

Financial Aid Glossary

Accrual Date – The date interest charges on an educational loan begins accruing interest.

Amortization – Process of paying off your loans in regular installments over time.

Annual Taxable Income – Amount of income used to determine how much tax you owe each year. This can include wages, salaries, bonuses, tips, investment income and unearned income.

APR – Annual cost of borrowing money

Aid Year – Twelve-month period that begins July 1 and ends June 30 the following year.

Borrower – Person that applies for the loan and receives the funds.

Capitalization – Addition of unpaid accrued interest to the principal balance of a loan.

Cost of Attendance (COA) – Total amount of funds that it would cost a student to attend college for an academic year, which includes direct charges and indirect costs. COA typically is comprised of tuition and fees, housing, food, transportation, and personal expenses.

Cosigner – Creditworthy applicant who agrees to share repayment responsibilities for a loan with the primary borrower.

Credit – Ability of a person to obtain goods or services before payment, based on the trust that payment will be made in the future.

Credit Report – Detailed report of an individual's credit history.

Curtailement – Additional payment made to reduce the principle of a loan.

Default – Failure to make payments on a loan according to the loan terms.

Deferment – Postponement of a payment on a loan for a specific amount of time

Delinquency – Time after one payment is missed, until the payments are up to date.

Direct Charges – Expenses paid directly to the university.

Direct Loan – Loan that is backed by the federal government.

Disbursement - When the lender sends the loans funds to the institution.

Endorser – Someone who agrees to repay the loan if the borrower does not.

Entrance Counseling – Required online counseling that explains the rights and obligations you agree to meet as a condition of accepting a Federal Direct Student Loan.

Exit Counseling – Required online counseling that provides important information to prepare you to repay a Federal Direct Student Loan.

Free Application for Federal Student Aid (FAFSA) – Federal Student Aid online application for federal, and often state, financial aid resources. This is the only application Ohio University students need to apply for all forms of financial aid.

Federal Work-Study – Federal Employment program offered and administered by the institution that provides opportunity for part-time employment to students with financial need to help pay their educational expenses.

Financial Aid – Assistance in the form of grants, scholarships, work-study, and/or loans.

Gift Aid – Financial aid that does not require a student to repay funds, typically includes scholarships and grants.

Grace Period – Timeframe between your last day of classes and your first loan payment due date. Grace periods for Federal Student Loans begin when a student graduates or drops below half-time enrollment in a term other than summer semester.

Grant Aid – Gift aid typically based on financial need.

Gross Income – Total income before tax and other deductions.

Indirect Costs – Expenses incurred as a result of attendance that are not paid directly to a university.

Interest – Costs to borrow money.

Lender – Organization or entity that holds a loan.

Loan – Money borrowed from the federal government or a private source that must be paid back with interest.

Merit-Based Aid – Gift aid that is based on academic merit, typically high school or university grad point average (GPA) and/or standardized test scores.

Master Promissory Note (MPN) – Legal document that contractually requires the borrower to repay a loan.

Origination Fee – A fee charged and deducted from the loan amount before funds apply to an account balance.

Principal – Total amount of money that you agree to borrow.

Private Loan – Loan acquired through a private, third-party lender. Many private lenders offer loans to student and parent borrowers.

Satisfactory Academic Progress (SAP) – Federally-mandated process required of universities to monitor and review a student's progression toward degree completion.

Scholarship Aid – Gift Aid that is based on merit or financial need.

Self-Help Aid – Financial aid in the form of Federal Work-Study employment or loans.

Service Obligation – Contractual obligation requiring the recipient to practice their profession in a qualified program.

Servicer – Company sending billing notification, collecting payments, and providing customer service for a loan.

Subsidized Loan – Federal Direct Student Loan, available to undergraduate students that accrues no interest while a student is enrolled at least half-time, in a grace period, or during deferment.

Treasury Offset – Payment to an individual from the U.S. Department of Treasury that is reduced or canceled and used to pay on a delinquent debt.

Tuition – Charges for enrollment at a university.

Unsubsidized Loan – Federal Direct Student Loan, available to undergraduate and graduate students that accrues interest while a student is enrolled, in a grace period, and during deferment.

Verification – Federally-mandated process required of universities to review to verify accuracy of the information submitted on a FAFSA.