

# GLOSSARY OF FINANCIAL AID TERMS

## Accrual

The date on which interest charges on an educational loan begin to accumulate (or accrue).

## Adverse Credit History

An adverse credit history is defined as being more than 90 days late on any debt or having Federal (Title IV) debt within the past five years subjected to default determination, bankruptcy discharge, foreclosure, repossession, tax lien, wage garnishment, or writeoff.

## Aggregate Direct Loan Limit

A student's Aggregate (maximum) Direct Loan limit is the total amount of Federal Direct Loans, both subsidized and unsubsidized, that a student can borrow while pursuing a degree(s).

## Bankruptcy

A legal proceeding in which an insolvent person, someone who cannot pay debts, may be relieved of financial obligations but loses control over bank accounts and future financial options. Bankruptcy is a last resort for those with debt problems, and although some debts may be discharged, bankruptcy affects a person's credit rating and financial opportunities for many years. Student loans, including alternative student loans, cannot be discharged through bankruptcy.

## Borrower

A borrower is the person who has signed and agreed to the terms in the master promissory note (MPN)

## Capitalization

Capitalization means that all interest accrued is added to the principal amount of your loan. Additional interest would then be based upon the higher principal amount. In other words, you would be paying interest on interest. If you are borrowing a Federal Direct Loan that is unsubsidized, you will be able to indicate on your master promissory note (MPN) whether you choose to pay your interest quarterly or have interest capitalize while you are in school. Choosing to pay your interest quarterly will minimize your loan debt.

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## Dependent

A dependent student is required to include both student and parent income information on the FAFSA (Free Application for Federal Student Aid). Dependency status is determined using federal guidelines on the FAFSA. Also see independent.

## Disbursement

Disbursement occurs when the lender releases the loan funds to the school for delivery to the borrower. At Millersville, educational loans are disbursed directly to the Office of Student Accounts (OSA) after the add/drop period has ended for each semester.

## Discharge

When a bankrupt person is legally free and clear of any obligation to repay certain debts. Student educational loans can never be discharged under current bankruptcy laws.

## Disclosure Statement

A disclosure statement is a statement of the actual cost of a loan, including the interest costs and the loan fee.

## Expected Family Contribution (EFC) and Financial Need

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## Forbearance

Forbearance is a temporary postponement of loan payments for a period of time. Unlike deferment, interest accrues on your loans (whether they are subsidized or unsubsidized) during forbearance. If this interest is not paid off within the period of forbearance, it will be added to the principal, thereby increasing the total amount owed.

To determine whether or not you are eligible for a deferment or forbearance, contact your lender or loan servicer:

Federal Perkins Loans: contact the Office of Student Accounts at 718-771-5101 for specific information on repayment, deferment, and forbearance.

Federal Direct Subsidized and Unsubsidized Loans (formerly Stafford Loans): contact the U.S. Department of Education at 800-848-0979 or your loan servicer for specific information on repayment, deferment, and forbearance

Federal Direct Parent PLUS Loans: Parents may contact the U.S. Department of Education at 800-848-0979. See also deferment.

## FSA ID

Your FSA ID is the unique username and password combination created by you and used to securely access online resources and applications relating to student aid. The FSA ID has replaced the Federal Student Aid PIN. If you are a dependent student, your parents should also apply for an FSA ID so they can access your financial aid applications online.

## Full-time

## Half-time

To be eligible for most federal student aid, a student must be enrolled at least half



## Prepayment

Prepayment loans indicate that the borrower is paying off all or part of a loan before it is due.

## Principal

The term principal refers to a sum of money borrowed, due, or used as a fund. The principal amount of your Federal Direct Loan is the total amount you have borrowed and must repay, with interest charges.

If you have chosen to capitalize the interest on a Federal Direct Unsubsidized Loan (rather than paying it quarterly as it accrues), the principal will include the amount you originally borrowed plus interest that has capitalized. When you graduate and use your grace period, you will then begin payments of principal and interest.

If you are receiving a Federal Direct Subsidized Loan, then...



## Separation

The date when a student ceases being enrolled at least half-time. This is the time when a loan officially ends its initial "in-school" period, which can occur because of graduation, withdrawal, termination, or enrollment of less than half-time.

## Subrogation

Subrogation is the substitution of one lender for another. The current lender assumes the terms and conditions of the previous lender.

## Subsidized, Subsidy

If you are borrowing a subsidized Federal Direct Loan, the interest on the loan is paid by the federal government on your behalf while you are in school. Once you graduate or leave school and your grace period has expired, you will begin making monthly payments on both the interest and the principal (the amount borrowed). See also unsubsidized.

## Unsubsidized

If you are borrowing a Federal Direct Loan that is unsubsidized, the federal government will not pay the interest on your loan while you are in school or during your six-month grace period.