

Glossary of Terms

Academic Year - The period during which school is in session. At JCC a 9-month academic year is from September through May (Fall and Spring semesters); 12 months is September to August (Fall, Spring, and Summer).

Award Letter - A Financial Aid Notification that lists all of the financial aid awarded to the student. It will show the amount, source and type of aid awarded.

Award Year - The academic year for which financial aid is requested and/or received. Typically this is a 9-month award/academic year (from September through May) unless aid is specifically requested for the summer.

Budget - An amount based on the average cost of education for a 9-month school year. This amount is used to determine eligibility for financial aid. Also known as the Cost of Attendance (COA), the budget includes tuition and fees, books and supplies, room and board, transportation, and various other items.

Cancellation - Cancellation of a loan means that the student is no longer responsible for paying the balance on the loan. Cancellation can occur in several ways. Sometimes loans can be cancelled or discharged under certain circumstances, such as death or permanent disability of the borrower. Sometimes a loan must be cancelled before it is released to the student account. This can happen because of a recent eligibility change or because of an over-award (student receives additional grant or scholarship aid).

Capitalization - The practice of adding interest to the principal or loan amount, instead of paying the interest while in school. Through capitalization, a student can put off payments on an unsubsidized loan until after their class hours drop below half time status, but the amount owed after college will increase as the interest is accrued on the capitalized interest each month. Capitalization costs you money in the long run.

COA or Cost of Attendance - Also known as the Cost of Education or “budget” The total amount it should cost the student to go to school, including tuition and fees, room and board, allowances for books and supplies, transportation, and personal and incidental expenses. Loan fees, if applicable, may also be included in the COA. Child care and expenses for disabilities may also be included at the discretion of the financial aid administrator. Schools establish different standard budget amounts for students living on-campus and off-campus, married and unmarried students, and in-state and out-of-state students.

Default - Failure to repay or otherwise meet the terms and conditions of a loan. For most student loans, it takes nine months (270) days of delinquent payments for a loan to go into default. The penalties for defaulting include loss of financial aid ability, garnishing wages, a bad credit rating, seized tax refunds, and loss of monthly payment options (the whole loan may become due and payable at once).

Deferment - When a borrower is allowed to postpone repayment of the loan for a variety of reasons. If you have a subsidized loan, the federal government pays the interest charges during the deferment period. If you have an unsubsidized loan, you are responsible for the interest that accrues during the deferment period. You can still postpone paying the interest charges by capitalizing the interest, which increases the size of the loan. Most federal loan programs allow students to defer their loans while they are in school at least half-time. If you don't qualify for a deferment, you may be able to receive forbearance or income based repayment. Loans in default are not eligible for a deferment.

Delinquency - When a borrower fails to make a schedule payment for a student loan on time the student is considered delinquent in payment. There may be late fees charges, and if the borrower misses payments for nine months, they will be considered in default.

Direct Loan Program - low interest loans for students and parents to help pay for the cost of a student's education after high school. The lender is the U.S. Department of Education rather than a bank. This includes the Subsidized and Unsubsidized Direct Loans for students and the Parent Loan for Undergraduate Students (PLUS).

Disbursement - The release of loan funds to the school for delivery to the borrower. The Disbursement Date is not the date the loan check is available for the student to pick up. The Financial Aid and Business Offices must have time to process the funds and apply funds to outstanding balances on the students' account before releasing them to the student. Generally, remaining funds (if any) are available to be picked up following the published schedule.

Disclosure Statement - A statement issued to the borrower by the servicer that provides information about the actual cost of the loan, including the interest rate, origination, insurance, loan fees and any finance charges.

Entrance Loan Counseling - Required counseling for all student borrowers during which the terms and conditions of the loan are explained. The counseling session is conducted online and a test is administered to ensure understanding.

Exit Loan Counseling - A required session for student borrowers who are graduating or otherwise leaving school, or dropping below half-time enrollment, during which the terms and repayments of the loan(s) are explained.

EFC or Expected Family Contribution - The amount a student (and parents, if dependent) is expected to pay towards the cost of attending college. This figure accurately determines eligibility for financial aid. The EFC depends on the student's dependency status, family size, number of family members in school, taxable and nontaxable income and assets. The EFC is determined by the Department of Education using information on the FAFSA and is listed on the Student Aid Report.

FAFSA - Free Application for Federal Student Aid completed on-line that is used to apply for federal and state financial aid. A new FAFSA is released each year and can be completed beginning January 2nd before the Fall semester you plan to start college.

Financial Aid Package - Grants, scholarships, loans and work-study employment offered to a student to help them afford their education. Typically the financial aid package is presented to the student in the form of an award letter or financial aid notification.

Financial Need - Financial Need represents the amount of money the student needs to fund their education after completing the FAFSA. It is determined by the following calculation:

$$\text{COA} - \text{EFC} = \text{Financial Need}$$

Where:

COA = Cost of Attendance

EFC = Expected Family Contribution

Forbearance - During forbearance the lender allows the borrower to temporarily postpone repaying the principal, but the interest charges continue to accrue, even on subsidized loans. The borrower must continue paying the interest charges during the forbearance period. Forbearances are usually granted in cases of extreme financial hardship or other unusual circumstances when the borrower does not qualify for a deferment. You cannot receive a forbearance if your loan is in default. Forbearance differs from a deferment in that it is not a legal requirement; it is given at the lender's discretion.

Grace Period - Period of time during which a borrower is not required to make payments on a student loan. Grace periods can last as long as 6 months and normally begin after the student is no longer enrolled at least half-time.

Grants - Generally awarded to students with exceptional financial need who have not earned a bachelor's or graduate degree. Considered gift aid and do not have to be repaid.

Half-Time - A student must be enrolled at least half-time to be eligible for aid and some programs may require full-time enrollment for eligibility. Half-time is generally counted as a minimum of six (6) credit hours in a 16-week semester; it is counted as a minimum of three (3) credit hours in a 6-week semester, and a minimum of five (5) credit hours in a 12-week semester.

ISIR or Institutional Student Information Record - An electronic version of the Student Aid Report (SAR) sent to all schools listed in Step 6 of the FAFSA application.

Promissory Note - A written, legally binding promise to repay a loan. The promissory note outlines the terms and conditions of the loan, including repayment schedule, interest rate, deferment policy, and cancellation requirements.

SAR or Student Aid Report - This a report sent to the student by the Department of Education after completing the FAFSA. This report is also sent to all schools listed on your FAFSA application and is called an ISIR (Institutional Student Information Record).

Satisfactory Academic Progress - Refers to the schools policy concerning the minimum numbers of hours that must be completed each semester, the maximum time frame, and the minimum Grade Point Average (GPA) required while receiving financial aid.

Unmet Need - Unmet need represents the dollar amount remaining after financial aid has been determined for a student. It is represented by:

$$\text{COA} - \text{EFC} - \text{AA} = \text{Unmet Need}$$

Where:

COA = Cost of Attendance

EFC = Expected Family Contribution

AA = Aid Awarded (Grants, Loans, Work/Study, and Scholarships,)

Verification - A review process through which a Financial Aid Office must request documentation from a financial aid applicant to verify the accuracy of the information provided on the application.

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