

## Meeting College Expenses *A Guide for Seeking Financial Assistance*

### Glossary of Terms

**Due to the large number of special terms and acronyms used in financial aid jargon, the following list may assist in understanding financial aid communication and provide familiarity with commonly used terms:**

**Award letter:** The letter sent from an institution's financial aid office to a student indicating the kinds and amounts of financial aid being held in reserve for the student. The types and amounts of aid will be distributed over each semester of anticipated enrollment (i.e. Summer 2007, Fall 2007 and Spring 2008). The student is expected to sign and return the form if accepting any or all of the offer. Refusal of any or all of the awards should be communicated in writing.

**Campus-based program:** A financial aid program authorized by state or federal law where the institution of higher education administers the aid funds. TPEG is a state campus-based program; SEOG, CWSP, and Perkins (NDSL) are federal campus-based programs.

**Completed Financial Aid Application:** A combination of forms received in the Office of Student Financial Aid including the FAFSA results and any supporting documents requested in writing from the Office of Student Financial Aid.

**Cost of education:** An estimate of the costs facing a student for an academic period. The estimate includes both direct educational costs (tuition, fees, books and supplies) and indirect costs (room, board, transportation, and personal expenses).

**FWS:** The Federal Work-Study Program provides employment for financially needy students to help meet educational expenses. Funds for the program are jointly provided by the federal government and the institution providing employment.

**Default:** Failure of the borrower to repay a student loan according to the conditions and terms of the loan. Penalties for a defaulted student loan include:

- loss of future eligibility for federal/state student assistance.
- negative comments to national credit bureaus.
- liability for prosecution or initiation of court action.
- assignment to collection agencies.
- withholding of state/federal tax refunds.
- loss of deferment and monthly payment options (the full amount could immediately be due and payable).

**Deferment:** The postponement of principle and/or interest payment on a student loan due to specific qualifications described in the loan promissory note. Qualifications for deferment might include continued satisfactory progress in enrollment, internship or residency, and military service.

**Disbursement:** Distribution of a portion of the financial aid award prior to the beginning of a semester rather than a lump sum, according to federal and state law. The awards will generally be divided equally according to the direct and indirect costs of education for each semester of enrollment.

**Electronic Access Code (EAC):** See Personal Information Number (PIN).

**FAFSA:** Free Application for Federal Student Aid. The form utilized by the U.S. Department of Education to collect financial data from a student and/or family.

**Federal Methodology:** a federal formula used to take student/family income and asset information and convert it into an estimate of the student/family contribution to cover college costs.

**Federal Perkins loan:** Formerly the National Direct Student Loan, a campus-based, low-interest student loan funded by a federal contribution and matched by institutional funds.

**Federal Subsidized Stafford Loan:** (FSL -- formerly Guaranteed Student Loan). Student loans from private commercial lending agencies such as banks, savings and loan associations, credit unions, insurance companies and direct state lenders. The student is responsible for choosing the lending institution which makes the loan. A list of lenders is available from the OSFA. The federal government pays the interest on the loan as long as the student is enrolled at least half-time.

**Federal Unsubsidized Federal Stafford Loan (UFSL):** Student loans from private commercial lending agencies such as banks, savings and loan associations, credit unions, insurance companies and direct state lenders. The student is responsible for choosing the lending institution which makes the loan. The borrower is responsible for paying interest on the loan as soon as the loan is made. A list of lenders is available from the OSFA.

**Fee remission:** An arrangement whereby a school allows a non-resident student to register by paying the resident tuition rate. A non-resident student who has received a competitive institutional scholarship of \$1,000 or more, annually, and students employed at least half-time as teaching or research assistants may be allowed to pay resident tuition rates.

**Financial aid package:** A combination of financial aid programs tailored to the student's individual circumstances and financial need. A financial aid package may include one or more of three types of aid — grants, loans and jobs.

**Financial aid transcripts:** Records of previous financial assistance maintained by offices of financial aid at all other colleges and universities a student has attended.

**Financial need:** An amount determined by subtracting the student/family contribution and other resources from the cost of education. Most financial aid awards are based on need, wherein students can receive no aid in excess of the financial need.

**Forbearance:** The temporary cessation of payments, allowing an extension of time for making payments, or accepting smaller payments than were previously scheduled. Interest will continue to accrue during any period of forbearance.

**Grant:** A form of gift aid which **does not have to be repaid**. Grants are usually awarded on the basis of financial need, however some have academic requirements as well.

**Guarantee Fee:** The amount paid to a guarantee agency to insure the loan against default. This fee is deducted from each disbursement of the loan.

**HELP:** Health Education Loan Program. A state student loan program for medical students administered by the Texas Higher Education Coordinating Board. Interest accrues as soon as funds are disbursed at a fixed 5.25% (simple) annual rate

**LEAP:** (Leveraging Education Assistance Partnership, formerly SSIG). Administered by the Texas Higher Education Coordinating Board and federally-matched, this program was established to help financially needy students attending public institutions of higher education in Texas.

**Loan:** Money awarded to the student or the student's parents for educational purposes, usually at a set interest rate, **which must be repaid to the lender**. Lenders include schools, banks or credit unions and some state agencies. Repayment on most loans does not begin until after the student leaves school, graduates or enrollment drops below half-time. Some loan payments can be deferred beyond graduation for military service, residency or internship.

**Loan Origination Fee:** The amount paid by the borrower to partially offset the costs for student loan processing. Origination fees will be charged for Federal Stafford Loans, UFSL's, PLUS's and HELP's. The origination fee is deducted from the loan disbursement. (The OSFA receives none of this fee.)

**Loan Servicer:** A loan servicer is a corporation that administers and collects loans and loan payments for the lender.

**Master Promissory Note (MPN):** A legally binding document between you and your lender indicating the conditions and borrower obligations of a loan. The MPN is a multi-year note, allowing the borrower to complete the note once and to borrow in subsequent years without completing an additional note.

**Need-based financial aid:** Financial aid awards which are determined exclusively on the basis of financial need. All need-based awards are granted according to the analysis provided from the FAFSA calculation of student financial need.

**NSLDS:** National Student Loan Data System. A national database maintained by the U.S. Department of Education containing detailed information regarding a student's financial aid history.

**OSFA:** The Office of Student Financial Aid, UT Southwestern Medical Center at Dallas; available to assist students and families with their financial educational planning concerns.

**Personal Information Number (PIN):** A unique code assigned to each student by the U.S. Department of Education which acts as an electronic signature for the student. Students need to retain their PIN's for access to future years' renewal applications for financial aid.

**PLUS:** Federal Parent Loan to Undergraduate Students. Loans authorized to parents of undergraduate students through Federal Stafford Loan Program (FSL) lenders which carry no federal or state subsidy of the interest while the student is in school. Repayments begin within 60 days after the loan is made and interest is based on the 91-day Treasury Bill rates.

**Primary Care Loan (PCL):** A low-interest, campus-based student loan available to students pursuing study in medicine and demonstrating a sincere desire to practice in a primary care setting. The penalty is severe for altering career plans away from primary care. Borrowers from this loan program must counsel with the OSFA before accepting the loan.

**Promissory note:** A student loan document signed by the borrower indicating the date, amount, conditions and borrower obligations of the loan.

**SAR:** Student Aid Report. A summary statement provided by the Federal processor detailing information provided by the student on the FAFSA.

**Scholarship:** A form of aid which is not repaid and is usually awarded on the basis of academic merit or special talent.

**Secondary Market:** A lender or a private or public agency that specializes in buying student loans.

**SSIG:** (see LEAP)

**Student/family contribution:** The amount a student/family is able to contribute to a student's college education. The student/family contribution is determined after analyzing financial data provided by the student/family on the FAFSA.

**TPEG:** Texas Public Educational Grant. Available to students demonstrating financial need, this campus-based program was established by the Texas Legislature from funds generated through tuition revenues.