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## TG updates

### TG co-sponsors chat on avoiding student loan default

Borrowers wanting to delay student loan payments due to economic hardship or other reasons will benefit from an upcoming live chat on [mapping-your-future.org](http://mapping-your-future.org), a public service Web site sponsored by TG and other FFELP participants. The chat is scheduled for 2 p.m. CDT on Tuesday, August 10.

Experts in default prevention will be on hand to offer practical information and answer borrower questions. Topics will include deferment and forbearance, alternative repayment plans, and loan consolidation.

Anyone with Internet access can join by visiting [mapping-your-future.org](http://mapping-your-future.org) on the afternoon of the chat and selecting the chat session. Simple instructions will explain how to join the event.

In the mean time, students and parents can pre-register and choose to have a reminder sent to them a few days before the event.

## Federal updates

### ED releases warning about student aid fraud

Last week, ED issued an electronic announcement on the Information for Financial Aid Professionals (IFAP) Web site regarding a financial aid scam that is being perpetrated against students.

In the scam, an individual who claims to be a representative of ED calls a student, tells the student he understands that the student has federal student loans, and offers to replace the loans with an \$8,000 grant. The caller tells the student that in order to carry out this process, the caller must charge the student a processing fee, and requests the student's checking account information.

The announcement recommends that schools disseminate information about this scam and its illegitimacy to their students, and provides advice that victims should follow should they find themselves taken advantage of by this or any other scam.

### **More information**

To access this announcement, go to the IFAP Web site at [www.ifap.ed.gov/eannouncements/0713FinAidFraud.html](http://www.ifap.ed.gov/eannouncements/0713FinAidFraud.html).

## **Trends and issues**

### **Topsy-turvy terminology**

The terms "loan application" and "promissory note" seem to go together like peanut butter and jelly. And while in some cases, they do, in others, they don't. We'll explain what that means in this article.

First, let's define what each of these terms means. A "loan application" is just what it sounds like: a borrower's application for a loan. A "promissory note," on the other hand, is a legally binding agreement that the borrower signs as his or her promise to repay the loan.

In a couple of cases, both of these elements — the borrower's application for the loan and the borrower's promise to repay the loan — are captured on the same document. This is the case with the Federal PLUS Loan Application and Master Promissory Note and the Federal Consolidation Loan Application and Promissory Note.

In a couple of other cases, though, the loan application and promissory note processes are separate. This is the situation with both types of federal *student* loans: Stafford and Perkins. With these two loans, the Free Application for Federal Student Aid (FAFSA) is actually the student's loan application. If the school awards the student a Stafford or Perkins loan, the student subsequently completes a separate promissory note (the Federal Stafford Loan Master Promissory Note or the Federal Perkins Loan Master Promissory Note, as applicable).

### **More information**

See subsection 2.2.A of the 2004 *Electronic Common Manual* (ECM) for an overview of the Stafford and PLUS loan processes, and subsection 14.3.B of the ECM for an overview of the Consolidation loan process. The ECM is available for download at [www.tgslc.org/resources/integrated\\_online\\_manual.cfm](http://www.tgslc.org/resources/integrated_online_manual.cfm).

For information on the Perkins Loan Program, see volume 5, chapter 3 of the 2003-2004 *Federal Student Aid Handbook*, available for download at [www.tgslc.org/resources/fsa\\_handbook.cfm](http://www.tgslc.org/resources/fsa_handbook.cfm).

## **This, that, and the other**

Interesting information on the nation's schools is just a click away.

Vital statistics on all kinds of schools — including public and private elementary, secondary, and postsecondary institutions — are accessible using a simple search tool on the National Center for Education Statistics (NCES) Web site. Go to <http://nces.ed.gov/globallocator/> to get started.

Profiles for postsecondary institutions include information on tuition, other costs, and financial aid from the Integrated Postsecondary Education Data System (IPEDS).

*School Fact Sheets* from TG are another valuable source of information on Texas institutions of higher education. Access them on *TG Online* at [www.tgslc.org/schlfs/index.cfm](http://www.tgslc.org/schlfs/index.cfm).



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

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