

# FAQ's about Financial Aid

Here are some of the most commonly asked questions about financial aid.

## **General Questions about Eligibility and Applying**

### ***1. I probably don't qualify for aid. Should I apply for aid anyway?***

Yes. Many families mistakenly think they don't qualify for aid and prevent themselves from receiving financial aid by failing to apply for it. In addition, there are a few sources of aid such as unsubsidized Stafford and PLUS loans that are available regardless of need. The FAFSA form is free. There is no good excuse for not applying.

### ***2. Do I need to be admitted before I can apply for financial aid at a particular school?***

No. You can apply for financial aid any time after January 1. To actually receive funds, however, you must be admitted and enrolled at the school.

### ***3. Why can't I submit my financial aid application before January 1?***

The need analysis process for financial aid uses the family's income and tax information from the most recent tax year (the base year) to judge your eligibility for need-based financial aid during the upcoming academic year (the award year). Since the base year ends December 31, you cannot submit a financial aid application until January 1. After all, your parents might earn a year-end bonus or realize capital gains from selling stocks on December 31. If you submit the financial aid application before January 1, it will be rejected.

### ***4. Do I have to reapply for financial aid every year?***

Yes. Most financial aid offices require that you apply for financial aid every year. If your financial circumstances change, you may get more or less aid. After your first year you will receive a "Renewal Application" which contains preprinted information from the previous year's FAFSA. Note that your eligibility for financial aid may change significantly, especially if you have a different number of family members in college. Renewal of your financial aid package also depends on your making satisfactory academic progress toward a degree, such as earning a minimum number of credits and achieving a minimum GPA.

### ***5. How do I apply for a Pell Grant and other types of need-based aid?***

Submit a FAFSA. To indicate interest in student employment, student loans and parent loans, you should check the appropriate boxes. Checking these boxes does not commit you to accepting these types of aid. You will have the opportunity to accept or decline each part of your aid package later. Leaving these boxes unchecked will not increase the amount of grants you receive.



## **6. Are my parents responsible for my educational loans?**

No. Parents are, however, responsible for the Federal PLUS loans. Parents will only be responsible for your educational loans if they co-sign your loan. In general you and you alone are responsible for repaying your educational loans.

You do not need to get your parents to cosign your federal student loans, even if you are under age 18, as the 'defense of infancy' does not apply to federal student loans. (The defense of infancy presumes that a minor is not able to enter into contracts, and considers any such contract to be void. There is an explicit exemption to this principle in the Higher Education Act with regard to federal student loans.) However, lenders may require a cosigner on private student loans if your credit history is insufficient or if you are underage. In fact, many private student loan programs are not available to students under age 18 because of the defense of infancy.

If your parents (or grandparents) want to help pay off your loan, you can have your billing statements sent to their address. Likewise, if your lender or loan servicer provides an electronic payment service, where the monthly payments are automatically deducted from a bank account, your parents can agree to have the payments deducted from their account. But your parents are under no obligation to repay your loans. If they forget to pay the bill on time or decide to cancel the electronic payment agreement, you will be held responsible for the payments, not them.

## **7. If I take a leave of absence, do I have to start repaying my loans?**

Not immediately. The subsidized Stafford loan has a grace period of 6 months and the Perkins loan a grace period of 9 months before the student must begin repaying the loan. When you take a leave of absence you will not have to repay your loan until the grace period is used up. If you use up the grace period, however, when you graduate you will have to begin repaying your loan immediately. It is possible to request an extension to the grace period, but this must be done before the grace period is used up.

If your grace period has run out in the middle of your leave of absence, you will have to start making payments on your student loans.

## **8. I got an outside scholarship. Should I report it to the financial aid office?**

Yes. If you are receiving any kind of financial aid from government sources, you must report the scholarship to the financial aid office.

## **9. Is it legal for a 17-year-old student to sign a promissory note for a student loan, even though the student has not yet reached the age of majority?**

Normally, a minor cannot be held liable for a contract that they sign. However, in 1992 the Higher Education Act was amended to permit eligible students, defined as per Title IV regulations, to sign promissory notes for their own Federal student loans. As such, student loans represent one of the few exceptions to the so-called "defense of infancy". The specific citation is section 484A(b)(2) of the Higher Education Act of 1965 (20 USC



1091a(b)(2)), and applies to Stafford, PLUS and Consolidation Loans. It does not appear to apply to Perkins and Direct Loans, although it was clearly the intent of Congress that it should.

Several states have also passed similar laws that consider minors to be competent to enter into a contract for an education loan. This extends similar protection to private and non-federal loans. All private education loans require a cosigner when the student is under the age of majority, just to be safe.

***10. I was born on January 1, when I will be 24 years old. Can I check Yes in the answer to the FAFSA question "Were you born before January 1, ..." to qualify as an independent student?***

The official answer is no. If you check yes, your SAR will be flagged for verification. However, most financial aid administrators would use professional judgment to override the default dependency determination for a student born on January 1 who also demonstrates financial self-sufficiency.

