



# Financial Aid Glossary

**ACADEMIC YEAR:**

A period of at least 30 weeks of instructional time during which a full-time student is expected to complete at least 24 semester hours.

**ACCRUAL DATE:**

The day interest charges on an educational loan begins to accrue.

**AWARD LETTER:**

The official document, issued by the Financial Aid Office, which lists all the financial aid awarded to the student.

**CAPITALIZATION:**

The process of adding unpaid interest to the principal balance of an educational loan, thereby increasing the total amount to be repaid.

**COST OF ATTENDANCE (COA):**

The total amount it should cost a student to go to school--usually expressed as a yearly figure. The cost of education covers tuition and fees, room and board, and allowances for books and supplies, transportation, and miscellaneous expenses. Certain other items may be added at the discretion of the Financial Aid Office. Your COA can be affected by your enrollment status.

**DIRECT COSTS:**

Expenses the student/family pays to the university.

**DISBURSEMENT:**

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



### **ENROLLMENT STATUS:**

Academic course load, as defined by Hardin-Simmons, that a student is carrying for a defined academic period. This normally relates to the number of credit hours taken by a student during a given academic period. For undergraduate enrollment:

**Full-time status** = at least 12 credit hours

**Three-quarter time status** = at least 9 - 11 credit hours

**Half-time status** = at least 6 - 8 credit hours

**Less-than-half-time status** = less than 6 credit hours

### **ENTRANCE/EXIT COUNSELING:**

Counseling sessions borrowers are required to attend before receiving their first loan disbursement and again before leaving school.

### **EXPECTED FAMILY CONTRIBUTION (EFC):**

An amount, determined by a formula established by Congress, that indicates how much of your family's financial resources should be available to help pay for school. The EFC is used in determining your eligibility for financial aid.

### **FEDERAL DIRECT SUBSIDIZED LOAN:**

A Federal loan which is awarded to a student on the basis of need. If you qualify for a subsidized loan, the federal government pays interest on the loan ("subsidizes" the loan) until you begin repayment and during authorized periods of deferment thereafter.

### **FEDERAL DIRECT UNSUBSIDIZED LOAN:**

A non-need-based Federal loan on which interest is not paid by the federal government. Borrowers are responsible for interest on all unsubsidized loans from the date the loan is disbursed until it is paid in full.

### **FEDERAL WORK STUDY PROGRAM:**

A program that provides part-time employment opportunities to students who qualify with unmet demonstrated federal need.

### **FREE APPLICATION FOR FEDERAL STUDENT AID (FAFSA):**

The federal aid application. This must be completed by all students who wish to be considered for need-based financial aid.



### **FINANCIAL AID COUNSELOR:**

A representative of the Financial Aid Office who reviews a student's application and awards aid and helps the student in all aspects of the financial aid process.

### **FINANCIAL AID PACKAGE:**

The total financial aid a student receives. Federal and non-federal aid such as grants, loans, work-study, and scholarships are combined in a "package" to help meet the student's need.

### **FINANCIAL NEED:**

The difference between the Cost of Attendance (COA) and the Estimated Family Contribution (EFC). This amount is your total eligibility for aid from all sources and is used in determining what your need-based financial aid package will be.

### **GIFT AID/GRANT:**

A type of financial aid award based on need or merit that is not repaid by the student.

### **INDIRECT COSTS:**

Expenses incurred as a result of attendance that the student/family may pay to a third party (merchant, landlord, transportation, etc.) other than the university.

### **INTEREST RATE:**

A fee charged for the use of borrowed money. Interest is calculated as a percentage of the principal loan amount. The rate may be constant throughout the life of the loan (fixed rate) or it may change at specified times (variable rate).

### **LENDER:**

A financial institution (bank, savings and loan, or credit union) that provides the funds for students and parents to borrow educational loans. Under the William D. Ford Direct Loans Program, some schools are also lenders.

### **LOAN CONSOLIDATION:**

A loan program that allows a borrower to combine various educational loans into one new loan. By extending the repayment period (up to 30 years depending on the loan amount) and allowing a single monthly payment, consolidation can make loan repayment easier for some borrowers.



### **LOAN DEFAULT:**

Failure to repay a student loan according to the terms agreed to when you signed a promissory note. If you default, your school, the organization that holds your loan, the state, and the federal government can all take action to recover the money, including notifying national credit bureaus of your default. Your wages and/or tax returns may be garnished, and you will no longer be eligible to receive federal financial aid.

### **LOAN DEFERMENT:**

An authorized period of time during which a borrower may postpone principal and interest payments. Deferments are available while borrowers are in school at least half time, enrolled in a graduate fellowship program or rehabilitation training program, and during periods of unemployment or economic hardship. Other deferments may be available depending on when and what you borrowed. Contact your lender for additional details.

### **LOAN FORBEARANCE:**

An authorized period of time during which the lender agrees to temporarily postpone a borrower's principal repayment obligation. Interest continues to accrue and usually must be paid during the forbearance period. Forbearance may be granted at the lender's discretion when a borrower is willing to repay their loan but is unable to do so.

### **LOAN GRACE PERIOD:**

The period between the time a borrower leaves school or drops below half-time and the time they are obligated to begin repaying their loans - usually six or nine months, depending on the type of loan.

### **LOAN ORIGATION FEE:**

A fee charged by the federal government and deducted from loan proceeds before disbursement to partially offset administrative costs of the Federal Family Education Loan Program (FFELP).

### **LOAN PRINCIPAL:**

The amount borrowed. Interest is charged on this amount, and guaranty and origination fees will be deducted prior to disbursement.

**NEEDS ANALYSIS:**

A process of reviewing a student's aid application to determine the amount of financial aid a student is eligible for. Completing a needs analysis form is the required first step in applying for most types of financial aid.

**NET COST:**

Amount of direct and indirect costs remaining after all gift aid (scholarship and grant) is subtracted. This amount can be covered through a variety of sources, including savings, income, non-need based educational loans.

**NEW BORROWER:**

A borrower who has no outstanding (unpaid) loan balances on the date (s)he signs the promissory note for a specific educational loan. New borrowers may be subject to different regulations than borrowers who have existing loan balances.

**PELL GRANT:**

A need-based Federal grant awarded to students who are pursuing their first undergraduate degree. Pell Grants may also be available for part-time study.

**PLUS LOAN:**

A Federal loan which enables parents with good credit histories to borrow to pay the education expenses of each child who is a dependent undergraduate student enrolled at least half time.

**PROMISSORY NOTE:**

The legal document borrowers sign when they get a loan. It lists conditions under which the money is borrowed and the terms under which borrowers agree to repay the loan with interest. Borrowers should keep the borrower copy of their promissory notes until the loans are fully repaid.

**REMAINING COST:**

Amount of direct and indirect costs remaining after all gift aid (scholarships and grants) is subtracted.

**REPAYMENT SCHEDULE:**

Discloses the borrower's monthly payment, interest rate, total repayment obligation, due dates and length of time for repaying the loan.



### **SATISFACTORY ACADEMIC PROGRESS (SAP):**

Criterion that is checked and monitored to ensure students are progressing toward completion of their programs in order to qualify for federal, state, and institutional financial aid.

### **SCHOLARSHIP:**

A type of gift aid awarded to the student that does not need to be repaid. Scholarship awards are typically based on merit or a combination of merit and need, such as academic excellence, talent, affiliation with various groups, or career aspirations. To be eligible for renewal of certain scholarships, the student may be required to maintain a specific Grade Point Average (GPA) or enrollment status. Please reference the student financial aid website to see the guidelines for the specific scholarship awarded

### **STATE GRANT:**

State funded program provides grant to state residents who demonstrate the highest level of financial need as determined by the results of the FAFSA. Amount varies and is based on enrollment status.

### **STUDENT AID REPORT (SAR):**

A form sent to the student after submitting the FAFSA to the federal processor. The SAR shows the information that was processed and indicates Pell Grant Eligibility. For duplicate reports call (319)337-5665.

### **SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS (SEOG):**

These are need-based Federal grants which are administered by the University. Students who are enrolled part-time may be eligible.

### **VERIFICATION:**

A process of review to determine the accuracy of the information on a student's financial aid application. Students are selected by the Processing Agency of the Pell Grant Program. If you are selected for verification, you will need to provide additional documentation of your financial records to the Financial Aid Office.