

TERMS

<https://studentloans.gov/myDirectLoan/glossary.action>

- **Default**

Failure to repay a loan according to the terms agreed to. For the FFEL and Direct Loan programs, your loan is in default if you fail to make a payment for 270 days, if you repay monthly (or 330 days, if your payments are due less frequently). Your lender is required to report the default to at least one national credit bureau.
- **Deferment**

Allows you to temporarily stop making payments on your federal student loans. You are not charged interest on subsidized loans during deferment. Interest will continue to be charged on your unsubsidized loans and PLUS loans.
- **Delinquency**

You become delinquent on a loan if you don't make a payment when due. Your lender is required to report the delinquency to at least one national credit bureau.
- The cost of attendance minus your expected family contribution.
- **Forbearance**

Allows you to temporarily stop making payments or reduce your federal student loans' monthly payment. Interest will continue to be charged on your subsidized, unsubsidized and PLUS loans.
- **Grace Period**

A period of time that generally begins on the day after a borrower graduates, leaves school, or drops below half-time enrollment and ends on the day before the repayment period begins. A borrower is not required to make payments during the grace period. Grace periods occur for:

 - subsidized and unsubsidized loans made under the Direct Loan and FFEL programs (six-month grace period); and
 - loans made under the Perkins loan program (generally nine-month grace period).
- **Holder/Loan Holder**

An entity that holds your loan promissory note and has the right to collect from you. Many banks sell loans, so the initial lender and the current holder could be different. The holder(s) of your Direct Loans is the U.S. Department of Education (the Department). The holder of your FFEL Program loan(s) may be a lender, secondary market, guaranty agency, or the Department. Your loan holder(s) may use a servicer to handle billing, payment, repayment options, and other communications on your loans.
- **Income-Based Repayment Plan (IBR)**

IBR is a repayment plan with monthly payments that are limited to 15 percent of your discretionary income. Discretionary income for this plan is the difference between your adjusted gross income and 150 percent of the poverty guideline amount for your state of residence and family size, divided by 12. To initially qualify for IBR and to continue making income-based payments under this plan, you must have a partial financial hardship (see definition).

- **Satisfactory Repayment Arrangement**

Agreement between the debtor and the account holder detailing the terms of repayment.

- **Student Loan Debt Burden**

Student loan debt burden is the portion of a student's monthly income dedicated to their student loan payments. The Consumer Financial Protection Bureau (CFPB) has the following categories for student loan debt burden:

- Low: Monthly payment less than 8% of monthly income
- Medium: Monthly payment between 8% and 14% of monthly income
- High: Monthly payment greater than 14% of monthly income

- **Subsidized Loan**

A federal student loan for which in some cases, a borrower is not responsible for paying the interest while in an in-school, grace*, or deferment period. Includes Direct Subsidized Loans (made through the William D. Ford Federal Direct Loan Program) and Subsidized Federal Stafford Loans (made through the Federal Family Education Loan (FFEL) Program**.)

* Interest will be charged during your grace period, if your loan is first disbursed July 1, 2012 through June 30, 2014.

** The FFEL Program ended July 1, 2010 and no new loans have been made.

- **Taxable Income**

- All income you are receiving this year (i.e., income from employment, unemployment income, dividend income, interest income, tips, or alimony). Does not include untaxed income such as Supplemental Security Income, child support, or federal or state public assistance.

- **Unsubsidized Loan**

A federal student loan for which the borrower is fully responsible for paying the interest regardless of the loan status. Includes Direct Unsubsidized Loans (made through the William D. Ford Federal Direct Loan Program) and Unsubsidized Federal Stafford Loans (made through the Federal Family Education Loan (FFEL) Program*.)

* The FFEL Program ended July 1, 2010 and no new loans have been made since that date.