

# Federal Student Aid (FSA) Glossary

## A

### **Academic Year**

This is the amount of the academic work measured in either credit or clock hours you must complete each year, and the time period in which you are expected to complete it, as defined by your school. For example, your school's academic year may be made up of a fall and spring semester, during which a full-time undergraduate student is expected to complete at least 24 semester hours (usually called credits or credit hours) over the course of 30 weeks of instructional time. Academic years change from school to school and even from educational program to educational program at the same school.

For purposes of the Teacher Loan Forgiveness Program, an academic year is defined as one complete school year at the same school, or two complete and consecutive half years at different schools, or two complete and consecutive half years from different school years (at either the same school or different schools). Half years exclude summer sessions and generally fall within a 12-month period. For schools that have a year-round program of instruction, nine months is considered an academic year.

### **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.

### **Additional Eligibility**

From the 2017–18 award year and forward, eligible students could receive up to one and one-half Federal Pell Grants within a single award year. The Additional Eligibility field on the "Grant Detail" page in a student's "My Federal Student Aid" account indicates whether a student was eligible for one and one-half Pell Grants in a single award year.

### **Adjusted Gross Income (AGI)**

Your or your family's wages, salaries, interest, dividends, etc., minus certain deductions from income as reported on a federal income tax return. Commonly referred to as AGI.

### **Administrative Wage Garnishment (AWG)**

A tool that allows the federal government or a guaranty agency to have your employer withhold a portion of your earnings to collect unpaid non-tax debts that you owe to the federal government. If you have a federal student loan in default, up to 15% of your disposable pay could be taken by the federal government or a guaranty agency to repay your debt.

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### **Adverse Credit History**

To qualify for a Direct PLUS Loan, you cannot have an adverse credit history. A credit check is conducted on all Direct PLUS Loan applicants. Your credit history is considered adverse if your credit report shows that you are experiencing any of the following credit conditions:

Accounts with a total outstanding balance greater than \$2,085 that are 90 or more days delinquent as of the date of the credit report, or that have been placed in collection or charged off during the two years preceding the date of the credit report.

Default determination during the five years preceding the date of the credit report.

Bankruptcy discharge during the five years preceding the date of the credit report.

Repossession during the five years preceding the date of the credit report.

Foreclosure during the five years preceding the date of the credit report.

Charge-off/write-off of a federal student aid debt during the five years preceding the date of the credit report.

Wage garnishment during the five years preceding the date of the credit report.

Tax lien during the five years preceding the date of the credit report.

### **Agreement to Serve (ATS)**

The binding agreement you must sign to receive a TEACH Grant. By signing the ATS, you agree to teach (1) full-time, (2) in a high-need field, (3) at an elementary school, secondary school, or educational service agency that serves low-income students, and (4) for at least four complete academic years within eight years after you complete (or cease to be enrolled in) the course of study for which you received the grant. If you do not complete your teaching service agreement, the amounts of the TEACH Grants you received will be converted to a Direct Unsubsidized Loan that you must repay with interest charges from the date of each TEACH Grant disbursement.

### **Approved Drug Rehabilitation Program**

A drug rehabilitation program that is:

(1) qualified to receive funds from a federal, state or local government or from a federally or state-licensed insurance company; or

(2) administered or recognized by a federal, state or local government agency or court, or a federally or state-licensed hospital, health clinic or medical doctor.

### **Associate Degree**

An undergraduate academic degree granted after completion of two years of study. Community colleges and career colleges generally award associate degrees.

### **Attending School**

This field in a student's "My Federal Student Aid" account lists the school where the student attended and received federal student aid funds.

### **Award Amount**

Amount of aid a school expects to pay a student based on the student's current grant and loan eligibility, enrollment, Expected Family Contribution (EFC), and the school's cost of attendance.

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### **Award Letter**

This is a term sometimes used for 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**

School year for which financial aid is used to fund a student's education. Generally, this is the 12-month period that begins on July 1 of one year and ends on June 30 of the following year.

## **B**

### **Bachelor's Degree**

An undergraduate academic degree awarded for a course of study that generally lasts four years. Colleges or universities generally award bachelor's degrees.

### **Budget**

A financial plan that helps you track your money, make informed spending decisions, and plan for your financial goals.

## **C**

### **Cancellation**

Forgiveness, cancellation, and discharge all refer to the cancellation of a borrower's obligation to repay all or a portion of the remaining principal and interest owed on a student loan, but are generally used in different contexts.

"Loan cancellation" and "loan forgiveness" generally refer to the cancellation of a borrower's obligation to repay some or all of the remaining amount owed on a loan if the borrower works full-time for a specified period of time in certain occupations or for certain types of employers. "Loan cancellation" is usually used in reference to the various Perkins Loan Program cancellation benefits. "Loan forgiveness" is usually used in reference to the Direct Loan and FFEL Teacher Loan Forgiveness Program or the Direct Loan Public Service Loan Forgiveness Program. Borrowers are not required to pay income tax on loan amounts that are canceled or forgiven based on qualifying employment.

"Loan discharge" generally refers to the cancellation of a borrower's obligation to repay some or all of the remaining amount owed on a loan due to circumstances such as school closure, a school's false certification of a borrower's eligibility to receive a loan, a school's failure to pay a required loan refund, or the borrower's death, total and permanent disability, or bankruptcy. In some cases, a discharge may also entitle a borrower to receive a refund of payments previously made on a loan. Depending on the type of discharge, the amount of a loan that is discharged may be treated as taxable income.

### **Capitalization**

The addition of unpaid interest to the principal balance of a loan. When the interest is not paid as it accrues during the grace period or periods of in-school status, deferment, or forbearance, your lender may capitalize the interest. This increases the outstanding principal amount due on the loan and may

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cause your monthly payment amount to increase. Interest is then charged on that higher principal balance, increasing the overall cost of the loan.

### **Collection Agency**

An entity that recovers unpaid debt from borrowers who have defaulted on their loans.

### **Collection Charges**

See collection costs.

### **Collection Costs**

Expenses charged on defaulted federal student loans that are added to the outstanding principal balance of the loan.

### **College Aid**

Financial aid from your college or career school.

### **Common-law Marriage**

A marriage relationship made by agreement and by living together without a marriage license. Not all states allow common-law marriages and the elements required for a common-law marriage change from state to state.

### **Consolidation**

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

### **Cost of Attendance (COA)**

The total estimated cost for one academic year of college or career school before financial aid is applied. The COA is determined by each individual school based on the unique expenses associated with that school. Tuition and fees, housing, food, transportation, books/supplies, and other additional educational-related expenses (both direct and indirect) are included and may vary based on personal choices. The COA includes more than your direct billed charges that you might see on a billing statement from the school.

### **Credit Bureau**

An organization that tracks and reports your credit, including your history of paying bills and calculates your ability to repay future loans. For example, if you default on a student loan, it is reported to a credit bureau, and other lenders may be less likely to extend credit to you in the future.

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### D

#### **Data Release Number (DRN)**

The four-digit number assigned to your FAFSA form that allows you to release your FAFSA data to schools you did not list on your original FAFSA form. 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 form. 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 (SAR).

#### **Default**

Failure to repay a loan according to the terms agreed to in the promissory note. For most federal student loans, you will default if you have not made a payment in more than 270 days. If you default on a federal student loan, you lose eligibility to receive federal student aid and you may experience serious legal consequences.

#### **Default Rate**

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

#### **Deferment**

A temporary postponement of payment on a loan that is allowed under certain conditions and during which interest generally does not accrue on Direct Subsidized Loans, the subsidized portion of Direct Consolidation Loans, Subsidized Federal Stafford Loans, the subsidized portion of FFEL Consolidation Loans, and Federal Perkins Loans. All other federal student loans that are deferred will continue to accrue interest. Any unpaid interest that accrued during the deferment period may be added to the principal balance (capitalized) of the loan(s).

#### **Delinquent**

A loan is delinquent when loan payments are not received by the due dates. A loan remains delinquent until you make up the missed payment(s) or receive a deferment or forbearance that covers the period when you were delinquent. If you are having trouble making your monthly loan payments, you should contact your loan servicer to discuss options to keep the loan in good standing.

#### **Dependency Status**

The determination of a Free Application for Federal Student Aid (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.

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### **Diploma Mill**

An unaccredited school (or a business claiming to be a school) that awards a degree or other credential for a fee while requiring little or no classwork 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 have to make only one payment each month on your federal loans, and the amount of time you have to repay your loan may be extended.

### **Direct Cost**

An expense that is billed to your student account and paid directly to the school. Direct costs include tuition, fees, and on-campus housing/meal plan (if you live on campus).

### **Direct Loan**

An expense that is billed to your student account and paid directly to the school. Direct costs include tuition, fees, and on-campus housing/meal plan (if you live on campus).

### **Direct PLUS Loan for Graduate or Professional Students**

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

### **Direct PLUS Loan for Graduate or Professional Students**

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.

### **Direct PLUS Loan for Parents**

A loan made by the U.S. Department of Education to parents of dependent undergraduate students to help their children pay for college or career school. A credit check is performed during the application process. Your parent could be eligible to borrow the amount of the remaining costs (i.e., the cost of attendance minus other aid).

### **Disbursement**

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

### **Disbursement Date**

Date federal student aid funds were credited to a student's account at a school or paid to the student or borrower directly, as reported by the school.

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### **Discharge**

Forgiveness, cancellation, and discharge all refer to the cancellation of a borrower's obligation to repay all or a portion of the remaining principal and interest owed on a student loan, but are generally used in different contexts.

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### **Discretionary Income**

For Income-Based Repayment, Pay As You Earn, and loan rehabilitation, discretionary income is the difference between your annual income and 150 percent of the poverty guideline for your family size and state of residence.

For Income-Contingent Repayment, discretionary income is the difference between your annual income and 100 percent of the poverty guideline for your family size and state of residence.

The poverty guidelines are maintained by the U.S. Department of Health and Human Services and are available at [aspe.hhs.gov/poverty-guidelines](https://aspe.hhs.gov/poverty-guidelines).

### **Disposable Pay**

The amount that remains from an employee's pay after deductions.

## **E**

### **Early Action**

A college admission policy that allows applicants to apply and receive notice of their admission early. Applicants accepted under early action are not under a binding agreement to attend that school and may submit applications to other schools.

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## **Early Decision**

A college admission policy that allows applicants, who commit to attend that school, to apply and receive notice of their admission early. If the applicant is accepted, he or she agrees to attend that school and must withdraw all other applications.

## **Educational Service Agency**

An educational service agency is a regional public multiservice agency (not a private organization) that is authorized by state law to develop, manage, and provide services or programs to local education agencies, such as public school districts.

## **Electronic Debit**

A service that allows your lender or servicer to electronically deduct your monthly loan payments from your checking or savings account.

## **Elementary School or Secondary School**

For the purposes of the Teacher Loan Forgiveness Program, an elementary or secondary school is defined as a public school or nonprofit private school that provides elementary education or secondary education as determined by state law (or by the U.S. Department of Education if the school is not in a state).

## **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.

## **Eligible Program**

A program of organized instruction or study of a certain length that leads to an academic, professional, or vocational degree or certificate, or other recognized education credential.

## **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.



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### **Endorser**

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

### **Enrollment Status**

Reported by the school the student attended, indicates whether the student is (or was) full-time, three-quarter time, half-time, less than half-time, withdrawn, graduated, etc.

### **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.

### **Estimated Bill**

The expected amount to be paid by a student when he or she attends the school. It's the direct costs minus grants, scholarships, and loans (in most cases, it occurs in that order). Indirect costs are not included in this amount.

### **Exit Counseling**

A mandatory information session that takes place before you graduate or drop below half-time enrollment that explains your loan repayment responsibilities and when repayment begins.

### **Expected Family Contribution (EFC)**

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

## **F**

### **FAFSA form**

The 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 Family Education Loan (FFEL) Program**

Under this program, private lenders made education loans that were guaranteed by the federal government. These loans included Subsidized Federal Stafford Loans, Unsubsidized Federal Stafford Loans, FFEL PLUS Loans, and FFEL Consolidation Loans. No new loans under the FFEL Program have been made since June 30, 2010.

### **Federal Pell Grant**

A federal grant for undergraduate students with financial need.

## Federal Student Aid (FSA) Glossary

### **Federal Perkins Loan**

A federal student loan, made by the recipient's school, for undergraduate and graduate students who demonstrate financial need. This program expired on Sept. 30, 2017, and loans are no longer being awarded.

### **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. A list of Federal School Codes is available at [fafsa.gov](http://fafsa.gov).

### **Federal Student Aid**

Financial aid from the federal government to help you pay for education expenses at an eligible college or career school. Grants, loans and work-study are types of federal student aid. You must complete the FAFSA form to apply for this aid.

### **Federal Student Aid PIN**

Note: The Federal Student Aid PIN was phased out on May 10, 2015. The PIN was an electronic personal identification number that served as a student's or parent's identifier to allow access to personal information in various U.S. Department of Education systems and acted as a digital signature on some online forms.

### **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**

A loan funded by the federal government to help pay for your education. A federal student loan is borrowed money you must repay with interest.

### **Federal Work-Study**

A federal student aid program that provides part-time employment while the student is enrolled in school to help pay his or her education expenses. The student must seek out and apply for work-study jobs at his or her school. The student will be paid directly for the hours he or she works and the amount he or she earns cannot exceed the total amount awarded by the school for the award year. The availability of work-study jobs varies by school.

### **FFEL Program**

Federal Family Education Loan Program

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### **Financial Aid Offer**

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

### **Financial Aid Office**

The office at a college or career school that is responsible for preparing and communicating information on financial aid. This office helps students apply for and receive student loans, grants, scholarships and other types of financial aid.

### **Financial Aid Package**

The total amount of financial aid (federal and nonfederal) a student is offered by a college or career school. 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. Your lender may grant you a 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. Unpaid interest that accrues during the forbearance will be added to the principal balance (capitalized) of your loan(s), increasing the total amount you owe.

### **Forgiveness**

Forgiveness, cancellation, and discharge all refer to the cancellation of a borrower's obligation to repay all or a portion of the remaining principal and interest owed on a student loan, but are generally used in different contexts.

"Loan cancellation" and "loan forgiveness" generally refer to the cancellation of a borrower's obligation to repay some or all of the remaining amount owed on a loan if the borrower works full-time for a specified period of time in certain occupations or for certain types of employers. "Loan cancellation" is usually used in reference to the various Perkins Loan Program cancellation benefits. "Loan forgiveness" is usually used in reference to the Direct Loan and FFEL Teacher Loan Forgiveness Program or the Direct Loan Public Service Loan Forgiveness Program. Borrowers are not required to pay income tax on loan amounts that are canceled or forgiven based on qualifying employment.

"Loan discharge" generally refers to the cancellation of a borrower's obligation to repay some or all of the remaining amount owed on a loan due to circumstances such as school closure, a school's false certification of a borrower's eligibility to receive a loan, a school's failure to pay a required loan refund, or the borrower's death, total and permanent disability, or bankruptcy. In some cases, a discharge may

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also entitle a borrower to receive a refund of payments previously made on a loan. Depending on the type of discharge, the amount of a loan that is discharged may be treated as taxable income.

### **Foster Care**

A temporary living arrangement for dependent children when their parent(s) or another relative cannot take care of them.

### **Free Application for Federal Student Aid (FAFSA) form**

Located at [fafsa.gov](https://fafsa.gov), the FAFSA form is the FREE application used to apply for federal student aid, such as federal grants, loans, and work-study.

### **FSA ID**

The FSA ID is a username and password combination that serves as a student's or parent's identifier to allow access to personal information in various U.S. Department of Education systems and acts as a digital signature on some online forms.

### **Full-time Employment as a Teacher**

For the purposes of the Teacher Loan Forgiveness Program, full-time employment as a teacher is determined by the state's standard. For a borrower teaching in more than one school, the determination of full-time is based on the combination of all qualifying employment.

## **G**

### **General Educational Development (GED) Certificate**

A certificate that students receive if they've passed a specific, approved high school equivalency test. Students with a GED certificate are eligible to receive federal student aid.

### **Grace Period**

For certain types of federal student loans, a period of time after you graduate, leave school, or drop below half-time enrollment when you are not required to make payments. You are responsible for paying the interest that accrues on unsubsidized loans during the grace period. If the interest is unpaid, it will be added to the principal balance of the loan (capitalized) 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.

### **Grants and Scholarships**

Financial aid that doesn't need to be repaid. Grants are often need-based, while scholarships are usually merit or performance-based. Grants and scholarships are normally directly applied to your student account and may have certain conditions in order to maintain your eligibility.

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### **Guaranteed Student Loans**

The name for Federal Family Education Loan (FFEL) Program loans that were made prior to 1992.

### **Guaranty Agency**

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

## **H**

### **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. Also, if you are living in any of these situations and fleeing an abusive parent you may be considered homeless when completing your FAFSA form even if your parent would provide support and a place to live.

### **Homeschool**

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

## **I**

### **Income Tax Refund Offsets**

A debt collection tool that allows the government to seize income tax refunds from individuals who owe the federal government to help repay the outstanding debt. This tool may be used for federal student loans borrowers who are in default.

### **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. Get additional information to determine your dependency status.

### **Indirect Cost**

An estimate of personal and educational expenses that is not directly billed by the school. Indirect costs include books, transportation, and other living expenses (e.g., rent and food). Although financial aid may cover some of these indirect costs, you're responsible for paying them.

### **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.

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### **Interest Rate**

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

## **J**

### **Job Placement Rate**

The percentage of graduating students who obtained employment either in the recognized occupation for which they were trained or in a related comparable recognized occupation within a determined timeframe after receiving their degree or certificate.

### **Judgment Lien**

Gives a creditor the legal right to keep a home or property when the owner fails to pay a debt. A judgment lien can only be granted by a court when a creditor takes a debtor to court for failing to pay a debt and the debtor loses. A student (or parent in the case of a parent borrower) will not qualify for federal student aid if he or she owns property that is subject to a judgment lien for a debt owed to the United States.

## **L**

### **Legal Guardianship**

A relationship created by 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 form. In fact, a student in legal guardianship does not need to report parent information on the FAFSA form 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.

### **Litigation**

The act or process of bringing or contesting a legal action in court.

### **Loan**

Borrowed money that must be repaid with interest. Students and/or parents are required to sign a promissory note when accepting an educational loan.

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### **Loan Date**

For Direct Loans and Perkins Loans, the loan date (as listed in a student's "My Federal Student Aid" record) is the date of the first disbursement. For Federal Family Education Loan (FFEL) Program loans, the loan date is usually the date the loan was guaranteed, or backed, by a guaranty agency.

### **Loan Holder**

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

### **Loan Period Begin Date**

Date classes are (or were) scheduled to begin for the period covered by a federal student loan.

### **Loan Period End Date**

Date classes are (or were) scheduled to end for the period covered by a federal student loan.

### **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 nine voluntary, reasonable, and affordable monthly payments within 20 days of the due date over a consecutive 10-month period. To rehabilitate a Perkins Loan, a borrower must make a full monthly payment (of an amount determined by the school) within 20 days of the due date, for nine consecutive months.

### **Loan Servicer**

A company that collects payments, responds to customer service inquiries, and performs other administrative tasks associated with maintaining a federal student loan on behalf of a lender. If you're unsure of who your federal student loan servicer is, you can look it up in "My Federal Student Aid."

## **M**

### **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's important to read and save your MPN because you'll 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.

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### **My Federal Student Aid**

This feature, available at [StudentAid.gov/login](https://studentaid.gov/login), provides access to information on federal grants and loans as stored in the National Student Loan Data System (NSLDS®) database. "My Federal Student Aid" contains information on how much aid you've received, your enrollment status, and your loan servicer(s). You can access "My Federal Student Aid" using your FSA ID.

### **MyStudentData Download**

Tool that allows an individual to download his or her federal loan, grant, and aid overpayment history as provided on this website.

## **N**

### **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.

### **New Borrower**

Someone who has no outstanding balance on a Direct Loan or Federal Family Education Loan (FFEL) Program loan when he or she receives a Direct Loan or FFEL Program loan on or after a specific date.

### **Nolo Contendere**

A plea of no contest, meaning the defendant neither admits nor disputes a charge, serving as an alternative to a pleading of guilty or not guilty.

## **O**

### **Out-of-state Student**

A student who is attending a college or career school outside of his or her state of legal residence.

### **Outstanding Interest**

Interest is a loan expense charged for the use of borrowed money. Interest is paid by a borrower to a lender. (Generally, a loan servicer collects payment for the lender.) The expense is calculated as a percentage of the unpaid principal amount of the loan. Outstanding interest is the dollar value of the accrued interest balance on a loan.



## Federal Student Aid (FSA) Glossary

### **Outstanding Principal**

The remaining portion of the original loan amount, plus any interest that has been capitalized, that is still owed. Interest accrues on the outstanding principal balance.

### **Overpayment**

The disbursement of more federal student aid funds to a student than he or she is eligible to receive. A student's overpayment alert in "My Federal Student Aid" will let him or her know whom to contact to resolve the aid overpayment.

## **P**

### **Partial Financial Hardship**

An eligibility requirement for the Income-Based Repayment (IBR) and Pay As You Earn plans.

For IBR, 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.

For Pay As You Earn, a circumstance in which the annual amount due on your eligible loans, as calculated under a 10-year Standard Repayment Plan, exceeds 10 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.

For both plans, the amount that would be due under a 10-year Standard Repayment Plan is calculated based on the greater of the amount owed on your eligible loans when you originally entered repayment, or the amount owed at the time you selected the IBR or Pay As You Earn plan.

### **Postbaccalaureate Teacher Certification Program**

A program for students who have already earned a bachelor's degree that (1) does not lead to a graduate degree, (2) is treated as an undergraduate program, and (3) consists of courses required by a state in order for the student to receive a certification or license to teach in an elementary or secondary school in that state.

### **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.

## Federal Student Aid (FSA) Glossary

### **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's important to read and save this document because you'll 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.

### **Proprietary School**

A private for-profit school that provides education and training.

## **Q**

### **Qualifying Public Services**

For the purposes of the Public Service Loan Forgiveness Program, not-for-profit organizations that are not tax-exempt under Section 501(c)(3) of the Internal Revenue Code are considered qualifying employers if they provide at least one of the following public services:

#### **Emergency management**

Military service

Public safety

Law enforcement

Public interest law services

Early childhood education

Public service for individuals with disabilities

Public service for the elderly

Public health

Public education

Public library services

Other school-based services

Early childhood education includes licensed or regulated child care, Head Start, and state funded pre-kindergarten.

Law enforcement includes organizations that are publicly funded and whose principal purposes include crime prevention, control or reduction of crime, or the enforcement of criminal law.

Public health includes organizations that employ nurses, nurse practitioners, nurses in a clinical setting, and full-time professionals engaged in health care practitioner occupations and health support occupations, as such terms are defined by the Bureau of Labor Statistics.

Public interest law refers to legal services provided by an organization that is funded in whole or in part by a local, state, federal, or tribal government.

# Federal Student Aid (FSA) Glossary

## R

### **Reaffirmation**

If you inadvertently received federal student loan funds under the Direct Loan Program or the Federal Family Education Loan (FFEL) Program in excess of your borrowing limit, you're ineligible for additional federal student aid unless you repay the excess loan amount in full, or agree to repay the excess loan amount in accordance with the terms of the promissory note that you signed. Agreeing to repay the excess loan amount in accordance with the terms of the promissory note is called "reaffirmation." You can reaffirm an excess loan amount by signing a reaffirmation agreement with your loan servicer.

### **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.

### **Remaining Amount**

The portion of a grant that a school expects to disburse to a student for the remainder of the year.

### **Repayment Date**

Date an overpayment is fully paid back.

### **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.

## S

### **Satisfactory Academic Progress**

The process a school uses to determine if a student is meeting all of their educational requirements and is on target to graduate on time with a degree or certificate.

## Federal Student Aid (FSA) Glossary

### **Satisfactory Repayment Arrangement**

If you are in default on a federal student loan, you may regain eligibility to receive federal student aid, or may become eligible to consolidate the defaulted loan, if you make a satisfactory repayment arrangement with the loan holder.

For the purpose of regaining eligibility to receive federal student aid, a satisfactory repayment arrangement requires you to make six consecutive, voluntary, on-time, full monthly payments on the defaulted loan. You can regain eligibility to receive federal student aid by making a satisfactory repayment arrangement on a defaulted loan only one time.

For the purpose of consolidating a defaulted loan into a Direct Consolidation Loan, a satisfactory repayment arrangement requires you to either

make three consecutive, voluntary, on-time, full monthly payments on the defaulted loan before you consolidate it; or  
agree to repay the Direct Consolidation Loan under the Pay As You Earn Repayment Plan, the Revised Pay As You Earn Repayment Plan, the Income-Contingent Repayment Plan, or the Income-Based Repayment Plan.

### **Scheduled Amount**

Maximum grant amount a student is eligible to receive if enrolled full-time for the full award year. This amount is calculated from the information provided on the Free Application for Federal Student Aid (FAFSA®) form.

### **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 form.

### **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.

### **Service Obligation**

The teaching service requirement set out in the Agreement to Serve (ATS) that you must sign to receive a TEACH Grant. By signing the ATS, you agree to teach (1) full-time, (2) in a high-need field, (3) at an elementary school, secondary school, or educational service agency that serves low-income students, and (4) for at least four complete academic years within eight years after you complete (or cease to be enrolled in) the course of study for which you received the grant. If you do not complete your teaching service agreement, the amounts of the TEACH Grants you received will be converted to a Direct Unsubsidized Loan that you must repay with interest charges from the date of each TEACH Grant disbursement.

## Federal Student Aid (FSA) Glossary

### **Standardized Test**

A test that is designed to assess individuals against a common standard.

### **State Aid**

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

### **Status Effective Date**

The date a current loan status became effective.

### **Student Aid Report (SAR)**

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

### **Subsidized Loan**

A loan based on financial need for which the federal government generally pays the interest that accrues while the borrower is in an in-school, grace, or deferment status, and during certain periods of repayment under certain income-driven repayment plans.

## **T**

### **Teach-out plan**

A written agreement between schools that provides for the equitable treatment of students and a reasonable opportunity for students to complete their program of study if a school ceases to operate before all students have completed their program of study.

### **Teacher Education Assistance for College and Higher Education (TEACH) Grant**

A federal grant that provides up to \$4,000 per year to students who agree to teach for four years at an elementary school, secondary school, or educational service agency that serves students from low-income families and to meet other requirements. If the service obligation is not met, the grant is converted to a Direct Unsubsidized Loan.

### **Total Borrowed**

The total amount of a loan that was disbursed (paid out) to a borrower.

### **Transfer Rate**

The percentage of the full-time, first-time students who transferred to another institution.

## Federal Student Aid (FSA) Glossary

### **Treasury Offset Program (TOP)**

A debt collection tool that allows the government to seize income tax refunds and certain government benefits (for example, Social Security benefits) from individuals who owe debts to the federal government. This tool may be used to collect amounts owed on federal student loans by borrowers who are in default.

### **TRIO**

Program outreach and student services programs designed to identify and provide services for individuals from disadvantaged backgrounds. TRIO includes eight programs targeted to serve and assist low-income individuals, first-generation college students, and individuals with disabilities in progressing through the academic pipeline from middle school to postgraduate programs.

### **U**

#### **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.

### **V**

#### **Verification**

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

### **W**

#### **William D. Ford Federal Direct Loan (Direct Loan) Program**

The federal student loan program under 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.

#### **Work-Study**

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