



SIENA HEIGHTS UNIVERSITY

Required Reading

INFORMATION AND REGULATIONS
REGARDING YOUR FINANCIAL AID
AWARD NOTICE

SIENA HEIGHTS UNIVERSITY
1247 EAST SIENA HEIGHTS DRIVE
ADRIAN, MICHIGAN 49221

OFFICE OF FINANCIAL AID
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The Financial Aid Office is committed to doing its best to make your Siena Heights experience affordable and to providing friendly, personalized support along the way. As a start, we are supplying this guide to answer questions and explain your rights and responsibilities as a financial aid recipient. We encourage you to print this publication and keep it for your reference throughout the year. We look forward to having you join the Siena Heights community and hope that this information is helpful in understanding your Financial Aid Award Notice. If you have additional questions, please feel free to contact our office.

If you file the Free Application for Federal Student Aid (FAFSA) your award notice includes all sources of federal, state, and institutional aid for which you are eligible. If you have chosen not to file the FAFSA, your award notice indicates only institutional aid for which you are eligible.

ADRIAN CAMPUS AND THE COMMUNITY COLLEGE SITES UNDERGRADUATE PROGRAMS OPERATE ON A TRADITIONAL SEMESTER PATTERN. THE METRO-DETROIT, ON-LINE, ST. CLAIR, AND WASHTENAW SITES HAVE TWO 8-WEEK CYCLES WITHIN THE TRADITIONAL SEMESTER. STUDENTS MUST BE REGISTERED ANY COMBINATION OF AT LEAST 6 CREDIT HOURS WITHIN THE SEMESTER TO BE ELIGIBLE FOR AID.

THE GRADUATE PROGRAMS TYPICALLY OPERATE ON 10-WEEK CYCLES; HOWEVER SOME PROGRAMS CAN GO UP TO 14-WEEKS. FOR FINANCIAL AID PURPOSES, THE LATE AUGUST OR EARLY SEPTEMBER CYCLE IS CONSIDERED THE FALL SEMESTER. THE JANUARY AND LATE MARCH/ APRIL CYCLES ARE CONSIDERED WINTER SEMESTER. THE JUNE CYCLE IS CONSIDERED A SUMMER TERM.

About Your Award Notice

As you review your award letter, please note the following:

- The types and amounts of awards offered are for one academic year divided into two 15-week semesters. Both the yearly and semester amounts are listed.
- All current recipients of Siena scholarship/grant funds must be full-time, Adrian campus, degree-seeking students. Siena funds may only be used for tuition.
- All awarded amounts are subject to adjustment or cancellation at any time during the academic year due to changes in funding levels, student status changes (i.e. full-time to part-time, academic suspension, or withdrawal) or clerical errors.
- If a change to your award is necessary, you will be notified.
- If additional financial aid is awarded to you by a private source, you must notify the Office of Financial Aid immediately.
- In cases where aid would exceed need – loan, work and/or institutional aid will be reduced to allow for maximum gift assistance from federal, state and private sources.
- Any portion of a scholarship or grant that is used for expenses other than tuition, fees, and books is considered taxable income for IRS purposes.
- You may only receive aid (including loans) at one school at a time. If you are receiving financial aid at more than one school simultaneously, you are in violation of federal laws and will be required to repay grants and loans received at the second school.
- You are responsible for repaying your student loans.
- You are responsible for letting the Financial Aid Office if you withdraw from school or drop below half-time status.
- You are responsible for reporting any change in your marital, academic, residential, or name status.
- You have the right to privacy. All records and data submitted with your application for financial aid will be treated as confidential information as prescribed by the Family Education Rights and Privacy Act (FERPA). Therefore, if you wish to have an interested party discuss your financial aid, a written statement will be required.

ENROLLMENT LEVEL

UNDERGRADUATE

FULL-TIME

12 OR MORE CREDITS

THREE QUARTER-TIME

9-11 CREDITS

HALF-TIME

6-8 CREDITS

LESS THAN HALF-TIME

1-5 CREDITS

GRADUATES

9 OR MORE CREDITS

6-8 CREDITS

Verification of Data

Approximately one-third of all financial aid applicants are selected by either the U.S. Department of Education or the Siena Heights Financial Aid Office to verify the accuracy of information provided on the FAFSA. If it is determined that there is discrepant data, additional documents may be requested to resolve the discrepancy. If you have been selected for verification, your award will not be processed until the information that is requested is received.

Students may be required to submit a signed copy of their Parent's Federal Income Tax Return (if dependent); a signed copy of the Student's Federal Income Tax Return, and a completed verification worksheet to the Office of Financial Aid. You will be notified if verification is required to process your award.

Satisfactory Academic Progress

To be eligible and maintain eligibility for financial aid, you must meet *Satisfactory Academic Progress*. Siena Heights requires that you maintain both the qualitative (GPA) and quantitative (sufficient percentage of credits completed) components to ensure that you will graduate within the institutionally prescribed time frame.

All students who maintain a minimum cumulative GPA of 2.0 and earn a minimum number of credit hours as shown in the chart below shall be considered in good standing for financial aid purposes.

Time Frame for Satisfactory Academic Progress

| After this number of academic years in attendance: | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|-----------|-----------|
| A full-time student must have earned at least this number of hours: | 16 | 32 | 54 | 76 | 98 | 120 | | | | | | |
| A ¾-time student must have earned at least this number of hours: | 12 | 24 | 36 | 49 | 62 | 76 | 90 | 105 | 120 | | | |
| A ½ time student must have earned at least this number of hours: | 8 | 16 | 26 | 36 | 46 | 56 | 66 | 76 | 87 | 98 | 109 | 120 |

Students who are placed on academic probation or suspended will also be placed on financial aid probation for one semester. Reinstatement of aid for a subsequent probationary period will be determined on an individual basis. Appeals involving mitigating circumstances should be made in writing to the Director of the Financial Aid Office to request reinstatement of aid.

Appeal Process

A student who has lost financial aid eligibility or has a financial aid grievance may submit a written appeal to the Director of Financial Aid. The appeal will then be reviewed and a final decision will be made. If you are on Financial Aid Probation, you **must** comply with the terms of your probation.

Financial Aid Eligibility

Institutional scholarships and grants are determined by consideration of academic standing, meeting other specific criteria, and for need. The student must file a FAFSA to receive federal, state, and need-based institutional aid. The federal processor calculates an Expected Family Contribution (EFC) which is subtracted from Siena's Cost of Attendance (COA) to determine the student's need factor. The COA includes the current rate of tuition, room and board and an estimated allowance for books, personal expenses, transportation, and other estimated fees. The class schedule in effect for each site states the actual amount for tuition, room and board, an estimated allowance for the other items.

Federal College Work Study/michigan College Work Study

ADRIAN CAMPUS ONLY

The University's Student Work Program assists students with financial need by providing compensation for employment in approved positions though out the campus and off-campus in community work settings. This is a unique opportunity to become immersed in the University and local community in ways that will enrich the college experience.

Through this Program students develop working relationships with faculty, staff, and community members and gain valuable insights and skills while earning money for college expenses. The maximum amount students are eligible to earn appears on their Award letter and is included as part of their total financial aid package. The amount of money students actually earn is dependent upon the number of hours worked. Assigned work hours may not conflict with class attendance.

Those receiving a Student Work Program Award are asked to log onto the Student employment website, print off the I-9, Federal and State W-4, Student Employee Authorization and Student Payment Authorization Agreement Forms. These Forms must be completed and turned in to the Human Resources Office prior to starting work. Note, the income received from this Program is taxable income.

The Work Program is self-placement allowing for students to find a position. Positions are filled on a first-come-first-served basis and there is no guarantee of job placement.

***Please note that the Student Work Program earnings are not automatically deducted from your college bill. If you want your earnings to go directly towards paying your bill, you will need to indicate that on the Student Payment Authorization Agreement Form.*

Federal Family Education Loan Program

(ALL LOANS ARE OPTIONAL AND MAY BE DECLINED.)

The Federal Family Education Loan Program (FFELP) includes the federally funded Federal Stafford Loan, Federal Unsubsidized Stafford Loan, and the Federal Parent Loan for Undergraduate Students. Filing the FAFSA is required to participate in FFELP.

Federal Subsidized Stafford Loan

The federal government subsidizes interest until repayment begins (six months after the recipient ceases to be enrolled at least half-time). Up to ten years may be allowed to repay the loan. Previous borrowers will maintain the same interest rate and repayment schedule as their current loans. The Office of Financial Aid will notify students who are eligible to borrow a Federal Stafford Loan and of their maximum eligibility. Entrance and exit interviews are required for all borrowers.

Federal Unsubsidized Stafford Loan

This loan program is available for students who may not qualify, in whole or in part, for subsidized Federal Stafford Loans. The terms of the unsubsidized Federal Stafford Loan are the same as the Subsidized Stafford Loans (see above) except the government does not pay the interest while the student is enrolled at least half-time. The student must pay all interest that accrues on this loan during the time he/she is enrolled in school, during the grace period, and during periods of repayment and authorized deferment. The Office of Financial Aid will notify students who are eligible for a Federal Unsubsidized Stafford Loan of their maximum eligibility. This maximum cannot exceed the current year-in-school limit for the subsidized Federal Stafford Loan or the cost of attendance minus financial aid. Entrance and exit interviews are required for all borrowers.

Loan proceeds are sent directly to the university, students will be notified when they arrive. Loan proceeds will be returned to the lender if the student does not attend school during all or part of the loan period.

Master Promissory Note (MPN)

The Federal Stafford Loan Master Promissory Note (MPN) is a loan application process administered by the Federal Department of Education. With the completion of a MPN, a borrower may receive multiple subsidized and unsubsidized Federal Stafford Loans over a maximum ten-year period. The initial completion of the MPN eliminates the requirement of completing a Federal Stafford Loan Application each academic year. The MPN will result in faster turnaround for loan approvals and timely disbursements of loan funds. If you have any questions concerning the MPN, please contact the Office of Financial Aid.

Loan Entrance Interviews

Federal regulations require that each first time borrower at the university receive an entrance interview before receiving loan funds. During this interview, borrowers are given information regarding repayment, borrowing limits and managing student loans. Students may complete their entrance counseling on-line at the Financial Aid home page of www.sienaheights.edu

Exit Interviews

Exit interviews are given to students during the last semester before graduation or if the student drops below half-time enrollment, before the student leaves school, or are mailed after the student leaves school. A student is given a summary of the loan debt, a repayment chart, and other detailed information. Students are expected to update any information that has changed since they applied for their last loan.

Federal Parent Loan for Undergraduate Students

Parents may borrow up to the cost of attendance minus financial aid for each dependent student going at least half time. Income is **not** a factor with this loan, but there is a minimal credit check required. An origination and guarantee fee is charged by the lender and will automatically be deducted from the disbursements. Loan proceeds come in two disbursements, one at the beginning of each semester. Disbursements may be in check form, co-payable to the school and the parent or proceeds will be electronically transmitted to the school. Parents will be notified when their loan disbursement has arrived. Repayment starts 60 days after funds are fully disbursed. Borrowers pay all the interest that accrues on the loan.

Alternative Loan Programs

Fully accepted students, including those in the off-campus and graduate programs may apply for these loans. An alternative loan allows students with established credit to borrow up to the total cost of their education minus other financial assistance. A student may or may not be required to have a co-borrower based on their individual credit. The interest rate and fees depend on the credit-worthiness of the borrower (and co-borrower) and lender terms.

Financial Aid Adjustments

There are cases in which the Financial Aid Office may need to adjust or recalculate your financial aid award, based on information received after the original award is made. These include:

- Receipt of additional aid from outside sources (i.e., parent or student employee benefits, local scholarships, veteran's benefits, etc.)
- Notification that you are no longer eligible for a certain type of aid (i.e., tuition assistance from employers, tuition exchange, etc.)
- Changes in family contribution due to updated information.
- Withdrawal from the university prior to semester's end (federal regulations require a review of the financial aid package: partial repayment of funds may occur).
- Notification from the National Student Loan Data System (NSLDS) that you are currently in default on a federal student loan.

You have the responsibility to report any additional funds or benefits received from any source that you receive or are promised, before or after you are awarded financial aid from the office. Also, it is your responsibility to report any and all changes to your eligibility for assistance from any source of financial aid listed on your award letter.

The Financial Aid Office is required by law to make adjustments to prevent or correct over-awards. We take this charge very seriously. You can save yourself frustration and inconvenience and possible financial penalty by reporting any changes in your financial aid promptly.

If any changes do occur within the family during the academic year that may effect the ability to provide the family contribution, the student should make an appointment to meet with the Director of Financial Aid. Under certain circumstances, professional judgment may be conducted and additional assistance offered.

Return of Title IV Funds

ALL CAMPUSES

In the event of an official withdrawal from Siena Heights University, the Financial Aid Office calculates aid adjustments according to the Federal Return of Title IV Funds policy.

The Federal Return of Title IV Funds policy determines the amount of aid earned by dividing the number of calendar days up to the official withdrawal date by the total number of calendar days in the enrollment period. The date of official withdrawal is the date the financial aid office is notified by the student of their intent to withdraw or the processed date of withdrawal. There is no correlation to the Federal Return of Title IV Funds Policy and the Siena Heights University Refund Policy.

The “unearned” portion of aid is refunded to the appropriate programs in the following order:

- Unsubsidized Stafford Loan
- Subsidized Stafford Loan
- Federal PLUS Loan
- Federal Pell Grant
- Federal SEOG
- State/Institutional Funds
- Student

Refund Policy

Tuition, Room and Board Refund Policy

An official withdrawal must be obtained in writing using a Drop/Add form provided by the Registrar or Site Director. If a student withdraws from the university, the payment agreement made at the time of registration is still in effect, subject to the following schedule for refund of tuition, room and board charges. Technology, Activity, and course fees are non-refundable.

*The percentage refund of charges for a **complete withdrawal** from Siena Heights University is determined by the following refund chart.*

REFUND PERCENTAGE CHART

| Refund at End of Week | 15 weeks | 10 weeks | 8 weeks | 6 weeks | 5 weeks | 4 weeks | 3 weeks |
|-----------------------|----------|----------|---------|---------|---------|---------|---------|
| 1 | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| 2 | 90% | 80% | 70% | 70% | 60% | 50% | 0% |
| 3 | 80% | 70% | 60% | 50% | 0% | 0% | 0% |
| 4 | 70% | 60% | 50% | 0% | 0% | 0% | 0% |
| 5 | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| 6 | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| 7 | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| 8 | 0% | 0% | 0% | 0% | 0% | 0% | 0% |

*Students who drop/withdrawal from individual classes after the first week of class without completely withdrawing from Siena Heights University **will not** receive credit for any charges. Drop/Adds that will not change the total number of enrolled hours need to be completed on the same calendar day.*

Financial Aid Terms

Academic period

A measured term of enrollment (such as a semester, quarter, trimester, or clock or credit hour).

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 student must complete 24 semester hours. Academic years vary from school to school, and even from educational program to education program at the same school.

Accrued interest

Interest that accumulates on the unpaid principal balance of a loan.

ACT

A test published to measure a student's ability in math, verbal comprehension, and problem solving. Usually students take this test during their junior or senior year of high school.

Adjusted gross income (AGI)

All taxable income less IRS allowable adjustments to income. This figure is from U.S. IRS tax forms.

Aid package

A combination of financial aid (scholarships, grants, loans, and/or work study) determined by the financial aid office of a college or university. See also award letter

Annual Percentage Rate (APR)

The total annual cost of a loan, including all fees and interest. Usually expressed as a percentage

Award letter

An official document issued by a financial aid office listing all the financial aid awarded to the student. The award letter will include information about the cost of attendance and terms and conditions for the financial aid. See also aid package.

BA or BS

BA stands for Bachelor of Arts, and BS stands for Bachelor of Science. Both degrees can be earned at four-year colleges. The type of degree awarded depends on the kinds of courses offered at the particular school.

Bankruptcy

A person is declared bankrupt, when found to be legally insolvent and the person's property is distributed among creditors or otherwise administered to satisfy the interests of creditors. Generally, federal student loans cannot be discharged through bankruptcy.

Borrower

The person who applies for a loan and receives the proceeds (or money) of the loan.

Budget

The total cost of attending a postsecondary institution for one academic year. The student's budget usually includes tuition, fees, room, board, books, supplies, travel, and personal expenses. Each institution develops its own student budget.

Bursar's Office

The university office that is responsible for the billing and collection of university charges.

Cancellation

The release of a borrower from the obligation to repay his or her loan. There are three different cancellation periods within the loan life cycle: before disbursement is made, after disbursement is made but before repayment begins, and once repayment begins. Before disbursement is made, the borrower may cancel (or un-apply for) the loan by telling the lender that the loan is not wanted. After first disbursement and before repayment, the borrower has the right to return the loan proceeds in full within 120 days (afterwards the borrower owes fees and any accrued interest) and thereby cancel the loan. In this same cancellation period, the borrower may also effect a "partial" cancellation by returning individual (but not all) disbursements.

Certification

A process by which the college, university, trade school, or vocation school verifies that a student is enrolled on at least a half-time basis, is making satisfactory academic progress, and therefore eligible for federal and private loans. Certification must be made prior to disbursement of funds.

Co-borrower or Co-signer

A person who signs the promissory note in addition to the borrower and is responsible for the obligation if the borrower does not pay. A co-borrower must be able to pass a credit review and must live in the United States.

COA (Cost Of Attendance)

The total cost of attending a postsecondary institution for one academic year. The student's budget usually includes tuition, fees, room, board, supplies, transportation, and personal expenses

Consolidation

Combining several federal (and possibly private) loans from multiple lenders into a single loan to reduce the monthly payment amount and/or increase the repayment period.

Data release number (DRN)

Piece of information on the Student Aid Report (SAR) in the upper right hand corner of the first page (next to the printed EFC). This number is needed to identify the appropriate FAFSA data for release to additional schools (beyond the six schools possibly listed by the student in the original FAFSA submission).

Default

Failure to repay a loan according to the terms agreed to when the borrower signed a promissory note for the loan. Default occurs at 180 days when the delinquency date is prior to 10/7/98, and 270 days when the delinquency date is on or after 10/7/98.

Deferment

A period during which a borrower, who meets certain criteria, may suspend loan payments. For some loans the federal government pays the interest during a deferment. On others, the interest accrues and is capitalized, and the borrower is responsible for paying it.

Delinquency

Failure to make monthly loan payments when due. Delinquency begins with the first missed payment.

Demographics

Information pertaining to the vital data for a borrower (e.g., name address, school, birth date, SSN). Also known as demographic information.

Dependent student

An undergraduate student whose parents provide more than half of their financial support. A dependent student is not married, is under 24 years of age, has no legal dependents, is not an orphan or ward of the court, nor a veteran of the U.S. Armed Forces. Parents of a dependent student must submit parental information on the FAFSA for their son or daughter to be considered for financial aid. (See also Independent Student.)

Disbursement

The release of loan funds to the school for delivery to the borrower. Disbursements are usually made in equal multiple installments co-payable to the borrower and the school.

Disclosure statement

Statement of the total cost and amount of a loan, including the interest rate and any additional finance charges.

Electronic funds transfer

Any transfer of funds that is initiated through electronic means, such as data transmission by computer rather than a paper based transaction, such as a check. Also known as EFT.

Exit counseling

Students with federal educational loans are required to receive counseling before they graduate or withdraw (i.e., leave school), during which the borrower's rights and responsibilities and loan terms and conditions are reviewed with the student. This session may be conducted online, by video, in person with the FAA or FAO, or in group meeting.

Expected Family Contribution

Amount a family is expected to contribute to a student's education, based on family earnings, net assets, savings, size of family and number of students in college. Also known as EFC.

FAA

Financial Aid Administrator. A college or university employee who is involved in the administration of financial aid. Also known as Financial Aid Advisors, Officers, or Counselors.

FAFSA

Free Application for Federal Student Aid. The form that must be completed by students and parents applying for Federal Title IV student aid.

Federal methodology

The need analysis formula mandated by federal law to determine a family's Expected Family Contribution (EFC).

Federal Processor

The organization that processes the information submitted on the Free Application for Federal Student Aid (FAFSA) and uses it to compute eligibility for federal student aid.

FFELP

The Federal Family Education Loan Program. Stafford and PLUS loans are financed by private lenders and guaranteed by the federal government.

Financial Aid

Financial assistance in the form of scholarships, grants, work-study, and loans for education.

Financial Aid Administrator

A college or university employee who is involved in the administration of financial aid. Also known as Financial Aid Advisors, Officers, Counselors or Representatives.

Financial Aid Award Letter

The total amount of financial aid (federal and nonfederal) such as scholarships, grants, loans, and/or work-study for which a student is eligible.

Financial Aid Officer

A college or university employee who is involved in the administration of financial aid. Also known as Financial Aid Advisors, Administrators, Counselors, or Representatives.

Financial Aid Package

The total amount of financial aid (federal and nonfederal) such as scholarships, grants, loans, and/or work-study for which a student is eligible.

Financial Need

The difference between the cost of attendance at a college and the Expected Family Contribution. Also known as financial aid eligibility.

Forbearance

Temporary cessation of regularly scheduled payments or temporarily permitting smaller payments than were originally scheduled.

Free Application for Federal Student Aid

The form that must be completed by students and parents applying for Federal Title IV student aid. Also known as FAFSA.

FWS

Federal Work-Study Program. The FWS Program provides part-time jobs for undergraduate and graduate students with financial need, allowing them to earn money to help pay education expenses.

Gift Aid

Financial aid, such as grants and scholarships, which does not need to be repaid.

GPA

Grade point average. An average of a student's grades, where the grades have been converted to a 4.0 scale—with 4.0 being an A, 3.0 being a B, and 2.0 being a C.

Grace Period

Specified period of time between the date a student graduates or drops below half-time status and the date loan repayment begins. There is only one grace period per federal student loan.

Grants

Financial aid awards that do not have to be repaid. Grants are available through the federal government, state agencies and colleges.

Gross Income

Income before taxes, deductions, and allowances have been subtracted.

Guarantor

State agency or private non-profit institution that insures student loans for lenders and helps administer the FFELP. See also guaranty agency.

Guaranty agency

State agency or private non-profit institution that insures student loans for lenders and helps administer the FFELP. See also guarantor.

Half-time

At schools measuring progress by credit hours and semesters, trimesters, or quarters, half-time enrollment is at least six semester hours or quarter hours per term. At schools measuring progress by credit hours but not using semesters, trimesters, or quarters, half-time enrollment is at least 12 semester hours or 18 quarter hours per year. At schools measuring progress by clock hours, half-time enrollment is at least 12 hours per week. Note that schools may choose to set higher minimums than these. A student must attend school at least half time to be eligible to receive FDLP or FFELP loans. Half-time enrollment is not a requirement to receive aid from the Federal Pell Grant, Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work-Study, and Federal Perkins Loan programs.

Holder

The institution that owns a loan.

In-school

The status of a borrower which is defined as beginning on the date on which the borrower is enrolled on at least a half-time basis and continuing until the borrower terminates enrollment on at least a half-time basis at a participating school.

Income

The amount of money received from employment (salary, wages, tips), profit from financial instruments (interest, dividends, capital gains), or other sources (welfare, disability, child support, Social Security, and pensions).

Independent Student

A student who is either married, 24 years of age or older, enrolled in a graduate or professional education program, has legal dependents other than a spouse, is an orphan or ward of the court, or a veteran of the U.S. Armed Forces.

Interest

An amount, calculated as a percent of the principal loan amount, that is charged for borrowed money. See fixed interest and variable interest.

Interest-only Payment

A payment that covers only accrued interest owed on a loan and none of the principal balance. Interest-only payments do not prohibit borrowers from making additional or larger payments at any time if the borrower desires.

IRS

Internal Revenue Service. U.S. government's tax assessment and collection agency.

ISIR

Institutional Student Information Record. The Department of Education forwards information (electronically in the form of the ISIR) about a student who has applied for federal student aid via the FAFSA to the schools indicated by the student on that application.

Lender

A financial institution, agency, or school that provides the money to make a loan to a borrower.

Loan

A type of financial aid that is available to students and their parents. Student loan programs have varying interest rates and repayment provisions. An education loan must be repaid.

Loan Counseling

Students with federal educational loans are required to receive counseling before they receive their first loan disbursement and before they graduate or withdraw, during which the borrower's rights and responsibilities and loan terms and conditions are reviewed with the student. These sessions may be conducted online, by video, in person with the FAA or FAO, or in group meeting. See entrance and exit counseling.

Loan Proceeds

The money the borrower receives from a loan (or the amount borrowed minus fees).

Master Promissory Note (MPN)

The promissory note a student signs when taking out a Stafford Loan. The Master Promissory Note covers both the Subsidized and Unsubsidized Stafford loans the student may receive for the same enrollment period. If the student is attending a four-year or graduate school, the Master Promissory Note also covers Subsidized and Unsubsidized Stafford loans the student may receive for future enrollment periods.

Merit-based

A means of determining eligibility for certain types of financial aid using merit, such as a specific accomplishment or talent, as the determining factor, rather than financial need.

National Student Loan Clearinghouse

Acts as a central repository for the collection of postsecondary enrollment status and related information. Its primary responsibility is to assist postsecondary institutions to meet their reporting responsibilities to student loan industry participants and the federal government.

Need

The difference between the Cost of Attendance and the Expected Family Contribution (EFC) is the student's financial need.

Need Analysis

Technique used to determine a student's need for financial assistance for college expenses. The analysis determines the family's ability to contribute to costs compared to the student's cost of attendance.

Need-based

A means of determining eligibility for certain types of financial aid using financial need as the determining factor.

Net income

This is income after taxes, deductions, and allowances have been subtracted.

Origination

The process whereby the lender, or a servicing agent on behalf of the lender, handles the initial application processing and disbursement of loan proceeds.

Origination fee

Fee, payable by the borrower and deducted from the principal of a loan prior to disbursement to the borrower. For federally-backed loans, the origination fee is paid to the federal government to offset the cost of the interest subsidy to borrowers. For private loan programs, the origination fee is generally paid to the originator to cover the cost of administering and insuring the program.

Overaward

The amount of loan proceeds that, when added to other student financial assistance, exceeds the borrower's educational need.

Parent Loans for Undergraduate Students

Federally-insured loans for parents of dependent students. Also known as PLUS loans.

Parent's Contribution

Amount parents can be expected to contribute each year to the cost of their student's education as determined by the Federal Methodology. Also known as PC.

Pell Grant Program

The largest federal grant program. Eligibility and award amounts are determined by the college based on established federal guidelines.

Postsecondary

This term means "after high school" and refers to all programs for high school graduates, including programs at two and four-year colleges, and vocational and technical schools.

Prime Rate

The prime interest rate is the rate charged by commercial financial institutions for short-term loans to corporations or individuals whose credit standing is so high that little risk to the lender is involved in making the loan. This rate fluctuates based on economic conditions and may be different among financial institutions. The prime rate serves as a basis for the interest rates charged for other, higher-risk loans.

Principal

Amount borrowed, which may increase as a result of interest capitalization, and the amount on which interest is calculated. Also known as principal balance.

Private Loans

Private loans provide supplemental funding when other financial aid does not cover costs. These loans (not sponsored by government agencies) are offered by banks or other financial institutions and schools to parents and students.

Professional Judgment

The financial aid administrator's ability to make changes to a student's financial aid package based on extenuating circumstances.

Promissory Note

Contract between a borrower and a lender that includes all the terms and conditions under which the borrower promises to repay the loan.

Renewal Application

A FAFSA application that is used for subsequent-year applications after the initial FAFSA has been filed.

Repayment

The time during which a borrower actively pays back an education loan.

Satisfactory Academic Progress (SAP)

To be eligible to receive federal student aid, a student must maintain satisfactory academic progress, based on the school's written standard, toward a degree or certificate. If the student is enrolled in a program that is longer than two years, the student must have a C average by the end of the second academic year of study or have an academic standing consistent with the school's graduation requirements, and must continue to maintain satisfactory academic progress for the rest of the course of study.

Scholarships

Funds used to pay for higher education that do not have to be repaid. Scholarships may be awarded based on any number of criteria, such as academics, achievements, hobbies, talents, affiliations with various groups, or career aspirations. They usually do not provide funds for living expenses.

Selective Service

Registration for the military draft. If required by law, you must register, or arrange to register, with the Selective Service to receive federal student aid. The requirement to register applies to males who were born on or after January 1, 1960, are at least 18 years old, are citizens or eligible non-citizens, and are not currently on active duty in the U.S. Armed Forces. (Citizens of the Federated States of Micronesia, the Marshall Islands, or Palau are exempt from registering.)

Self-help Aid

Financial aid in the form of loans or student employment.

SEOG

Supplemental Educational Opportunity Grant Program; federal grant funds made available through some schools to a limited number of undergraduate students with financial need.

Servicer

Organization that administers and collects loan payments. May be either the loan holder or an agent acting on behalf of the holder.

SSN

Social Security (account) Number. Unique nine-digit number assigned to individuals that identifies location of birth (or registration), becomes the key to contributing and receiving Social Security funds for retirement, and is used by the IRS in associating income with an individual for the purpose of assessing taxes.

Stafford Loans

Loans, both subsidized (need based) and unsubsidized (non-need based), guaranteed by the federal government and available to students to fund education.

Standard Repayment

A repayment schedule reflecting equal monthly payments over a 10 to 15 year period.

Student Aid Report (SAR)

A federal output document, containing financial and other information reported by the student on the FAFSA, sent to a student by the federal application processor. The student's eligibility for aid is indicated by the Expected Family Contribution (EFC), which is printed on the document.

Subsidized Stafford loans

Subsidized Stafford loans are awarded to students who demonstrate financial need (i.e., need-based loans). Because the Department of Education subsidizes the interest, borrowers are not charged interest while they are enrolled in school at least half-time and during grace and deferment periods.

Tax Credit

An amount subtracted from your federal income taxes dollar-for-dollar. A tax credit will save the taxpayer more than a deduction. Taxes must be owed for the given tax year and a tax return must be filed to receive any tax credit.

Tuition

The amount of money colleges charge for classroom and other instruction, and use of some facilities such as libraries

Undergraduate Student

A degree-seeking student at a college or university who has not earned a first bachelor's degree.

Unsubsidized Stafford loans

Unsubsidized Stafford loans are available to students regardless of financial need (i.e., non-need based). Borrowers are responsible the interest that accrues during any period.

U.S. Department of Education

Government agency that administers several federal student financial aid programs, including the Federal Pell Grant, the Federal Work-Study Program, the Federal Perkins Loan, the FFELP, and the FDLP. Also known as ED.

Variable Interest

With a variable interest loan, the interest rate changes periodically. For example, the interest rate might be pegged to the cost of U.S. Treasury Bills (e.g., T-Bill rate plus 1.7%) and be updated monthly, quarterly, semi-annually, or annually.

Verification

A process used to make sure that the information students report on their FAFSA is accurate. Verification prevents ineligible students from receiving aid by reporting false information and ensures that eligible students receive all of the aid for which they are qualified.

Verification Worksheet

A form sent by the university to students who are selected for verification by the Department of Education's Central Processing System.

Veteran

For federal financial aid purposes, such as determining dependency status, a veteran is a former member of the U.S. Armed Forces who served on active duty and was discharged other than dishonorably.