

# Glossary of Financial Aid Terms

**Alternative Education Loan:** - Private loan source through an individual lender to pay for college expenses; borrower/co-signer needs to be credit worthy; often requires school certification; interest rates and repayment options vary from lender to lender.

**Defiance College Billing Statement:** This is a bill representing semester charges such as tuition, fees, room and board, if applicable, minus credits received (payments and financial aid). The bills are mailed by the Defiance College Business Office approximately three weeks prior to the due date. Fall semester payments are due August 1<sup>st</sup>, and spring semester payments are due December 1<sup>st</sup>. Bills may be accessed on-line at your DC One Stop link.

**Deferment of Loans** – A temporary period during which a borrower is not required to make payments. Deferments are more common in federal loan programs rather than alternative loans. For Subsidized Direct Loan and Perkins Loan borrowers, many deferments are subsidized, meaning the interest that accrues on the loan during the deferment period is paid by the federal government. Some deferments are unsubsidized, meaning the interest that accrues must be paid by the borrower.

**Disbursement:** - When funds are posted to the student's account in the Business Office. The disbursement dates are determined by the academic year dates and federal regulations. Loans listed on the Award Letter as a fall/spring loan are generally disbursed 50% for the fall semester, and 50% for the spring semester.

**Entrance Loan Counseling**– An educational session for students to learn the rights and responsibilities for borrowing a federal loan.

**Federal Direct Loan** – Long term, low interest loans administered by the Department of Education. Students repay on a 10-year term after graduation or when they are no longer enrolled at least half-time for the semester. There is a 6 month grace period option for repayment.

**Federal Direct Subsidized Loan** - A need-based loan with a 3.4%-6.8% interest rate. Interest is paid by the federal government while the student is enrolled at least half-time for each semester.

**Federal Direct Unsubsidized Loan** - A non-need based loan with a 6.8% interest rate. Interest is not paid by the federal government while the student is enrolled at least half-time for each semester. Interest can be paid by the student while enrolled in school or deferred until after graduation.

**Federal Perkins Loan** – This is a low interest loan (5%) for students with exceptional financial need. The loan is made through, and repaid to, the school. It is interest-free while the student is enrolled and offers a 10-year payment term after graduation or when the student drops below half-time enrollment. There is a 9-month grace period before repayment begins.

**Federal Work-Study (FWS) Program** – This is eligibility for an opportunity to work on campus. Jobs are not guaranteed. Students may interview on campus during the first week of school through the Jobs Fair or view the online job openings to secure a position. Students earn a payroll check once a month for the hours they have worked. Students have the option to use these funds to pay their tuition bill or keep the funds for their own living expenses. Typically, students work approximately 5-10 hours per week and are paid at least minimum wage.

**Grace Period** – Time period after student leaves school before repayment of loan begins, usually 6 months for federal subsidized and unsubsidized direct loans. Interest may accumulate on the loans during the grace period.

**Master Promissory Note** – This is a legal loan document that binds a borrower to the repayment obligations and other terms and conditions that govern a loan program.

**Origination Fee** - A fee the borrower pays to the lender for originating a student loan. Origination fees are most often associated with PLUS and Federal Direct Student loans. The origination fee for these federal loans can range from 1-4% of the loan's principal amount.

**PLUS** – Federal Parent Loan for Undergraduate Students program. This is a loan in the parent's name. See the enclosed brochure.

**Verification** – Verification is a review process required by the U.S. Department of Education in which the Financial Aid Office determines the accuracy of the information provided on the student's financial aid application. During the verification process the student and parent will be required to submit documentation that may include copies of the most recent Federal tax transcript for the student, spouse (if any), parents, and a verification worksheet provided by the College. The Defiance College Additional Request Form provided with your award letter will identify the needed items.