

# Glossary of Private Student Loan Terms

*A reference guide explaining key terms related to private student loans.*

<b>Annual Percentage Rate (APR)</b>	The total yearly cost of borrowing, including interest and fees, expressed as a percentage.
<b>Borrower</b>	The individual who takes out a private student loan and is legally responsible for repayment.
<b>Capitalization</b>	The process of adding unpaid interest to the loan principal, increasing the total balance owed.
<b>Co-signer</b>	A person who agrees to share legal responsibility for loan repayment if the borrower cannot make payments.
<b>Credit Score</b>	A numerical measure of a person's creditworthiness, used by private lenders to determine loan eligibility and interest rates.
<b>Default</b>	Failure to make required loan payments as agreed, which can lead to severe credit and legal consequences.
<b>Deferment</b>	A period when loan payments are temporarily postponed, though interest often continues to accrue.
<b>Disbursement</b>	The release of loan funds to the borrower or school to pay for educational expenses.
<b>Fixed Interest Rate</b>	An interest rate that stays the same for the life of the loan.
<b>Forbearance</b>	A temporary reduction or suspension of payments granted by the lender, often due to financial hardship.
<b>Grace Period</b>	The time (usually 6 months) after graduation or leaving school before loan repayment begins.
<b>Interest Rate</b>	The percentage charged by the lender on the amount borrowed, either fixed or variable.
<b>Lender</b>	A financial institution, credit union, or private company that provides student loans.
<b>Loan Servicer</b>	The company that manages billing, payments, and communication for the loan.

<b>Origination Fee</b>	A fee charged by some lenders when processing a new loan, usually deducted from the total disbursement.
<b>Principal</b>	The original amount borrowed before interest is added.
<b>Private Student Loan</b>	A non-federal education loan offered by a private lender, based on credit and income, not financial need.
<b>Refinancing</b>	Replacing one or more existing loans with a new loan, usually to secure a lower interest rate or better terms.
<b>Repayment Term</b>	The length of time the borrower has to repay the loan, often between 5 and 20 years.
<b>Variable Interest Rate</b>	An interest rate that changes periodically based on market conditions or an index.

Prepared to help borrowers understand key terminology and make informed decisions about private student loans.