Glossary of Terms

Alternative Loans – A private bank loan for educational excesses, usually requiring a credit-worthy co-signer.

Bankruptcy – When a person is declared bankrupt, he is found to be legally insolvent and his property is either distributed or administered to satisfy the interests of his creditors. Federal student loans, however, cannot normally be discharged through bankruptcy.

Capitalization – The practice of adding unpaid interest charges to the principal balance of an educational loan, thereby increasing the size of the loan. Interest is then charged on the new balance, including both the unpaid principal and the accrued interest. Capitalizing the interest increases the monthly payment and the amount of money you will eventually have to repay.

Collection Agency – A company often hired by the lender or guarantee agency to recover defaulted loans.

Cosigner – A cosigner on a loan assumes responsibility for the loan if the borrower should fail to repay it.

Default – A loan is in default when the borrower fails to pay several regular installments on time (i.e., payments overdue by 180 days) or otherwise fails to meet the terms and conditions of the loan. This may result in garnished wages, withheld tax refunds, and ineligibility for future federal aid.

Deferment – Occurs when a borrower is allowed to postpone repaying the loan. If you have an unsubsidized loan, you are responsible for the interest that accrues during the deferment periods. Most federal loan programs allow student to defer their loans while they are in school at least half time. You can't defer your loan if it is already in default.

Delinquent – If the borrower fails to make a payment on time, the borrower is considered delinquent and late fees may be charged. If the borrower misses several payments, the loan goes into default.

Disclosure Statement – Provides the borrower with information about the actual cost of the loan, including the interest rate, origination, insurance, loan fees and any other types of finance charges.

Forbearance – During forbearance the lender allows the borrower to temporarily postpone repaying the principal, but the interest charges continue to accrue, even on subsidized loans. These are generally granted at the lender's discretion, most often in cases of extreme financial hardship or unusual circumstances.

Grace Period – A short time period after graduation during which the borrower is not required to begin repaying his/her student loans. The grace period may also begin if the borrower leaves school for a reason other than graduation or drops below half-time enrollment. [Stafford=6mo / Perkins=9mo / PLUS=no grace period]

Glossary of Terms

Interest – Amount of money charged to the borrower for the privilege of using the lender's money. Interest is calculated as a percentage of the principal balance of the loan.

Income Contingent Repayment – Under an income contingent repayment schedule, the size of the monthly payments depends on the income earned by the borrower. As the borrower's income increases, so do the payments, the income contingent repayment plan is not available for PLUS Loans.

Loan Interviews (Entrance / Exit) -- Students with educational loans are required to meet with a financial aid administrator before they receive their first loan disbursement and again before they graduate or otherwise leave school.

Promissory Note – The binding legal document that must be signed by the student borrower before the funds are disbursed by the lender.

Repayment Schedule – The repayment schedule discloses the monthly payment, interest rate, total repayment obligation, payment due dates and the term of the loan.

Repayment Term – The term of a loan is the period during which the borrower is required to make payments on his or her loans. When the payments are made monthly, the term is usually given as a number of payments or years.

Servicer – An organization that collects payments on a loan and performs other administrative tasks associated with maintaining a loan portfolio. Loan servicers disburse loan funds, monitor loans while the borrowers are in school, collect payments, process deferments and forbearances, respond to borrower inquiries and ensure that the loans are administered in compliance with federal regulations and guarantee agency requirements.

Term – The number of years (or months) during which the loan is to be repaid.

Unsecured Loan – A loan not backed by collateral, representing a greater risk to the lender. The lender may require a co-signer on the loan to reduce their risk. Most educational loans are unsecured loans. In the case of federal student loans, the federal government guarantees repayment of the loans. Other examples of unsecured loans include credit card charges and personal lines of credit.

Unsubsidized Loan – A loan for which the government does not pay the interest. The borrower is responsible for the interest on an unsubsidized loan from the date the loan is disbursed, even while the student is still in school.

Variable Interest – In a variable interest loan, the interest rate changes periodically. For example, the interest rate might be pegged to the most current cost of US Treasury Bills and be updated monthly, quarterly, semi-annually or annually.

Juilliard

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Student Loan Resources and Information

The Juilliard School
Financial Aid Office
60 Lincoln Center Plaza
New York, NY 10023
212-799-5000 ext. 211
financialaid@juilliard.edu

Juilliard Loan Resources and Information

Do Your Homework

As you consider various resources to cover your educational expenses, keep in mind that you can minimize your debt by seeking outside grants. A list of scholarship sites that may help you in your search is available at the Financial Aid Office. Borrowing from a private lender should be your last option for financing educational costs. Since private loans carry interest rates that are generally higher than federal loans, it is best to exhaust all forms of federal loans before considering a private loan. Private lenders approve students based on credit worthiness therefore most students will need to obtain a co-signer.

If you choose to borrow from a private lender, do your homework first!

Comparative websites are available to assist you with selecting a lender. There are various items to consider as you select a lender. You may want to ensure your interest rate is favorable and the loan fee is reasonable. Review your repayment options along with the co-signer release option and always keep customer service in mind. Two of the many comparative websites available to assist you in making an informed decision are www.simpletuition.com and www.studentloanlistings.com.

Student Borrowing Do's and Don'ts

DO: Review your college budget carefully to ensure that you borrow only as much as you need.

DO: Take advantage of your federal loan eligibility first, as the terms and repayment options are usually better than those offered by non-federal (alternative/private) loan programs.

DO: Think about using our convenient monthly payment plan. Contact our Business Office at: 212-799-5000 Ext. 231 for information.

DO: Consider a parent Federal PLUS (for dependent undergraduate students) or Federal GradPLUS (available for graduate students) BEFORE taking an alternative loan.

DO: Read our informational brochures about student loans before borrowing.

DON'T: Borrow any alternative or private loans without consulting

Manage Your Federal Loans

We've provided a few links to assist you manage your federal loans. To manage your private loans online please visit your lender's website.

- The Direct Loan Servicing Center allows you to manage all of your Direct Stafford loans online. www.dlssonline.com
- NSLDS is a federal database that provides information on all of your federal loans. www.nslds.ed.gov
- Campus Partners services Juilliard's Perkins loans. https://mycampusloan.com/
- FinAid.org is a comprehensive guide to the federal student aid programs. www.finaid.org

As always, our office is available to assist you with your questions. You may contact us at financialaid@juilliard.edu or at 212-799-5000 ext. 211.