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### Smart Solutions

Budgeting is likely a new experience for most of your incoming freshmen. Give them some online help in matching income to expenses with [Adventures In Education's in-school budget worksheet](#).

## Industry Update

### Official FY 2009 CDRs to be released September 12

On August 30, 2011, ED issued an [electronic announcement](#) indicating that it plans to release official FY 2009 cohort default rates (CDRs) on September 12, 2011. As part of the notice, ED states that the CDRs and documentation will be sent to the individual school's Student Aid Internet Gateway (SAIG) mailbox provided the school is participating in the electronic CDR (eCDR) process. For a school not enrolled in the eCDR process, it may download its CDR and the documentation from

the National Student Loan Data System (NSLDS) via [the NSLDS Professional Access website](#).

### **To learn more**

For more information about the release of the FY 2009 official rates, schools may contact ED's Operations Performance Division by phone at (202) 377-4259, or send an email message to [fsa.schools.default.management@ed.gov](mailto:fsa.schools.default.management@ed.gov). Watch future editions of *Shoptalk* for more information about CDRs.

## **ED issues guidance on state authorization rules**

The [Program Integrity final rules](#) that were published on October 29, 2010, include a requirement for schools to demonstrate that they possess state authorization in order to participate in Title IV programs. Although these requirements became effective July 1, 2011, the [preamble](#) to the final rule (pp. 66833 and 66863) noted that a state may be unable to provide the appropriate state authorizations to its schools by that date. The final regulations provide that schools unable to obtain state authorization may receive a one-year extension of the effective date of the regulations to July 1, 2012, and if necessary, an additional one-year extension to July 1, 2013, to demonstrate compliance.

On August 22, 2011, ED issued guidance in an [electronic announcement](#) to clarify the documentation requirements of the one-year extension that schools must retain to be considered legally authorized by a state. Schools offering distance education through online learning or correspondence study are especially encouraged to review this guidance.

To receive an extension of the effective date to July 1, 2012, a school must obtain from the state a written explanation of how the one-year extension will permit the state to modify its procedures so that the school is able to comply with federal regulation §600.9. The written explanation may apply to multiple schools within that state or be specific to the school requesting a one-year extension. If the school subsequently needs an additional one-year extension to July 1, 2013, the school must obtain from the state a further written explanation of how this additional one-year extension will permit the state to modify its procedures so that the school can comply with the regulations. A delay in a school obtaining any necessary authorizations or approvals due to an increase in a state's workload associated with the new regulatory requirements would be an example of an acceptable basis for a one-year extension.

It is important to note that schools should not submit requests for extension or documentation of the one-year extensions to ED. Rather, schools should maintain documentation demonstrating that the school qualifies for each extension and be able to produce the state's written explanation for each extension upon request. ED

may request this information when a school is seeking certification or recertification, or if a question arises due to a complaint, program review, or audit.

### To learn more

For more information on the Program Integrity final rules, visit TG's [Program Integrity Final Rules Web page](#). For questions, please contact TG's Customer Assistance team at (800) 845-6267, or send an email message to [cust.assist@tgsllc.org](mailto:cust.assist@tgsllc.org).

## TG Report

### TG presents grant for outreach services to San Antonio nonprofit

On August 24, TG Board member Dora Ann Verde presented a ceremonial check to the San Antonio Education Partnership in recognition of a TG award to help fund the Partnership's mentoring and guidance program for first-generation, low-income students transitioning from high school to college. Verde, along with members of the San Antonio Education Partnership board of directors and San Antonio Mayor Julian Castro, were on hand at a special presentation benefitting the organization.

The San Antonio Education Partnership is one of 35 institutions and nonprofit organizations to receive a grant award from the TG Public Benefit Grant Program for 2011. The organization received \$229,910 for outreach services designed to promote enrollment and graduation rates among first-generation students. While the Partnership serves some 5,000 high school seniors directly and 30,000 students indirectly, TG funding will directly benefit 800 low-income, first-generation seniors.



TG Board member Dora Ann Verde (second from left) presents a ceremonial check for a TG grant to members of the San Antonio Education Partnership, and to San Antonio mayor Julian Castro (third from right).

### To learn more

Since 2005, TG has distributed more than \$27 million through its competitive grant program, which is one element of the company's philanthropic initiative. Visit [TG Online](#) to learn more about the [TG Public Benefit Grant Program](#). The TG Public Benefit Grant Program is administered based solely on merit and need, and without regard to the business of TG or any form of *quid pro quo* consideration.

## Entrance/exit counseling check-up: Make sure your school's counseling meets federal requirements

Now is the time to double-check that the entrance and exit counseling you provide to your students has all of the requisite components. Here's a short refresher course to help you in your review.

### Entrance counseling

Federal regulations require that first-time Stafford loan borrowers must complete entrance counseling at, or prior to, the time of the first disbursement of a loan. Counseling may be conducted by any of the following methods:

- In-person presentation
- Counseling materials provided directly to the borrower, including a separate written form that the borrower must sign and return to the school
- Online or by interactive electronic means, where the borrower acknowledges receipt of the information

The school must ensure that an individual with expertise in the Title IV programs is available to answer the borrower's questions shortly after entrance counseling has been conducted.

Entrance counseling must explain to the first-time Stafford loan borrower the following things:

- The use of the Stafford Master Promissory Note (Stafford MPN)
- The seriousness and importance of acquiring loan debt
- How interest accrues and is capitalized during periods when the interest is not paid by either the borrower or ED
- In the case of a Grad PLUS loan or unsubsidized Stafford loan, the fact that the borrower has the option to pay interest that accrues while the borrower is in school
- The effect of accepting the loan on the borrower's eligibility for other forms of student financial assistance
- The school's definition of half-time enrollment during both regular and summer terms and the consequences of not maintaining half-time enrollment
- The importance of contacting the appropriate school offices if the borrower withdraws prior to completing the program so that the school can provide required exit counseling that will include information on the borrower's repayment options and loan consolidation

- The name and contact information for the individual the borrower may contact if the borrower has any questions about the borrower's rights and responsibilities, or the terms and conditions of the loan
- The likely consequences of default
- The borrower's obligation to repay the loan even if the borrower doesn't complete or doesn't like his or her education
- A notice that includes all of the following information:
  - The maximum interest rate for a Stafford loan and the maximum interest rate for a Grad PLUS loan
  - Information regarding the periods when interest accrues on a Stafford loan and periods when interest accrues on a Grad PLUS loan
  - The point at which a Stafford loan enters repayment and the point at which a Grad PLUS loan enters repayment

Entrance counseling must also provide the borrower with sample monthly loan repayment amounts based on either:

- Several levels of student indebtedness
- The average indebtedness at the school or in the same program of study at the school

In addition to the required components listed above, a school may choose to include particular information in its entrance counseling sessions, such as:

- Other types of available financial aid
- The importance of budgeting and managing living expenses
- The terms and conditions of the loan
- The student's rights and responsibilities
- An overview of repayment, deferment, forbearance, cancellation options and conditions, loan consolidation, and refinancing options
- The school's policy on the frequency of annual loan limits
- The school's refund, withdrawal, and satisfactory academic progress (SAP) policies
- Information on the consequences of borrowing several education loans, and of delinquency and default

- An explanation of loan sales and the servicing of loans
- The importance of reading and retaining loan records
- The importance of communicating with the lender

### **Exit counseling**

Given that students who withdraw often do so in the first semester, it's a good idea that schools be prepared in terms of exit counseling materials and processes. A school must ensure that exit counseling is conducted shortly before any Stafford or Grad PLUS loan borrower ceases enrollment on at least a half-time basis.

The school or another party may conduct exit counseling in person, by audiovisual presentation, or by interactive electronic means. As with entrance counseling, an individual with expertise in the Title IV programs must be available to answer borrower questions shortly after exit counseling has been conducted.

If a borrower withdraws without the school's prior knowledge, or fails to complete the required exit counseling, the school must ensure that exit counseling was provided through interactive electronic means, or by mailing written materials to the borrower at his or her last known address. The school must provide exit counseling, either electronically or by mail, within 30 days after learning that the borrower withdrew from school or failed to complete the exit counseling as required.

Federal regulations require that exit counseling explain the same topics required in entrance counseling, plus the following:

- The average anticipated monthly repayment amount based on the borrower's indebtedness, or based on the average indebtedness at the school or in the same program of study at the school
- The availability of various repayment options, including the standard, graduated, income-sensitive, Income-Based, and extended repayment terms, as well as consolidation
- Debt-management strategies
- An explanation of the borrower's options to prepay each loan, pay each loan on a shorter schedule, and change repayment plans
- The conditions for the deferment, forbearance, and discharge of a Stafford loan
- The effects of obtaining a Consolidation loan
- A general description of the types of tax benefits that may be available to the borrower

- The availability of ED's Student Loan Ombudsman's office
- The availability of the National Student Loan Data System (NSLDS) for information about a student's federal student aid awards

In exit counseling, borrowers must also provide information, which the school gathers and then provides to the guarantor within 60 days of receipt. This information includes:

- The borrower's current name, address, Social Security Number, references, and driver's license number (including state of issuance)
- The name and address of the borrower's next of kin
- The borrower's expected permanent address (if known)
- The name and address of the borrower's expected employer (if known)

### **To learn more**

By whatever means your school offers entrance and exit counseling, ensure that it meets standards set by ED. The *Federal Student Aid Handbook* lists many of these specifications. The *Common Manual* includes them in various sections, including 4.4.C and 4.4.D, which are titled "Entrance Counseling" and "Exit Counseling."

For questions about entrance and exit counseling, contact TG Customer Assistance at (800) 845-6267, or send an email message to [cust.assist@tgslc.org](mailto:cust.assist@tgslc.org).

## **TG and Council offer online modules to supplement your entrance/exit counseling**

TG and the Council for Student Financial Success in Higher Education (Council) have assembled a series of presentations and handouts, which can enhance the loan repayment information you offer students. These materials serve both FFELP and FDLP borrowers, providing guidance on borrower responsibilities, repayment plans and options, the consequences of default, and much more.

TG and the Council developed the curriculum to help postsecondary institutions train their staffs, who can, in turn, help borrowers manage their student loan debt. These presentations deliver a consistent message to students — that repayment is an obligation, that repayment plans are flexible and designed to meet borrower needs, and that help is available if necessary.

The entrance and exit counseling materials, titled "[Creating Consistency in Educational Finance: A Training Curriculum](#)," are available through *TG Online*.

## More information

For questions about loan entrance or exit counseling, contact TG Customer Assistance at (800) 845-6267, or send an email message to [cust.assist@tgslc.org](mailto:cust.assist@tgslc.org).

## TG closed for Labor Day

TG will be closed Monday, September 5, in observance of the Labor Day holiday. TG will resume normal business hours of operation on Tuesday, September 6.

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## News Briefs

What are the cultural touchstones that help shape the outlook of this semester's incoming freshmen? The *Beloit College Mindset List for the Class of 2015* offers an idea, reminding us how change for one generation is a given for the next. Remember the dials on television sets? Your freshmen don't. Electric cars have always been humming on highways for these students. Ferris Bueller could be their father. Andy Warhol has always been dead. Say "Amazon" and today's freshmen think company, not river. There was never a time when women weren't represented on the U.S. Supreme Court. The Communist Party has always been outlawed in Russia. Red wine, in moderate quantities, has always been recommended as one way to help prevent heart attacks. Read the [complete list](#).

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