharge monitoring period, ED then reinstates the borrower’s obligation to repay the loan

#### *Veterans Discharge Process for Borrowers Who Meet Condition 2*

As announced in [Dear Colleague Letter GEN-09-07](#), ED previously implemented a separate discharge process for veterans who meet condition 2. No changes were made to this process in the final regulations. An eligible borrower will continue to submit to the loan holder a loan discharge application accompanied by documentation from the Department of Veterans Affairs showing that the borrower has been determined to be unemployable due to a service-connected disability.

## **Discharge Application: Total and Permanent Disability**

ED is updating the discharge application to reflect the changes that took effect July 1, 2010. ED will make the revised form available to loan holders after it receives approval from the Office of Management and Budget.

Until the updated form is available, the current version of the form remains valid for use; however, loan holders must evaluate all discharge applications received on or after July 1, 2010, using the new definition of total and permanent disability. (Note that the current version of the form already reflects the separate discharge process for veterans.) Once the revised discharge application is available, ED will provide further guidance on implementing the new form and will establish a deadline for acceptance of the current version of the form.

### **Updated contact information for veterans disability discharge unit**

The phone and fax numbers for the Veterans Disability Discharge Unit have changed. The updated information is as follows:

Phone: (404) 974-9490

Fax: (404) 974-9326

All hard copy files for application referrals should continue to be mailed to:

U.S. Department of Education  
Federal Student Aid, Processing Division  
Veterans Disability Discharge Unit  
61 Forsyth Street, SW 19T89  
Atlanta, GA 30303

E-mail messages should continue to be sent to [FSAAtlantaContracts@ed.gov](mailto:FSAAtlantaContracts@ed.gov).

**Note:** The subject line of a fax or e-mail should include the words "Veterans Disability Discharge."

Loan holders can find a comprehensive list of contact information on the Information for Financial Aid Professionals (IFAP) website's [Disability Discharge Loan Servicing Center and Veterans Disability Discharge Unit page](#).

### **More information**

The [June 30, 2010, electronic announcement is available](#) in its entirety on ED's IFAP website.

The HEOA provisions related to total and permanent disability loan discharges are summarized on pages 132-133 and 140 of the attachment to [Dear Colleague Letter GEN-08-12](#).

Refer to the July 23, 2009, [Notice of Proposed Rulemaking \(NPRM\)](#) for a discussion of the proposed rules, and the October 29, 2009, [Final Rule Notice](#) for a discussion of the public comments and final regulations.

- For complete information about the general discharge process, refer to sections 674.61(b) for Perkins loans, 682.402(c)(2) through (7) for FFELP loans, and 685.213(b) for Direct loans of the [final regulations](#).
- For complete information about the veterans discharge process, refer to [Dear Colleague Letter GEN-09-07](#) (also posted as FP-09-05 and CB-09-04) and sections 674.61(c) for Perkins loans, 682.402(c)(8) for FFELP loans, and 685.213(c) for Direct loans) of the [final regulations](#).

If you have questions about the information in this announcement, contact Patricia Raling at [patricia.raling@ed.gov](mailto:patricia.raling@ed.gov).

## Remaining 2010-11 interest rates released

Two categories of interest rates were announced at end of June, as mentioned in *Shoptalk* edition 555. Interest rates for older PLUS and SLS loans are based on the weekly average of the one-year constant-maturity Treasury yield for the last calendar week ending on or before June 26. Interest rates for the HEAL portion of federal Consolidation loans are based on the 91-day Treasury bill (T-bill) auctioned for the quarter ending June 30.

### PLUS and SLS

Following are the interest rates for older PLUS and SLS loans, which are effective July 1, 2010, through June 30, 2011:

- 3.39 percent for loans first disbursed on or after October 1, 1992, but before July 1, 1998.
- 3.54 percent for loans disbursed on or after July 1, 1987, but before October 1, 1992.

### HEAL Consolidation

Following is the interest rate for the HEAL portion of federal Consolidation loans:

- 3.15 percent for loan applications received on or after November 13, 1997.

### More information

[ED's announcement](#) on these new interest rates is available online. Access [TG's annual interest rate chart](#) for all applicable interest rates.

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](mailto:cust.assist@tgsic.org).

# Policy Resources

## Latest IFAP postings

For the convenience of the entire financial aid community, ED assembles Title IV federal student aid guidance, resources, and information on its [Information for Financial Aid Professionals](#) (IFAP) website. Recent postings, listed by topic, include the following, presented alphabetically by category.

### Campus-based aid

- [2010-06-29](#) – Campus-based reallocation form and process

### Common origination and disbursement

- [2010-06-30](#) – 2010-2011 COD Technical Reference
- [2010-07-02](#) – COD Processing Update

### FFELP and FDLP loan servicing

- [2010-06-30](#) – FedLoan Servicing (PHEAA) Begins Servicing Direct Loans

### FFELP variable interest rates

- [2010-06-30](#) – Interest rates on Older Variable Rate Loans for July 1, 2010, to June 30, 2011

### TEACH grants

- [2010-07-02](#) – Updated Listing of TEACH Grant Eligible Institutions

### Total and Permanent Disability Discharge

- [2010-06-30](#) – Total and Permanent Disability Discharge Regulations, Effective July 1, 2010

### For more information

For questions about these notices, contact TG customer assistance at (800) 845-6267, or send an e-mail message to [cust.assist@tgsic.org](mailto:cust.assist@tgsic.org).

## Ask the Policy Expert

**Q.:** How does the Health Care and Education Reconciliation Act of 2010 (HCERA) affect the rehabilitation of defaulted FFELP loans?

**A.:** As a reminder, to rehabilitate a FFELP loan, a borrower must make nine, voluntary, on-time, full monthly payments to the guarantor or its contracted vendor during a period of 10 consecutive months. The guarantor will then assist a borrower in securing the purchase of each defaulted loan by an eligible lender. Once a FFELP loan is purchased, it is rehabilitated. The prior loan

holder has 30 days to request that the consumer reporting agency remove the default status from the borrower's credit history.

Because the rehabilitation involves the sale of an existing FFELP loan, and not the origination of a new loan, the HCERA provision that prohibits new FFELP loan originations after July 1, 2010, does not apply. So FFELP lenders and guarantors continue to play their traditional roles in this process.

### 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 [tgsic.custhelp.com](http://tgsic.custhelp.com).

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## News Briefs

Looking for ways to cut expenses? Information technology (IT) departments on various college campuses are introducing cost-cutting measures to help their institutions weather the recession. Putting forms online, switching out old pieces of equipment for better-running new ones, and negotiating maintenance fees are just a few changes schools like Saint Leo University in Florida are putting into effect. Learn more about [these IT cost-cutting strategies](#).

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