

# NASFAA Student Eligibility Practice Exam (Sample)

## Study Guide



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## **Questions**

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- 1. Which form is primarily used for applying for federal financial aid?**
  - A. CSS Profile**
  - B. FAFSA**
  - C. Scholarship Application**
  - D. Student Loan Application**
- 2. What is the requirement for successfully completing credit hours to qualify as an ATB alternative?**
  - A. At least three college courses**
  - B. Six semester, trimester, or quarter credit hours**
  - C. Completion of a full academic year**
  - D. Two vocational training programs**
- 3. Which formula can determine a student's financial need?**
  - A. Cost of Attendance minus Parent Contribution**
  - B. Cost of Attendance minus Outside Scholarships**
  - C. Cost of Attendance minus Student Aid Index**
  - D. Cost of Attendance minus Personal Loans**
- 4. True or False: If a school approves a student's SAP appeal, the student can receive Title IV aid for one payment period only.**
  - A. True**
  - B. False**
  - C. Depends on the situation**
  - D. None of the above**
- 5. What does "N" indicate on the UEH flag on ISIR?**
  - A. No need for further action**
  - B. Enrollment history is verified**
  - C. Eligibility is confirmed**
  - D. Additional information is required**

- 6. What must a school do if a student claims U.S. citizenship but fails the database match?**
- A. Document their status immediately**
  - B. Give them at least 30 days to provide documentation**
  - C. Report the discrepancy to federal authorities**
  - D. Automatically reject their application**
- 7. What is 'overawarding' in the context of financial aid?**
- A. Providing exactly the amount of aid a student is eligible for**
  - B. Providing more financial aid than a student is eligible for according to their EFC and COA**
  - C. Giving financial aid only to students with exceptional need**
  - D. Reducing the amount of aid based on the student's earnings**
- 8. Under what condition must a school reconfirm a student's status in subsequent award years?**
- A. If the student is a new enrollee**
  - B. If there is a change in the program**
  - C. If the student's documentation has expired or if they are a conditional resident**
  - D. If the student has not applied for aid in the previous year**
- 9. How can financial aid offices assist students in understanding eligibility criteria?**
- A. By offering scholarships exclusively**
  - B. By providing counseling, workshops, and personalized support**
  - C. By creating complex eligibility algorithms**
  - D. By limiting access to information**
- 10. Who is required to confirm student eligibility for Title IV aid?**
- A. The U.S. Department of Education only**
  - B. The student and their parents only**
  - C. The school and the appropriate federal agencies**
  - D. Only the admissions office at the school**

## **Answers**

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1. B
2. B
3. C
4. A
5. A
6. B
7. B
8. C
9. B
10. C

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## **Explanations**

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**1. Which form is primarily used for applying for federal financial aid?**

- A. CSS Profile**
- B. FAFSA**
- C. Scholarship Application**
- D. Student Loan Application**

The Free Application for Federal Student Aid (FAFSA) is the primary form used for applying for federal financial aid. This application is crucial for determining a student's eligibility for various types of federal aid, including grants, work-study, and federal student loans. It collects essential financial information from students and their families, which is used to calculate the Expected Family Contribution (EFC) and subsequently, the financial need of the student. FAFSA is the gateway for federal funding and many state and institutional aid programs as well. Completing this form is typically a requirement for any student seeking assistance from federal sources, making it a critical step in the financial aid process. Other forms, like the CSS Profile or scholarship applications, serve different purposes, such as assessing eligibility for private funding or institutional scholarships, but they do not directly provide access to federal financial aid programs like the FAFSA does.

**2. What is the requirement for successfully completing credit hours to qualify as an ATB alternative?**

- A. At least three college courses**
- B. Six semester, trimester, or quarter credit hours**
- C. Completion of a full academic year**
- D. Two vocational training programs**

The requirement for successfully completing credit hours to qualify as an Ability-to-Benefit (ATB) alternative is that the student must have completed a minimum of six semester, trimester, or quarter credit hours. This criterion is essential for students who do not have a high school diploma or its equivalent and are seeking financial aid under Title IV programs. The six credit hours can provide evidence that a student has the skills necessary to succeed in a postsecondary education environment, allowing them to access federal student aid based on their progress. The other choices do not align with the established requirements for ATB alternatives. For instance, three college courses could be fewer than six credit hours, depending on the course structure, which does not meet the criteria. Completing a full academic year is not required for the ATB qualification specifically; rather, it is focused on credit hours completed. Lastly, while vocational training programs are valuable, the direct metric for ATB eligibility is centered on credit hours rather than the completion of two separate training programs.

**3. Which formula can determine a student's financial need?**

- A. Cost of Attendance minus Parent Contribution**
- B. Cost of Attendance minus Outside Scholarships**
- C. Cost of Attendance minus Student Aid Index**
- D. Cost of Attendance minus Personal Loans**

To determine a student's financial need, the correct approach is to calculate the Cost of Attendance and then subtract any expected contributions or financial resources. The Student Aid Index (SAI) is a critical factor in this calculation. The SAI represents the amount a student and their family is expected to contribute towards the student's education costs based on financial information provided in the Free Application for Federal Student Aid (FAFSA). When using the SAI in conjunction with the Cost of Attendance, you obtain a clear picture of the financial gap that exists, which represents the student's financial need. Thus, the formula created by subtracting the Student Aid Index from the Cost of Attendance effectively identifies the amount of financial support required to help cover educational expenses. By contrast, while other choices mention valid components of a financial aid assessment, such as parent contributions or outside scholarships, they do not encompass the comprehensive view provided by the SAI, which considers the family's overall financial situation. This makes the SAI a central element for accurately assessing a student's financial need.

**4. True or False: If a school approves a student's SAP appeal, the student can receive Title IV aid for one payment period only.**

- A. True**
- B. False**
- C. Depends on the situation**
- D. None of the above**

The statement is true because when a school approves a student's Satisfactory Academic Progress (SAP) appeal, it allows the student to receive Title IV financial aid for a specified amount of time, typically one payment period. This approach is in line with federal regulations, which require institutions to evaluate students' academic performance. If the appeal is approved, the student may receive aid during that payment period while on a probationary status to allow them to improve their academic standing. However, continued eligibility for Title IV funding is contingent upon the student meeting SAP standards in subsequent periods. Therefore, while the student receives Title IV aid for that initial payment period, ongoing eligibility is not automatically granted and is dependent on sustained academic performance moving forward.

**5. What does "N" indicate on the UEH flag on ISIR?**

- A. No need for further action**
- B. Enrollment history is verified**
- C. Eligibility is confirmed**
- D. Additional information is required**

The "N" on the UEH flag on an ISIR (Institutional Student Information Record) signifies that there is no need for further action regarding the student's enrollment history. This flag indicates that the enrollment history has been successfully verified and no discrepancies or issues have been identified that would require additional documentation or clarification from the student or the institution. This confirmation streamlines the process for the financial aid office, allowing them to proceed with the awarding of aid without delays resulting from enrollment verification processes. The presence of the "N" simplifies the administration of financial aid by clearly communicating that everything is in order concerning the student's enrollment status, making it clear that the verification checks have been completed satisfactorily.

**6. What must a school do if a student claims U.S. citizenship but fails the database match?**

- A. Document their status immediately**
- B. Give them at least 30 days to provide documentation**
- C. Report the discrepancy to federal authorities**
- D. Automatically reject their application**

When a student claims U.S. citizenship but fails the database match, the school is required to give the student at least 30 days to provide the necessary documentation to resolve the discrepancy. This allows the student the opportunity to gather and submit proof of their citizenship, such as a birth certificate or naturalization certificate, thus ensuring that the institution complies with federal regulations related to student eligibility. By providing this grace period, schools uphold the principles of due process and fairness, allowing students a reasonable amount of time to correct the issue rather than immediately rejecting their application or taking more drastic measures.

**7. What is 'overawarding' in the context of financial aid?**

- A. Providing exactly the amount of aid a student is eligible for**
- B. Providing more financial aid than a student is eligible for according to their EFC and COA**
- C. Giving financial aid only to students with exceptional need**
- D. Reducing the amount of aid based on the student's earnings**

Overawarding refers to the practice of providing more financial aid to a student than they are deemed eligible for, specifically when considering factors like the Expected Family Contribution (EFC) and the Cost of Attendance (COA). The EFC is calculated based on the financial situation of the student and their family, while the COA includes all necessary expenses associated with attending school. When financial aid exceeds what the student's calculated need allows, it can lead to complications, such as the student receiving funds that they are not entitled to, potentially resulting in adjustments or penalties down the line. This concept is critical in ensuring that financial aid resources are allocated appropriately and help maintain the integrity of the financial aid process. By adhering to the guidelines set forth in financial aid regulations, institutions can ensure each student receives an equitable amount of assistance, reflective of their financial circumstances.

**8. Under what condition must a school reconfirm a student's status in subsequent award years?**

- A. If the student is a new enrollee**
- B. If there is a change in the program**
- C. If the student's documentation has expired or if they are a conditional resident**
- D. If the student has not applied for aid in the previous year**

A school must reconfirm a student's status in subsequent award years primarily when the student's documentation has expired or if the student is a conditional resident. The essence of this requirement lies in ensuring that all eligibility criteria are continually met, especially as circumstances can change over time. For instance, if a student is classified as a conditional resident, they might initially qualify for aid based on temporary conditions, but ongoing eligibility needs to be verified in subsequent years to ensure they continue to meet the necessary requirements for receiving aid. In cases where documentation has expired, it is crucial for the school to reconfirm status, as this reflects the student's current eligibility for federal student aid. Institutions have a responsibility to verify that all records are up-to-date and accurate, thereby safeguarding both the student's and the institution's compliance with federal regulations. In contrast, the other options pertain to circumstances that do not necessarily trigger a compulsory reconfirmation of status each year. New enrollees typically provide fresh documentation upon starting a program, and while a change in the program may prompt updates to a student's eligibility file, it doesn't automatically require a reconfirmation of status. Similarly, a lapse in applying for aid in the previous year usually does not dictate a need for reconfirmation unless it directly affects

**9. How can financial aid offices assist students in understanding eligibility criteria?**

- A. By offering scholarships exclusively**
- B. By providing counseling, workshops, and personalized support**
- C. By creating complex eligibility algorithms**
- D. By limiting access to information**

Financial aid offices play a critical role in helping students navigate the complexities of eligibility criteria for aid. Providing counseling, workshops, and personalized support creates an informed environment where students can ask questions and receive tailored information regarding various forms of financial aid, such as grants, scholarships, and loans. Counseling sessions allow students to discuss their individual circumstances, which is essential because eligibility can depend on numerous factors, including income, enrollment status, and other personal details. Workshops can provide a broader understanding of the financial aid process, critical deadlines, and how to fill out necessary forms correctly, like the FAFSA. This proactive and supportive approach equips students with the knowledge and tools they need to make informed decisions about their education financing. This method contrasts strongly with the other options. Offering scholarships exclusively would limit students' understanding to only one aspect of financial aid, while creating complex eligibility algorithms would likely confuse students rather than assist them. Limiting access to information would hinder students' ability to make informed choices, completely undermining the purpose of the financial aid office. Hence, providing comprehensive support and guidance stands out as the most effective way a financial aid office can assist students in understanding eligibility criteria.

**10. Who is required to confirm student eligibility for Title IV aid?**

- A. The U.S. Department of Education only**
- B. The student and their parents only**
- C. The school and the appropriate federal agencies**
- D. Only the admissions office at the school**

The requirement to confirm student eligibility for Title IV aid primarily lies with the school, which must follow established federal guidelines and regulations. Schools are tasked with ensuring that students meet all criteria necessary to receive federal financial aid, which includes verification of enrollment status, citizenship, academic standing, and other eligibility factors. In addition to the school's responsibilities, appropriate federal agencies, including the U.S. Department of Education, help to facilitate and oversee compliance with these regulations but do not handle individual student eligibility assessments directly. This collaborative approach ensures that all aspects of Title IV eligibility are accurately evaluated before aid can be disbursed to students. The roles of students, parents, and specific offices like admissions are separate from the formal process of determining eligibility for federal aid. While students and their parents provide essential information, such as the Free Application for Federal Student Aid (FAFSA), the school holds the primary responsibility in verifying and confirming that all eligibility conditions are met.