



## FAFSA Glossary

### Your Guide to Figuring Out the FAFSA Lingo

**Academic Year:** A period of time schools use to measure a quantity of study. For example, a school's academic year may consist of a fall and spring semester during which a full-time undergraduate student must complete 24 semester hours. Academic years vary from school to school and even from educational program to educational program at the same school.

**Accreditation:** An impartial organization or body has made a thorough assessment of a school's ability to provide appropriate faculty, curriculum and facilities for students to pursue a particular field of study. Standards for accreditation may vary significantly among organizations. Generally, an institution must be accredited by a nationally recognized accrediting agency or association to be eligible for federal student aid funds. The U.S. Department of Education periodically publishes a list of recognized accrediting bodies in the Federal Register.

**Accrued Interest:** The interest that accumulates on the unpaid principal balance of a loan.

**Annual Percentage Rate (APR):** The interest maintained on a loan for a one-year period.

**Bridge Loans:** Bridge loans are loans that provide short-term financing for tuition payments, books etc, while the student is waiting to receive their college financial aid. To obtain a bridge loan, students should contact the financial aid office at his/her postsecondary college.

**Capitalization:** The addition of unpaid accrued interest applied to the principal balance of a loan that increases the total debt outstanding.

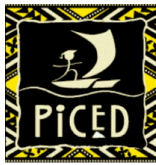
**Cost of Attendance:** The total amount it will cost students to go to school—usually expressed as a yearly figure. It's determined using rules established by law. The COA includes tuition and fees; on—campus room and board (or a housing and food allowance for off—campus students); and allowances for books, supplies, transportation, loan fees, and, if applicable, dependent care. It also includes miscellaneous expenses, including an allowance for the rental or purchase of a personal computer. Costs related to a disability are also covered. The COA includes reasonable costs for eligible study-abroad programs as well. For students attending less than half time the COA includes only tuition and fees and an allowance for books, supplies, transportation, and dependent—care expenses. Students should talk to the financial aid administrator at the school they plan to attend if they have any unusual expenses that might affect their cost of attendance.

**Consolidation:** Combining several education loans into a new loan with a new payment schedule and interest rate.

**Default:** The failure to repay a loan in accordance with the terms of the promissory note. Default occurs after 270 days of non-payment on an account for Title IV loan programs.

**Deferment:** An approved temporary suspension of loan payments based on certain events and criteria.

**Delinquency:** The failure to make scheduled monthly loan payments when they are due.



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**Direct Loan (DL) Program:** A student loan program administered by the U.S. Department of Education. Participating schools allow their students to borrow directly from the federal government instead of from a private lender.

**Disbursement:** A transaction that occurs when a lender releases loan funds.

**Expected Family Contribution (EFC):** The dollar amount that a family is expected to pay toward a student's educational costs. This federal calculation is based on family earnings, assets, students in college and size of family.

**FFEL:** FFEL is the Federal Family Education Loan Program. Private lenders provide federally supported loans.

**Financial Need:** The difference between the student's educational costs and the expected family contribution.

**Forbearance:** The approved temporary suspension or reduction of loan payments due to a financial hardship during which interest continues to accrue.

**Free Application for Federal Student Aid (FAFSA):** The free federal application form students must first complete in order to apply for virtually all forms of financial aid assistance.

**Grace Period:** The period after a student graduates, leaves school (unofficially or officially), or drops below half-time before loan payments must begin.

**Grant:** A type of financial aid that does not have to be repaid. Generally, grants are for undergraduate students and the grant amount is based on need, school cost, and enrollment status.

**Guarantor:** The agency or institution that repays lenders in the event of a default in the FFELP.

**Interest:** The dollar amount charged to borrow money.

**Lender:** The institution that provides the money to be borrowed through the student loan program.

**Loan:** Borrowed money that must be repaid with interest. Both undergraduate and graduate students may borrow money. Parents may also borrow to pay education expenses for dependent undergraduate students who are enrolled at least half-time. Maximum loan amounts increase with each year of completed study.

**National Student Loan Data System (NSLDS):** A database of federal student loan borrowers. If student borrowers want to find out information about his/her student loans, they can use the NSLDS Financial Aid Review service, operated by the U.S. Department of Education. By entering a social security number, date of birth, and PIN, the student will be able to access his/her current loan information online.



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**Perkins Loans:** Loans offered by some schools to provide the neediest students with low-interest loans.

**PIN:** Personal Identification Number. The PIN serves as a student (and parent) electronic signature and gives them access to their personal records with the Department of Education.

**PLUS Loans:** Loans made to qualifying parents of dependent undergraduate students that are available through the Direct Loan Program and the Federal Family Education Loan Program (FFEL).

**Promissory Note:** The legal and binding contract signed between the lender and the borrower, which states that the borrower will repay the loan as agreed upon in the terms of the contract.

**Scholarships:** Awards that do not usually have to be paid back. They are given to students who demonstrate or show promise of high achievement in areas such as academics, athletics, music, art or other disciplines.

**Servicer:** An organization that acts on behalf of the lender to administer their student loan portfolio and is paid a fee to do so.

**Stafford Loans:** Loans made available to students through the Direct Loan Program and the Federal Family Education Loan Program (FFEL).

**State Grant Program:** State funding coordinated by the state agency that provides grants to needy state residents who meet the eligibility criteria and are pursuing postsecondary education.

**Student Aid Report (SAR):** The SAR summarizes the information reported on the FAFSA. The schools students listed on the application receive electronic copies of the SAR and use the information to determine a student's eligibility for federal financial aid.

**Subsidized Loans:** Loans on which the federal government pays the interest until the student enters repayment, as well as when the loan has been granted a deferment; during the deferment period the government pays the interest.

**Undergraduate:** A student who has not yet received a bachelor's degree.

**Unsubsidized Loans:** Loans on which the student is responsible for paying the interest from the date of disbursement until the loan is paid in full, regardless of enrollment status.

**Work-study:** Money for education expenses paid by the school in return for on-campus or community-based work.