

Glossary of Terms

Lender	The organization that made the loan initially; the lender could be the borrower's school; a bank, credit union, or other lending institution; or the U.S. Department of Education.
Loan Servicer	A company that collects payments, responds to customer service inquiries, and performs other administrative tasks associated with maintaining a federal student loan on behalf of a lender.
Promissory Note	A binding legal document that you must sign when you get a student loan. It lists the terms and conditions under which you agree to repay the loan and explains your rights and responsibilities as a borrower.
Grace Period	A period of time after borrowers graduate, leave school, or drop below half-time enrollment where they are not required to make payments on certain student loans. Some loans will accrue interest during the grace period.
Interest Rate	The percentage at which interest is calculated on your loan(s).
Deferment	A postponement of payments on a loan that is allowed under certain conditions and during which interest does not accrue.
Forbearance	A period during which your monthly loan payments are temporarily suspended or reduced. Your lender may grant you a forbearance if you are willing but unable to make loan payments due to certain types of financial hardships. During forbearance, principal payments are postponed but interest continues to accrue.
Loan Cancellation	You are no longer expected to repay your loan due to total disability, death, and in some cases bankruptcy.
Delinquent	A loan is delinquent when loan payments are not received by the due dates. A loan remains delinquent until the borrower makes up the missed payment(s) through payment, deferment, or forbearance.
Default	Failure to repay a loan according to the terms agreed to in the promissory note.
Satisfactory Academic Progress	A school's standards for satisfactory academic progress toward a degree or certificate offered by that institution.
Enrollment Status	Reported by the school the student attended, indicates whether the student is (or was) full-time, three-quarter time, half-time, less than half-time, withdrawn, graduated, etc.