

Financial Aid Glossary

Academic Year

This is the amount of the academic work you must complete each year as defined by your school. Academic years change from school to school and even from educational program to educational program at the same school.

Accreditation

Confirms that the college or career school meets certain minimum academic standards, as defined by an accrediting body recognized by the U.S. Department of Education. Schools must be accredited to be eligible to participate in federal student aid programs.

Adjusted Gross Income (AGI)

You or your family's wages, salaries, interest, dividends, etc., minus allowable deductions as reported on a federal tax return.

Adverse Credit History

A credit history is a summary of your financial strength, including your history of paying bills and your ability to repay future loans. To qualify for a PLUS loan, you cannot have an adverse credit history. Your credit history may be considered adverse if you are experiencing any of the following credit conditions:

- Bankruptcy discharge within the past 5 years.
- Voluntary surrender of personal property to avoid repossession within the last 5 years.
- Repossession of collateral within the last 5 years.
- Foreclosure proceedings started.
- Foreclosure within the last 5 years.
- Conveying your real property that is subject to a mortgage (by deed) to your lender to avoid foreclosure (deed in lieu of foreclosure).
- Accounts currently 90 days or more delinquent.
 - Unpaid collection accounts.
 - Charge offs/write offs of federal student loans.
- Wage garnishment within the last 5 years.
- Defaulting on a loan, even if the claim has been paid.
- Lease or contract terminated by default.
- County/State/Federal tax lien, within the past 5 years.

Award Letter

An offer from a college or career school that states the type and amount of financial aid the school is willing to provide if you accept admission and register to take classes at that school.

Award Year

The school year for which financial aid is used to fund your education.

Capitalization

The addition of unpaid interest to the principal balance of a loan. When the interest is not paid as it accrues during periods of in-school status, the grace period, deferment, or forbearance, your lender may capitalize the interest. This increases the outstanding principal amount due on the loan and may cause your monthly payment amount to increase. Interest is then charged on that higher principal balance, increasing the overall cost of the loan.

Consolidation

The process of combining one or more loans into a single new loan.

Cost of Attendance (COA)

The total amount it will cost you to go to school—usually stated as a yearly figure. 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 dependent care. It also includes miscellaneous and personal expenses, including an allowance for the rental or purchase of a personal computer; costs related to a disability; and reasonable costs for eligible study-abroad programs. For students attending less than half-time, the COA includes tuition and fees and an allowance for books, supplies, transportation, and dependent care expenses, and can also include room and board for up to three semesters or the equivalent at the institution. But no more than two of those semesters, or the equivalent, may be consecutive.

Data Release Number (DRN)

The four-digit number assigned to your FAFSA that allows you to release your FAFSA data to schools you did not list on your original FAFSA. You need this number if you contact the Federal Student Aid Information Center to make corrections to your mailing address or the schools you listed on your FAFSA. You find this number below the confirmation number on your FAFSA submission confirmation page or in the top right-hand corner of your Student Aid Report.

Default

Failure to repay a loan according to the terms agreed to in the promissory note. You may experience serious legal consequences if you default.

Default Rate

The percentage of borrowers who fail to repay their loans according to the terms of their promissory notes.

Deferment

A postponement of payment on a loan that is allowed under certain conditions and during which interest does not accrue for subsidized loans. Unsubsidized loans that are

deferred will continue to accrue interest and any accrued unpaid interest will be added to the principal balance (capitalized) of the loan(s) at the end of the deferment period.

Delinquent

Indicates that loan payments are not received by the due dates. Accounts remain delinquent until the borrower brings the account current with payment. If the borrower is unable to make payments, he or she should contact his or her loan servicer to discuss options to keep the loan in good standing.

Dependency Status

The determination of a FAFSA applicant as dependent or independent.

Dependent Student

A student who does not meet any of the criteria for an independent student. An independent student is one of the following: at least 24 years old, married, a graduate or professional student, a veteran, a member of the armed forces, an orphan, a ward of the court, someone with legal dependents other than a spouse, an emancipated minor or someone who is homeless or at risk of becoming homeless.

Diploma Mill

An unaccredited school (or a business claiming to be a school) that awards a degree without requiring class work meeting college-level standards.

Direct Consolidation Loan

A federal loan made by the U.S. Department of Education that allows you to combine one or more federal student loans into one new loan. As a result of consolidation, you will only have to make one monthly payment on your federal loans and the amount of time you have to repay your loan will be extended.

Direct Loan

A federal student loan, made through the William D. Ford Federal Direct Loan Program, for which eligible students and parents borrow directly from the U.S. Department of Education at participating schools. Direct Subsidized Loans, Direct Unsubsidized Loans, Direct PLUS Loans and Direct Consolidation Loans are types of Direct Loans.

Direct PLUS Loan

A loan made by the U.S. Department of Education to graduate or professional students and parents of dependent undergraduate students for which the borrower is fully responsible for paying the interest regardless of the loan status.

Disbursement (disburse or disbursed)

Payment of the loan funds to the borrower by the school. Students generally receive their federal student loan in two or more disbursements.

Discharge

The release of a borrower from the obligation to repay his or her loan.

Discretionary Income

Your adjusted gross income minus the poverty guidelines for your family size.

Eligible Noncitizen

A U.S. national (includes natives of American Samoa or Swains Island), U.S. permanent resident (who has an I-151, I-551 or I-551C [Permanent Resident Card]), or an individual who has an Arrival-Departure Record (I-94) from U.S. Citizenship and Immigration Services (USCIS) showing one of the following designations:

- "Refugee"
- "Asylum Granted"
- "Cuban-Haitian Entrant (Status Pending)"
- "Conditional Entrant" (valid only if issued before April 1, 1980)
- Victims of human trafficking, T-visa (T-2, T-3, or T-4, etc.) holder
- "Parolee" (You must be paroled into the United States for at least one year and you must be able to provide evidence from the USCIS that you are in the United States for other than a temporary purpose and that you intend to become a U.S. citizen or permanent resident.)

If you meet the noncitizen criteria above, you are eligible to receive federal student aid. If you are unsure of your eligibility, please check with your school's financial aid office for more information.

Emancipated Minor

An individual (under the age of 18) who has legally been determined to be an adult by a court in his or her state of legal residence.

Endorser

An endorser is someone who does not have an adverse credit history and agrees to repay the loan if the borrower does not repay it.

Entrance Counseling

A mandatory information session that takes place before you receive your first federal student loan that explains your responsibilities and rights as a student borrower.

Exit Counseling

A mandatory information session which takes place when you graduate or attend school less than half-time that explains your loan repayment responsibilities and when repayment begins.

Expected Family Contribution (EFC)

This is the number that is used to determine your eligibility for federal student financial aid. This number results from the financial information you provide in your FAFSA, the application for federal student aid. Your EFC is reported to you on your Student Aid Report (SAR).

FAFSA

Free Application for Federal Student Aid

FAFSA4caster

An online tool that provides an early estimate of your federal student aid eligibility to help you financially plan for college.

Federal Pell Grant

A federal grant for undergraduate students with financial need.

Federal School Code

An identifier that the U.S. Department of Education assigns to each college or career school that participates in the federal student aid programs. In order to send your FAFSA information to a school, you must list the school's Federal School Code on your application. Kettering's Federal School Code is 002262

Federal Student Aid PIN

Your electronic personal identification number that serves as your identifier to allow access to personal information in various U.S. Department of Education systems and acts as your digital signature on some online forms. If you do not already have a PIN, you can request one online at www.pin.ed.gov.

Federal Student Aid Programs

The programs authorized under Title IV of the Higher Education Act of 1965 that provide grants, loans and work-study funds from the federal government to eligible students enrolled in college or career school.

Federal Student Loan

Money you borrow from the federal government to help pay for your education. You must repay your loan with interest.

Federal Work-Study/Work Study

A federal student aid program that provides part-time employment while you are enrolled in school to help pay your education expenses.

Financial Aid Offer/Package

The total amount of financial aid (federal and nonfederal) a student is offered. The school's financial aid staff combines various forms of aid into a "package" to help meet a student's education costs.

Financial Need

The difference between the cost of attendance (COA) at a school and your Expected Family Contribution (EFC). While COA varies from school to school, your EFC does not change based on the school you attend.

Forbearance

A period during which your monthly loan payments are temporarily suspended or reduced. You may qualify for forbearance if you are willing but unable to make loan payments due to certain types of financial hardships. During forbearance, principal payments are postponed but interest continues to accrue. Accrued unpaid interest will be added to the principal balance (capitalized) of your loan(s) at the end of the forbearance period, increasing the total amount you owe.

Free Application for Federal Student Aid (FAFSA)

The FREE application used to apply for federal student aid, such as federal grants, loans, and work-study.

Grace Period

A period of time after borrowers graduate, leave school, or drop below half-time enrollment where they are not required to make payments on certain federal student loans. Some federal student loans will accrue interest during the grace period, and if the interest is unpaid, it will be added to the principal balance of the loan when the repayment period begins.

Graduation Rate

Measures the progress of students who began their studies as full-time, first-time degree- or certificate-seeking students by showing the percentage of these students who complete their degree or certificate within a 150% of "normal time" for completing the program in which they are enrolled.

Grant

Financial aid, often based on financial need, which does not need to be repaid (unless, for example, you withdraw from school and owe a refund).

Guaranty Agency

A state agency or a private, nonprofit institution or organization that administers Federal Family Education Loan (FFEL) Program loans.

Homeless

An individual is considered homeless if he or she lacks fixed, regular, and adequate housing. You may be homeless if you are living in a shelter, park, motel, or car, or temporarily living with other people because you have nowhere else to go. In addition, if you are living in any of these situations and fleeing an abusive parent you may be considered homeless when completing your FAFSA even if your parent would provide support and a place to live.

Home school

A school in which children are educated at home by parents, legal guardians, or tutors, rather than traditional public or private school.

Independent Student

An independent student is one of the following: at least 24 years old, married, a graduate or professional student, a veteran, a member of the armed forces, an orphan, a ward of the court, or someone with legal dependents other than a spouse, an emancipated minor or someone who is homeless or at risk of becoming homeless.

Interest

A loan expense charged for the use of borrowed money. Interest is paid by a borrower to a lender. The expense is calculated as a percentage of the unpaid principal amount of the loan.

Interest Rate

The percentage at which interest is calculated on your loan(s).

Legal Guardianship

A court order, through which the court appoints an individual other than a minor's parent to take care of the minor. A legal guardian is not considered a parent on the student's FAFSA. In fact, a student in legal guardianship does not need to report parent information on the FAFSA because he or she is considered an [independent student](#).

Lender

The organization that made the loan initially; the lender could be the borrower's school; a bank, credit union, or other lending institution; or the U.S. Department of Education.

Lifetime Eligibility Used (LEU)

The amount of all Federal Pell Grant aid (in percentage) awarded to you, divided by the amount of Pell Grant aid you would have been eligible to receive based on full-time enrollment. The amount of Federal Pell Grant funds a student may receive over his or her lifetime is limited by federal law to be the equivalent of six years of Pell Grant funding.

Loan Forgiveness

The cancellation of all or some portion of your remaining federal student loan balance. If your loan is forgiven, you are no longer responsible for repaying that remaining portion of the loan.

Loan Holder

The entity that holds the loan promissory note and has the right to collect from the borrower.

Loan Rehabilitation

The process of bringing a loan out of default and removing the default notation from a borrower's credit report. To rehabilitate a Direct Loan or a FFEL Program loan, the borrower must make at least 9 full payments of an agreed amount within 20 days of their monthly due dates over a 10-month period. To rehabilitate a Perkins Loan, a

borrower must make nine on time, consecutive monthly payments of an agreed-upon amount. Rehabilitation terms and conditions vary for other loan types and can be obtained directly from loan holders.

Loan Servicer

A company that collects payments on a loan, responds to customer service inquiries, and performs other administrative tasks associated with maintaining a loan on behalf of a lender. If you are unsure of whom your federal student loan servicer is, you can look it up on www.nslsds.ed.gov.

Master Promissory Note

A binding legal document that you must sign when you get a federal student loan. The MPN can be used to make one or more loans for one or more academic years (up to 10 years). It lists the terms and conditions under which you agree to repay the loan and explains your rights and responsibilities as a borrower. It is important to read and save your MPN because you will need to refer to it later when you begin repaying your loan or at other times when you need information about provisions of the loan, such as deferments or forbearances.

Merit-based

Based on a student's skill or ability. Example: A merit-based scholarship might be awarded based on a student's high grades.

National Student Loan Data System (NSLDS)

A centralized database, available at www.nslsds.ed.gov, which stores information on federal grants and loans. NSLDS contains information on how much aid you have received, your enrollment status, and your loan servicer(s). You can access NSLDS using your Federal Student Aid PIN.

Need-based

Based on a student's financial need. Example: A need-based grant might be awarded based on a student's low income.

Net Price

An estimate of the actual cost that a student and his family need to pay in a given year to cover education expenses for the student to attend a particular school. Net price is determined by taking the institution's cost of attendance and subtracting any grants and scholarships for which the student may be eligible.

Net Price Calculator

A tool that allows current and prospective students, families, and other consumers to estimate the net price of attending a particular college or career school.

Partial Financial Hardship

A circumstance in which the annual amount due on your eligible loans, as calculated under a 10-year Standard Repayment Plan, exceeds 15 percent of the difference

between your adjusted gross income (AGI) and 150 percent of the poverty line for your family size in the state where you live.

PLUS Loan

A loan available to graduate students and parents of dependent undergraduate students for which the borrower is fully responsible for paying the interest regardless of the loan status.

Principal

The total sum of money borrowed plus any interest that has been capitalized.

Private Loan

A nonfederal loan made by a lender such as a bank, credit union, state agency, or school.

Promissory Note

The binding legal document that you must sign when you get a federal student loan. It lists the terms and conditions under which you agree to repay the loan and explains your rights and responsibilities as a borrower. It is important to read and save this document because you will need to refer to it later when you begin repaying your loan or at other times when you need information about provisions of the loan, such as deferments or forbearances.

Regular Student

A student who is enrolled or accepted for enrollment at an institution for the purpose of obtaining a degree, certificate, or other recognized education credential offered by that institution. To be eligible for federal student aid, you must generally be a regular student.

Retention Rate

Measures the percentage of first-time students who are seeking bachelor's degrees who return to the institution to continue their studies the following fall.

Room and Board

An allowance for the cost of housing and food while attending college or career school.

Satisfactory Academic Progress

A school's standards for satisfactory academic progress toward a degree offered by that institution.

Scheduled Award

The maximum grant amount you are eligible to receive for the award year if you are enrolled full-time for the full school year. This amount is calculated from the information you (and your family) provided when you filed your FAFSA.

Scholarship

Money awarded to students based on academic or other achievements to help pay for education expenses. Scholarships generally do not have to be repaid.

State Aid

Financial aid from a student's state of legal residence.

Student Aid Report (SAR)

A summary of the information you submitted on your FAFSA. You receive this report (often called the SAR) via e-mail a few days after your FAFSA has been processed or by mail within 7-10 days if you did not provide an e-mail address. If there are no corrections or additional information you must provide, the SAR will contain your EFC, which is the number that is used to determine your eligibility for federal student aid.

Subsidized Loan

A loan based on financial need for which the federal government pays the interest that accrues while the borrower is in an in school, grace, or deferment status. For Direct Subsidized Loans first disbursed between July 1, 2012, and July 1, 2014, the borrower will be responsible for paying any interest that accrues during the grace period. If the interest is not paid during the grace period, the interest will be added to the loan's principal balance.

Unsubsidized Loan

A loan for which the borrower is fully responsible for paying the interest regardless of the loan status. Interest on unsubsidized loans accrues from the date of disbursement and continues throughout the life of the loan.

Verification

The process your school uses to confirm the data reported on your FAFSA. Your school has the authority to contact you for documentation that supports income and other information that you reported.

William D. Ford Federal Direct Loan Program

The federal program that provides loans to eligible student and parent borrowers under Title IV of the Higher Education Act. The federal government provides funds to eligible borrowers through participating schools.