

## Glossary of Terms

Academic Year: A period of at least 30 weeks of instructional time that begins on the first day of classes and ends on the last day of classes or examinations. During this time a full-time student is expected to complete at least 24 semester hours, 36 quarter hours or 900 clock hours.

Acceptance Form-Written acknowledgment by the student of receipt of the award letter. The form usually provides for acceptance of offered aid, possible declination of all or part of the package, and some means of requesting an appeal, if that is desired to modify the award.

Adjusted Gross Income (AGI): All taxable income. Found on the U.S. Tax return.

Award Year: The award year begins on July 1 of one year, and extends to June 30 of the next year. Funding for the Federal Pell Grant and campus-based programs are provided on the basis of a Federal financial aid award year.

Campus-Based Programs: The Federal Supplemental Educational Opportunity Grant and the Federal Work Study along with several state grant programs are considered “campus-based” because the funds are administered directly by the college’s financial aid office which awards these funds to student using federal guidelines. These funds are limited in availability, so meeting deadlines for financial aid is highly recommended.

Capitalization: Adding unpaid accrued interest charges to the principal balance of a loan, thereby increasing the loan's principal balance. Capitalization also increases the amount of the monthly payments and the total amount repaid over the life of the loan. Borrowers can choose to pay the interest as it accrues, rather than having it capitalized.

Citizen/Eligible Non-Citizen: Students must be one of the following to received federal student aid:

- U.S. Citizen
- U.S. National (includes natives of American Samoa or Swain’s Island)
- U.S. Permanent resident who has an 1-151, 1-551C (Alien Registration Receipt Card)

Cost of Education or Cost of Attendance (COA): The total estimated amount it will cost a student to go to school for the academic year. COA includes tuition and fees, room and board (or housing and food for off-campus students), and allowances for books, supplies, transportation, child care, and miscellaneous expenses. The financial aid administrator at the school can increase the COA to allow for certain unusual expenses, such as medical expenses, child care costs, etc., if the situation warrants. Documentation of these unusual expenses is usually required.

Co-Signer: A second credit-worthy party who is required to sign a promissory note for a loans with a borrower. This party guarantees the loan will be repaid if the borrower defaults.

Data Retrieval Tool (DRT) - Allows students and parents who filed a U.S. tax return with the Internal Revenue Service (IRS) to access the IRS tax return information needed to complete the Free Application of Federal Student Aid (FAFSA) form and to transfer the data directly into their FAFSA form.

- It is the easiest way to provide your tax return information,
- It's the best way of ensuring that your FAFSA form has accurate tax information, and
- You won't need to provide a copy of your or your parents' tax returns to your college for verification.

Deferment: A period of time during repayment in which the borrower, upon meeting certain conditions, is not required to make payments on the principal of a guaranteed student loan. The interest payments on Subsidized loan(s) are made by the federal government during these authorized periods. The borrower is responsible for the interest payments on Unsubsidized loan(s) and PLUS loan(s). Borrowers must contact their federal servicer regarding eligibility.

Delinquent: To be overdue on one or more payments on a loan.

Dependent Student: A student who must use parental information on the Free Application for Federal Student Aid (FAFSA) based on dependency criteria, established by the funding source. A student who does not qualify as an independent student (See Independent Student)

Disbursement: The process by which financial aid funds are made available to students for use in meeting education and related living expenses.

Enrollment Status : At those institutions using semesters, trimesters, quarter or other academic terms and measuring progress by credit hours, enrollment status equals a student's credit hour workload categorized as either full-time, three quarter-time, half-time or less than half time.

Entrance Counseling: Conducted before release of the first disbursement of the first Federal Stafford Loan made to the borrower. The counseling is done in person or on line.

Exit Counseling: Conducted to advise the student of loan repayment information before he/she enters repayment. The counseling is done in person or on line.

Expected Family Contribution (EFC): The amount the student's family is expected to contribute towards the cost of attendance, for the purpose of the Student Financial Aid programs. The EFC is printed on the front on the Student Aid Report (SAR).

FAFSA ID-Username and password that allows access to Federal Student Aid's online system(s) and serves as your legal signature for the FAFSA as well as Master Promissory Note(s).

Federal Direct Loan (Subsidized and Unsubsidized): Funds come directly to the college from the federal government, eliminating the bank credit union or other lenders. Some aspects of the application may be different.

Federal Pell Grant: Are awarded to undergraduate students based on financial need as demonstrated on the FAFSA.

Federal PLUS Loan-Federal Parent Loan for Undergraduate Students: Parents borrower to help pay for their children's education.

Federal Supplemental Educational Opportunity Grants (SEOG): One of the campus-based programs; grants to undergraduate students of exceptional financial need who have not completed their first

baccalaureate degree and who are financially in need of this grant to enable them to pursue their education. Priority for SEOG award must be given to Pell Grant recipients.

Federal Work-Study: Provides part-time employment to students attending institutions of higher education who need the earnings to help pay the cost of the postsecondary education. FWS gives students an opportunity to earn money to help pay educational expenses.

Financial Aid Package: The total amount of financial aid that a school awards a student. Grants, work-study funds and loans are combined to help meet the student's financial/educational needs. Some aid programs have limited funds, so applying early is important.

Financial Need: The difference between the student's cost of attendance and the expected family contribution.

Forbearance: A period of time during which a borrower, who is willing but unable to make payments and who does not qualify for a deferment, is permitted to temporarily cease making payments or reduce the amount of payments. Some forbearances are entitlements for eligible borrowers, while others are granted at the discretion of the lender/servicer. The borrower is always responsible for repayment of accrued interest charges.

Free Application for Federal Student Aid FAFSA: The Free Application for Federal Student Aid is the application students use to apply for grants, work-study funds and loans. Schools may have additional forms for applicants to complete. Never pay anyone to help complete the FAFSA.

Full-time Student: An enrolled student who is carrying a full-time academic work load as determined by the institution, in general equalizing or exceeding the following minimum requirements (a) twelve semester hours or twelve quarter hours per academic year; or (b) 24 scheduled clock hours per week (consecutive 7 day period containing at least 1 day of regularly scheduled instruction or examination) and 26 weeks of instructional time per week for institutions which utilize close hours to measure progress.

To be regarded as a full-time student generally means working toward a minimum of twelve credits a semester (Fall/Spring). Verify with the Registrar's office at the school you are attending for further clarification.

Grace Period: A specific period of time after the student leaves school or is enrolled less than half-time during which he or she is not required to make loan payments. This period is intended to provide the borrower with time to find employment and prepare to repay the loan. The number of months allowed for the grace period is disclosed to the borrower at or before the disbursement of the loan. Parent Plus Loans for Undergraduate Students (PLUS), and Consolidated loans do not have grace periods.

Graduate or Professional Student PLUS: A student enrolled in an academic program of study above the baccalaureate level at an institution of higher education. Graduate/professional students may receive an in-school deferment on their PLUS loans until their status changes to less than half-time.

Grants: Are awards for which there is no expectation of repayment or services to be performed.

Half-Time Student-An enrolled student who is carrying a half-time academic work load as determined by the institution, in general equalizing or exceeding the following minimum requirements (a) six semester

hours or six quarter hours per academic year; (b) 12 clock hours per week for institutions which utilize close hours to measure progress; or (c) a student enrolled solely in an eligible correspondence school is considered a half-time student if taking a work load of at least 12 hours of preparation per week. A correspondence student is never considered more than half-time.

Hardship-A period of financial difficulty that may allow you to delay repayment of a loan or to decrease monthly payments.

Income- Amount of money received from any or all of the following: wages, interest, dividends, sales or rental of property or services, business or farm profits, certain welfare programs, and subsistence allowance such as taxable and non-taxable Social Security benefits and child support.

Independent Student: A student who meets one or more of the following eligibility requirements (criteria determined by the Higher Education Act of 1965):

- An individual who is at least 24 years old by December 31st of the award year,
- An orphan or ward of the court,
- A veteran of the U.S. Armed Forces,
- A graduate or professional student,
- A married person,
- An individual with legal dependents other than a spouse, or
- Serving on active duty in the armed forces for other than training purposes.

Institutional Aid: Financial aid available through the school. Usually consists of grants and/or scholarships.

Interest: The fee charged to borrow money. The student pays their servicer interest in addition to repaying the principal (the sum borrowed). Usually, interest is calculated as a percentage of the principal and paid in monthly payments.

Legal Dependent (of Applicant)-A natural or adopted child, or a person for whom the applicant has been appointed legal guardian, and for whom the applicant provides more than half support. In addition, a person who lives with and received at least half support from the applicant and will continue to receive that support during the award year. A student who has a legal dependent is considered to be independent. For purposes of determining dependence status, a spouse is not considered a legal dependent.

Legal Guardian-An individual appointed by a court to be a legal guardian of a person and who is specifically required by the court to use his/her own financial resources to support that person. A legal guardian is not considered a parent.

Loans-Are awards made with a formal agreement for repayment with interest.

Master Promissory Note (MPN)-A binding legal document that the borrower signs to get a loan in which the borrower promises to repay the loan, with interest, in specified installments. The MPN will also include any information about the grace period, deferment or cancellation provisions, and the student's rights and responsibilities with respect to the loan.

Merit Award-Financial Aid which is awarded based on demonstrated academic excellence, professional promise, and personal merit.

National Student Loan Data System (NSLDS) - The U.S. Department of Education's central database for student aid. Students can access information on loan or grant amounts, outstanding balances, the status of their loans and disbursements.

Need Analysis- The process of analyzing the household and financial information on the student's financial aid application and calculating an expected family contribution. A system used to estimate a student applicant's need for financial assistance to help meet his/her educational expenses.

Need-Based Aid: Certain Grants, Loan or work programs that may be awarded based on the students need as determined by the FAFSA. The FAFSA calculates the expected family contributions (EFC) based on the students financial situation. Need is defined as Cost of education minus EFC. The difference is the student's eligibility for need based aid.

Non Need-Based Aid- Aid based on criteria other than need, such as academic, musical, or athletic ability. Also refers to federal student aid programs where the expected family contribution (EFC) is not part of the need equation.

Non-Taxable Income-All income received that is not reported to the Internal Revenue Service or is reported by excluded from taxation. Such income would include but not b limited to any untaxed portions, of Social Security benefits, welfare payments, untaxed capital gains, interest on tax-free bonds, IRA's, Keogh, dividend exclusion, military and other subsistence and housing allowances, retirement contributions and child support.

Overpayment- Any payment of a Federal Pell Grant, Federal SEOG, or SSIG that exceeds the amount for which the student was eligible, whether the overpayment is the result of an over award, an error in the cost of attendance, the Expected Family Contribution, or any other eligibility criterion, such as citizenship or enrollment in an eligible program.

Parent- The student's natural mother, father, or legal guardian; an adoptive parent is considered to be the student's mother or father as in the stepparent. A legal guardian is not considered a parent.

Parental Contribution-Quantitative estimate of the parent's ability to contribute to postsecondary educational expenses.

Pell Grant-An entitlement program for undergraduate students (See Federal Pell Grant – Above)

Principal-Face value of the loan or the amount upon which interest is charged.

Professional Judgement-While the method for determining student's need for federal student aid is defined in the law, the law does give the financial aid administrator's professional judgement if they believe there is extenuating circumstances. Professional judgement can be used in three areas:

- The aid administrator can choose to override the student's dependency status to make the student independent;
- The administrator can adjust the components of the student's cost of attendance; and
- The administrator can adjust the data elements used to calculate the student's Expected Family Contribution (EFC).

Refund-The amount due a student who withdraws or fails to pursue his/her course of student when funds have been paid to the institution. When an institution determines that a student is due a refund, if that student has received financial aid funds, a portion of the refund must be allocated to the program(s) from which the student received aid.

Renewal FAFSA-FAFSA filed by an applicant who applied for federal financial aid in the previous year. Filed on line, the Renewal FAFSA is pre-filled with applicant information that is not expected to change from one year to the next.

Repayment Schedule-A plan, which should be attached to the promissory note at the time a borrower ceases at least half-time study, which set forth the principal and interest due on each installment and the number of payments required to pay the loan in full. It should include the interest rate, the due date and the first payment, and the frequency of payments.

Satisfactory Academic Progress (SAP) - Minimum academic requirements (GPA/Hours earned) required of a financial aid recipient according to the school's approved published policy.

Scholarship- Form of aid, known as "gift aid", that is provided to a student that **does not** have to be repaid. Scholarships are awarded by individuals, organizations, businesses and colleges based on recipients that show potential for distinction regarding financial need, merit, leadership and/or extracurricular activities. Never pay anyone for Scholarship assistance

Selective Service Registration-All male students 18 years old and born after December 31, 1929, must be registered with selective service in order to receive federal student aid.

Self-Help Need-The need for funds from work and loan sources.

Student Financial Aid Programs (SFA)-The programs administered by the Office of Financial Assistance within the U.S. Department of Education, namely, Federal Pell Grants, Federal Supplemental Educational Opportunity Grants, Federal Work-Student, Federal Subsidized and Unsubsidized Loans, Federal PLUS loans, State Student Incentive Grants, Byrd Scholarships and Federal Consolidation Loans.

Student Aid Report (SAR)-The federal "output document" printed by a FAFSA processor and mailed to the student. The SAR contains the Family's financial and other information as reported by the student on the financial aid application (FAFSA). The student can make correction/update information on the SAR and submit it to the federal processor. The student's eligibility for aid is indicated by the EFC printed on the front of the SAR. Schools receive an electronic version of the SAR from the FAFSA processed, called an ISIR.

Student Contribution-A quantitative estimate of the student's ability to contribute to postsecondary expenses for a given year.

Subsidy-Refers to the federal government's payment of interest on a borrower's behalf until repayment of the subsidized loan begins, including authorized period of deferment.

Temporary Assistance to needy Family (TANF)-also known as Aid to Families with Dependent Children (AFDC)- A welfare program aiding low income parent with children.

Taxable Income-Incomed earned from wages, salaries and tips as well as interest income, dividend income, business or farm profits and rental or property income.

Three-Quarter Time Student-A student who is carrying at least a three-quarter-time academic workload as determined by the institution at which the student is enrolled, and which amounts to at least three-quarter of the workload of a full-time student.

Undergraduate Student-A student who has not achieved the educational level of a baccalaureate or first professional degree.

Unmet Need-The difference between a specific student's EFC, total available resources and the total cost for the student's attendance at a specific institution.

Untaxed Income-All income received that is not reported to the Internal Revenue Service (IRS) or is reported but excluded from taxation. Such income would include but not be limited to any untaxed portion of Social Security benefits, Earned Income Credit, welfare payments, untaxed capital gains, interest on tax-free bonds, dividend exclusion and military and other subsistence and living allowances.

Variable Interest Rate-Rate of interest tied to a treasury bill and changes periodically.

Verification-A procedure whereby the school checks the information the student reported on the financial aid application, usually by requesting a copy of the tax returns filed by the student and, if applicable, the student's spouse and parent(s). Many schools conduct their own form of verification. In addition, schools must verify students selected through the federal central processing system, following the procedures stated by regulation. The contractor will print an asterisk next to the Expected Family Contribution (on the Student Aid Report-SAR) to identify student who have been selected for verification.

Veterans Educational Benefits-Assistance programs for veterans and service persons or dependents of veterans for education or training. Example: Montgomery GI Bill.

Ward of the Court-A person who is under the care of the court.