

Interest - A loan expense charged for the use of borrowed money. Interest is paid by a borrower to a lender. The expense is calculated as a percentage of the unpaid principal amount of the loan.

Interest Rate - The percentage at which interest is calculated on your loan(s).

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 Holder - The entity that holds the loan promissory note and has the right to collect from the borrower.

Master Promissory Note (MPN) - A binding legal document that you must sign when you get a federal student loan. The MPN can be used to make one or more loans for one or more academic years (up to 10 years). It lists the terms and conditions under which you agree to repay the loan and explains your rights and responsibilities as a borrower. It's important to read and save your MPN because you'll need to refer to it later when you begin repaying your loan or at other times when you need information about provisions of the loan, such as deferments or forbearances.

National Student Loan Data System (NSLDS) - A centralized database, available at www.nsls.ed.gov, which stores information on federal grants and loans. NSLDS contains information on how much aid you've received, your enrollment status, and your loan servicer(s). You can access NSLDS using your Federal Student Aid ID (FSA ID).

Net Price - An estimate of the actual cost that a student and his family need to pay in a given year to cover education expenses for the student to attend a particular school. Net price is determined by taking the institution's cost of attendance and subtracting any grants and scholarships for which the student may be eligible.

PLUS Loan - A loan available to graduate students and parents of dependent undergraduate students for which the borrower is fully responsible for paying the interest regardless of the loan status.

Satisfactory Academic Progress - A school's standards for satisfactory academic progress toward a degree or certificate offered by that institution. Check with your school to find out its standards.

Subsidized Loan - A

loan based on financial need for which the federal government pays the interest that accrues while the borrower is in an in-school, grace, or deferment status. For Direct Subsidized Loans first disbursed between July 1, 2012, and July 1, 2014, the borrower will be responsible for paying any interest that accrues during the grace period. If the interest is not paid during the grace period, the interest will be added to the loan's principal balance.

Unsubsidized Loan - A loan for which the borrower is fully responsible for paying the interest regardless of the loan status. Interest on unsubsidized loans accrues from the date of disbursement and continues throughout the life of the loan.

For a complete glossary of terms, visit
<http://studentaid.ed.gov/glossary>.

