

## LifeSmarts U Personal Finance Content Vocabulary

### Financial Aid—Funding Post-Secondary Education

Financial Aid— Decoding a Promissory Note	
APR	Annual Percentage Rate; the cost of credit for one year expressed as a percentage
COA	Cost of Attendance; tuition and fees, room and board, allowances for books and supplies, transportation, and personal and incidental expenses are included
capitalization	Adding unpaid, outstanding interest to the principal balance of a loan when the borrower postpones paying interest
cosigner	A person who agrees to repay the loan in the event the primary borrower does not; a cosigner is considered a co-borrower and is equally responsible for repayment of the loan
credit check	A written report issued by a credit bureau that contains relevant information about a person's creditworthiness
creditworthy	A lender's determination that a credit applicant is likely to repay the loan according to the terms
default	Failure to make payments or to meet the terms and conditions of the loan's promissory note
deferment	A time when a borrower is not required to make any payments. Interest continues to accrue and will be added to the principal balance
disbursement	The delivery of loan funds to the school or the borrower. Loan disbursements are generally credited to the student's account at the school
fixed interest rate	An interest rate that remains the same for the life of the loan
forbearance	A temporary postponement of payments
grace period	A period of time when the student is not required to make student loan payments, usually for six or nine months after graduation, but also when dropping below half-time status or withdrawing from school
in-school payments	Fixed or interest-only payment made while enrolled in school
privacy	The ability to control the information that is shared about you
principal	The original amount of money disbursed plus the interest capitalized during the life of the loan
promise to pay (promissory note)	A legally binding agreement the borrower (and cosigner) sign, in which there is a promise to repay a loan, with interest, in periodic installments
term/repayment period	The amount of time the borrower is scheduled to repay the principal balance and interest on a loan
variable interest rate	An interest rate that may change periodically throughout the life of the loan