



# EdFed

Federal Lender Code 834241

America's Top Student Loan Consolidator

175 South Lake Ave, Suite 200, Pasadena, California 91101

Tel: (800) 821.5659

Fax: (213) 895.7306

[www.Edfed.com](http://www.Edfed.com)

## Help! I Don't Know What I've Borrowed!

Has this happened to you? Were you so desperately in need of money to pay for college tuition, books, and room and board that you signed anything that was put in front of you? You're not alone. Students enter college without much training from their high schools on the subject of borrowing or even on financial aid basics. Recent studies have found that "to most high school students, college financial aid is 'the most complicated black box in the world.'"<sup>1</sup> It's no surprise, then, that entering freshman simply sign promissory notes and understand little about what they are undertaking.

EdFed is well aware of the lack of information made available to students, and thus has compiled some information on financial aid and student loans, along with some tips on locating student loan information.

### **First, Some Terms You Need to Know<sup>2</sup>**

**Accrued Interest:** Unpaid interest that collects on the principal balance of a loan.

**Amortization:** Repayment of a loan in a series of installments over a period of time; for example, monthly payments of principal and interest for the term of the loan.

**Cost of Attendance:** The total cost associated with attending college. It includes tuition fees, books, room and board, supplies, transportation, and other personal expenses. A student's residency or marital status also helps to determine the cost of attendance.

**Credit-Based:** Implies that a lender takes into consideration a potential borrower's credit prior to lending. Private loans and private consolidations are credit-based.

**Current Balance:** The amount that a borrower owes on his or her loans at a specific point in time. This includes principal and interest amounts.

**Default:** Status for loans that are not repaid in accordance with the repayment terms on the promissory note.

**Deferment:** The postponement of loan payments for a given period of time.

*continued on back*



# EdFed

Federal Lender Code 834241

America's Top Student Loan Consolidator

175 South Lake Ave, Suite 200, Pasadena, California 91101

Tel: (800) 821.5659

Fax: (213) 895.7306

[www.Edfed.com](http://www.Edfed.com)

**Delinquency:** A loan that is 30 to 60 days past due with no payments being made. This can result in default.

**Disbursement:** The payment of funds, in this case to a school, on behalf of a student to pay for education expenses.

**Disclosure Statement:** A statement of the total cost of your loan, which includes the principal as well as the interest.

**Expected Family Contribution:** The amount of money your family is expected to contribute to your college education for one year. It is not just your parents' contribution; you and your parents share the responsibility of paying for college.

**FAFSA:** The official application students must use to apply for federal aid.

**Federal Financial Aid:** All federal aid, including scholarships, grants, loans, and work-study payments, given to students to meet their cost of education and living expenses.

**Federal Student Loan Consolidation:** Merges multiple federal student loans into one, easy-to-manage loan at a fixed interest rate.

**Fixed Interest Rate:** An interest rate the borrower locks into at the origination of the loan – that is, one which does not change during the term of the loan.

**Forbearance:** Allows borrowers to temporarily suspend payments or make a reduced payment due to inability to make monthly payments. Interest continues to accrue during any period of forbearance.

**Forgiveness Programs:** Also known as student loan repayment programs, these programs relieve students and graduates from a portion or all of their student loans in exchange for working for a specified period of time. Forgiveness programs can be provided by the federal government, state government, military, and various other organizations and agencies across the country.

**Grace Period:** A specified period of time after a student leaves school or drops below half-time status during which he or she is not required to make payments on either principle or interest. The grace period is typically six to nine months, depending on the type of loan.

*continued*



# EdFed

Federal Lender Code 834241

America's Top Student Loan Consolidator

175 South Lake Ave, Suite 200, Pasadena, California 91101

Tel: (800) 821.5659

Fax: (213) 895.7306

[www.Edfed.com](http://www.Edfed.com)

**Interest Rate:** The percentage of the principal which must be paid annually by a borrower for its use.

**Maturity Date:** The date at which a loan reaches its maximum-payment period. At this time the loan must be paid in full.

**Private Loan Consolidation:** A process that merges multiple loans into a single loan, frequently with a lower monthly payment and a longer payback period. This allows for a single, monthly bill that is paid to just one lender.

**Promissory Note:** A legally binding contract between a lender and a borrower. The promissory note contains the terms and conditions of a loan.

**Repayment:** The loan status that requires borrowers to make monthly payments on the loan.

**Subsidized Loan:** A type of loan that allows the borrower to avoid accruing interest while in school, in their grace period, or in deferment due to the government paying the interest that accrues during these periods. Subsidized loans are need-based.

**Unsubsidized Loan:** A type of loan in which the borrower accrues interest throughout the life of a loan. With unsubsidized loans, the borrower is fully responsible for paying all of the interest that accumulates.

**Variable Interest Rate:** An interest rate based on an index, such as the prime rate.

**Work-Study Program:** A financial aid program in which students work while they attend school.

## **Where to Find Your Student Loan Information**

The best way to find your loan information is to keep every piece of paper sent to you by your lenders. But, of course, not everyone diligently maintains a filing system. Nonetheless, there are a couple of sources where you can find your loan information.

Locating federal student loan information is fairly easy. Federal student loan information is compiled in the National Student Loan Data System (NSLDS). In order to access this system, borrowers will need to enter some personal identifying information. Among this information is

*continued on back*



# EdFed

Federal Lender Code 834241

America's Top Student Loan Consolidator

175 South Lake Ave, Suite 200, Pasadena, California 91101

Tel: (800) 821.5659

Fax: (213) 895.7306

[www.Edfed.com](http://www.Edfed.com)

a personal PIN number. If you do not know what your PIN number is, you can request it via the [Federal Student Aid PIN website](#).

Once you log into NSLDS, you will be able to view the number of loans you borrowed, the types of loans you borrowed, the loan amounts borrowed, the date of the loans, as well as any outstanding principal and interest. Each loan also includes the corresponding lender and interest rate.

Finding your private student loan information is not quite as simple. There is no unified system listing all private student loans borrowed. However, because private student loans are credit-based, the information is listed on credit reports.

Accessing your credit reports from all three credit bureaus, Equifax, Transunion, and Experian, is free and relatively easy. You can request your credit reports [online](#) or [by submitting a form](#). The Fair Credit Reporting Act<sup>3</sup> requires the three credit bureaus to provide consumers with a copy of their reports for free every 12 months.

Once you have a copy of your credit report(s), then you can find your student loans and the lending institution. Contacting the lending institution for a recent statement is the best way to ensure that you have updated information on your private student loans.

---

<sup>1</sup> Source: [www.insidehighered.com/news/2008/01/31/poll](http://www.insidehighered.com/news/2008/01/31/poll)

<sup>2</sup> For a complete list of financial aid and student loan terms: [www.edfed.com/resources/glossary-terms.php](http://www.edfed.com/resources/glossary-terms.php)

<sup>3</sup> For more information: [en.wikipedia.org/wiki/Fair\\_Credit\\_Reporting\\_Act](http://en.wikipedia.org/wiki/Fair_Credit_Reporting_Act)