



## Financial Aid Glossary

Academic year:.....	2	Gift Aid:.....	4
Accrued interest:.....	2	Graduate Student: .....	4
Adjusted Gross Income (AGI):.....	2	Grace period: .....	4
Alternative Loan:.....	2	Income: .....	5
Assets: .....	2	Institutional Aid: .....	5
Award Letter: .....	2	Interest Rate: .....	5
Borrower: .....	2	Loan: .....	5
Business/Farm Supplement Form:.....	2	Loan Consolidation: .....	5
Capitalization: .....	2	Master Promissory Note (MPN): .....	5
Co-borrower:.....	2	Merit-Based Aid: .....	5
Cost of Attendance (COA): .....	2	Need: .....	5
Default: .....	3	Need Analysis: .....	5
Deferment:.....	3	Need-Based Aid: .....	5
Delinquency: .....	3	Origination:.....	5
Disbursement:.....	3	Origination fee:.....	5
Discharge:.....	3	Packaging:.....	6
Disclosure Statement:.....	3	Private Scholarship: .....	6
Entrance interview:.....	3	Promissory Note: .....	6
Expected Family Contribution (EFC): .....	3	Resource: .....	6
Exit interview: .....	3	Repayment period: .....	6
FAFSA: .....	3	Repayment schedule: .....	6
Federal Aid: .....	3	Satisfactory Academic Progress (SAP): .....	6
Federal Direct Graduate PLUS Loan:.....	4	Self-help Aid:.....	6
Federal Methodology (FM): .....	4	Student Aid Report (SAR): .....	6
Federal Processor:.....	4	Title IV School Code:.....	6
Federal Tax Return:.....	4	Unmet need:.....	6
Federal Work Study Program:.....	4	Verification: .....	6
Financial Aid Package:.....	4	W-2 Forms: .....	6
Forbearance: .....	4		



DENVER SEMINARY®

## Financial Aid Glossary

**Academic year:** The period during which school is in session, Denver Seminary's consists of Fall, Spring, and Summer.

**Accrued interest:** The interest that accumulates on the unpaid balance of a loan.

**Adjusted Gross Income (AGI):** A measure of how much of your income is taxable, the AGI is the sum of wages and salaries, unemployment compensation, interest, tips and gratuities less adjustments to your income (including alimony paid, payments made to an IRA or Keogh retirement plan, moving expenses, penalties on early withdrawal of savings, and health insurance payments for self-employed individuals).

**Alternative Loan:** Any loan that is privately (not federally) funded.

**Assets:** Items of value which are included in the needs-analysis formula to calculate aid eligibility. Assets may include but are not limited to: farm or home equity, value of family-owned businesses, trust funds, savings and checking accounts, commercial or residential real estate or rental property, stocks, bonds, and other investments.

**Award Letter:** The offer of financial aid prepared the Financial Aid Department after a needs analysis evaluation. The award letter lists the types and amounts of aid offered and lists any documents outstanding before a student's award is official and aid can be disbursed.

**Borrower:** The person who has signed and agreed to the terms of a loan and is responsible for repayment of the loan.

**Business/Farm Supplement Form:** Form detailing family-owned business or farm assets and liabilities to establish the value of business or farm.

**Capitalization:** Adding accumulated interest to the loan principal rather than having the borrower make interest payments. Capitalizing interest increases the principal amount of the loan and the total cost of the loan.

**Co-borrower:** Also called a cosigner, a co-borrower is someone who accepts responsibility for repayment of a loan if the primary borrower fails to make payments.

**Cost of Attendance (COA):** Also called a student's budget, the COA is an estimate of the actual cost of a year attending Denver Seminary; the COA includes both fixed expenses such as tuition, fees, room



## Financial Aid Glossary

and board, and variable expenses such as transportation, books, supplies, and personal expenses. The combination of the expected family contribution and the total amount of aid received cannot exceed the cost of attendance.

**Default:** Failure to repay a loan according to the terms of the promissory note.

**Deferment:** The temporary postponement of loan payments for a limited period of time. Most student loans are deferred while a student is enrolled at least half-time; contact your lender for details.

**Delinquency:** Delinquency occurs when loan payments are late or missed, as specified in the terms of the promissory note and the selected repayment plan.

**Disbursement:** The release of financial aid funds to a student's account; most funds are disbursed when the student's financial aid file is complete and registration has been verified. Most forms of aid are disbursed in two separate and equal installments: one for fall semester and another for spring semester. We begin disbursing after the semester starts.

**Discharge:** The release of a borrower from the obligation to repay his or her loan.

**Disclosure Statement:** Statement of the actual cost of a loan, including the interest costs and the loan fee. Disclosure statements are usually sent to borrowers each semester as funds are disbursed.

**Entrance interview:** Online counseling session that borrowers must complete before receiving their first loan disbursement.

**Expected Family Contribution (EFC):** The amount a student's family is expected to contribute toward college costs. The EFC is derived from the financial information provided on the FAFSA. Factors that contribute to the EFC include the student's dependency status, family size, number of family members in college, taxable and nontaxable income, and assets. The EFC is not a reflection of the bottom line bill.

**Exit interview:** Online counseling session that borrowers must complete before leaving college. Students are contacted by the Financial Aid Office to complete this process.

**FAFSA:** The Free Application for Federal Student Aid (FAFSA), required for all students who wish to apply for any form of financial assistance, including the PLUS loan. The FAFSA collects family financial information to determine whether students qualify for federal aid programs. FAFSA forms may be completed on paper and mailed to the federal processor or completed online at [www.fafsa.ed.gov](http://www.fafsa.ed.gov)

**Federal Aid:** Any form of financial aid that is funded and regulated by the U.S. Department of Education. A FAFSA must be completed annually in order to determine eligibility for federal aid. The



## Financial Aid Glossary

amount of federal financial aid is determined annually based on federal regulations, student eligibility, and the availability of funds.

**Federal Direct Graduate PLUS Loan:** A federally sponsored, low-interest loan available to graduate and professional students. The PLUS Loan allows students to supplement his/her financial aid package by borrowing money to cover any costs not already covered by the student's aid.

**Federal Methodology (FM):** The needs analysis formula applied by the federal government to the FAFSA to determine a student's federal Expected Family Contribution (EFC). FM takes into account the family size, number of family members in college, assets, and taxable and nontaxable income.

**Federal Processor:** The organization that processes the FAFSA, runs the FM calculations, and determines the federal EFC.

**Federal Tax Return:** Form filed with the Internal Revenue Service indicating income received and taxes paid for previous year.

**Federal Work Study Program:** A federally-funded employment program that subsidizes wages for students with financial need to help them pay for educational expenses. Recipients work, usually on campus, for hourly wages and receive pay directly. Work-study wages are not deducted from tuition or the bill. Students who have not been awarded federal work-study may work on campus as well. Students who would like to work on campus but have not been awarded federal work-study funds may apply for on campus jobs.

**Financial Aid Package:** The complete collection of scholarships, grants, work study opportunity and loans offered to a student.

**Forbearance:** Granted at the discretion of the lender, forbearance is an arrangement to postpone or reduce a borrower's monthly payment amount for a limited and specified period or to extend the repayment period. The borrower is charged interest during forbearance. To inquire about forbearance, contact your lender.

**Gift Aid:** Aid that the student does not have to repay.

**Graduate Student:** A student who has already earned a Bachelor's Degree and is working toward an advanced degree.

**Grace period:** The period between the time borrowers leave college or drop below half-time study and the time they must begin repaying their loans, usually six months, depending on the type of loan.



## Financial Aid Glossary

**Income:** The amount of money received from any or all of the following: wages, salary, tips and gratuities, interest, dividends, capital gains, sales, or rental of property or services, business or farm profits, certain public assistance programs, disability, inheritance, gambling or contest winnings, pensions or retirement benefits and other types of taxable and nontaxable earnings.

**Institutional Aid:** Any form of financial aid that is funded and regulated by Denver Seminary. Institutional aid may be in the form of a merit-based Scholarship or a need based Scholarship. A FAFSA and Scholarship Application must be completed annually in order to determine eligibility for institutional aid.

**Interest Rate:** The expense of borrowing money that is calculated as a percentage of the amount borrowed. An interest rate can be fixed (meaning it stays the same for the life of the loan) or variable (meaning that the interest rate is tied to a stated index and changes quarterly or annually as the index changes).

**Loan:** Money borrowed that must be repaid, usually with interest.

**Loan Consolidation:** The process of combining multiple student or parent loans into one new loan with a new repayment term, interest rate and monthly payment. In general, federal loans may be consolidated only with other federal loans (and not with private or alternative loans). For details about consolidation, contact your lender.

**Master Promissory Note (MPN):** A binding, legal document outlining the terms and conditions of the loan.

**Merit-Based Aid:** Any aid that is based on a student's academic performance. Merit-based aid does not take into account a family's financial situation.

**Need:** The difference between the Cost of Attendance (COA) and the Expected Family Contribution (EFC) that is used in determining the student's eligibility for need-based aid.

**Need Analysis:** The process of determining a student's financial need by analyzing the financial information provided by the student and his or her parents.

**Need-Based Aid:** Any aid that is awarded based upon a student's financial need as determined by the federal and institutional methodologies.

**Origination:** The activities associated with processing a loan application.

**Origination fee:** A fee paid to the lender to defray the administrative costs associated with processing a loan.



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## Financial Aid Glossary

**Packaging:** The process of assembling a financial aid package.

**Private Scholarship:** Also called an outside scholarship, a private scholarship is any award that comes from a source other than the University or federal or state governments.

**Promissory Note:** A legally binding contract between a lender and a borrower. The promissory note contains the terms and conditions of the loan, including how and when the loan must be repaid.

**Resource:** A financial incentive or reimbursement for attending school. Examples of resources are an employer's tuition benefit and veteran's benefits.

**Repayment period:** The period during which a borrower is obligated to make payments on his or her loan(s).

**Repayment schedule:** A statement provided by the lender to the borrower that lists the amount borrowed, the amount of monthly payments, and the date payments are due.

**Satisfactory Academic Progress (SAP):** The academic standard, as determined by Denver Seminary, in compliance with federal regulations that a student must meet to continue receiving financial aid.

**Self-help Aid:** Financial aid in the form of loans and work study.

**Student Aid Report (SAR):** A summary of the information provided on the FAFSA which is produced by the federal government and sent to the student.

**Title IV School Code:** This is a six-character identifier used by the federal processor to determine which schools should receive a student's FAFSA form. Denver Seminary's code is: 001352.

**Unmet need:** Any portion of the need not met by the financial aid award.

**Verification:** The process by which the Financial Aid Office confirms or corrects the information provided on the financial aid application forms. Verification requires families to utilize the IRS data Retrieval tool via the FAFSA and send additional documentation including but not limited to: W-2 forms, copies of social security cards, copies of birth certificates, proof of selective service registration, and documentation of citizenship.

**W-2 Forms:** Also called a Wage & Tax Statement. The W-2 form reports an employee's wages and the taxes withheld; US employers are required to provide every employee a W-2 form at the end of the year.