

# NASFAA Student Eligibility Practice Exam (Sample)

## Study Guide



**Everything you need from our exam experts!**

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# Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

**Remember:** successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

# How to Use This Guide

**This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:**

## **1. Start with a Diagnostic Review**

**Skim through the questions to get a sense of what you know and what you need to focus on. Don't worry about getting everything right, your goal is to identify knowledge gaps early.**

## **2. Study in Short, Focused Sessions**

**Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations, and take breaks to retain information better.**

## **3. Learn from the Explanations**

**After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.**

## **4. Track Your Progress**

**Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.**

## **5. Simulate the Real Exam**

**Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.**

## **6. Repeat and Review**

**Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning.**

## **7. Use Other Tools**

**Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.**

**There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly — adapt the tips above to fit your pace and learning style. You've got this!**

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## Questions

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- 1. What kind of workshops might financial aid offices provide to assist students?**
  - A. Investment strategies**
  - B. Resume building**
  - C. Financial literacy and budgeting**
  - D. Major selection**
  
- 2. What distinguishes a subsidized loan from an unsubsidized loan?**
  - A. A subsidized loan accrues interest while the borrower is in school**
  - B. An unsubsidized loan requires a credit check**
  - C. A subsidized loan does not accrue interest while the borrower is in school**
  - D. There is no difference between the two loan types**
  
- 3. What action is required if a student's documentation is found to be expired?**
  - A. Reconfirm the student's status**
  - B. Terminate financial aid**
  - C. Notify the student of non-eligibility**
  - D. Provide a grace period**
  
- 4. How often must students complete the FAFSA to remain eligible for federal student aid?**
  - A. Every two years**
  - B. Once during their college career**
  - C. Annually**
  - D. Only when changing schools**
  
- 5. Which scenario is an example of an unusual circumstance for a dependency override?**
  - A. Living independently for two years**
  - B. Having a part-time job**
  - C. Receiving academic honors**
  - D. Consistently attending classes**

- 6. How often must the eligibility of a victim of human trafficking be checked?**
- A. Every semester**
  - B. Every award year**
  - C. Once during their studies**
  - D. Every two years**
- 7. What is one requirement for a parent PLUS borrower to be eligible for Title IV funds?**
- A. Must have a credit score above 600**
  - B. Must not be in default of repayment of Title IV loans**
  - C. Must be a U.S. citizen**
  - D. Must have a high school diploma**
- 8. 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**
- 9. What is the 'five-year rule' in relation to federal loan eligibility for graduate studies?**
- A. Graduate students can receive federal loans for a maximum of ten years**
  - B. Graduate students may receive federal loans for an indefinite period**
  - C. Graduate students can only receive federal loans for a maximum of five years**
  - D. Graduate students cannot receive any federal loans**
- 10. What happens if a student's ISIR application has a reject code?**
- A. The application is denied outright**
  - B. The school must take action to resolve the issue**
  - C. The student may be automatically eligible for grants**
  - D. Nothing, the application can proceed without issues**

## **Answers**

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

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## **Explanations**

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**1. What kind of workshops might financial aid offices provide to assist students?**

- A. Investment strategies**
- B. Resume building**
- C. Financial literacy and budgeting**
- D. Major selection**

Financial aid offices often provide workshops aimed at helping students develop essential skills in managing their financial resources effectively. These workshops typically focus on financial literacy and budgeting, which are crucial for students navigating the costs associated with their education. By offering sessions on financial literacy, the financial aid office equips students with the knowledge they need to understand various financial concepts, including interest rates, loans, and credit. Budgeting workshops help students learn how to plan their expenses, ensure they can cover their educational costs, manage living expenses while in school, and avoid future debt. This focus on financial management aligns directly with the core mission of financial aid offices, which is to ensure students can successfully finance their education and maintain their financial well-being throughout their academic careers.

**2. What distinguishes a subsidized loan from an unsubsidized loan?**

- A. A subsidized loan accrues interest while the borrower is in school**
- B. An unsubsidized loan requires a credit check**
- C. A subsidized loan does not accrue interest while the borrower is in school**
- D. There is no difference between the two loan types**

A subsidized loan is designed to provide financial relief to borrowers, particularly students. One of the primary distinguishing features of a subsidized loan is that the government pays the interest on the loan while the borrower is enrolled in school at least half-time, during the grace period, and during periods of deferment. This means that as long as the student remains eligible, no interest will accrue on the loan during these times, making it a more financially favorable option compared to its unsubsidized counterpart. In contrast, an unsubsidized loan begins to accumulate interest as soon as the funds are disbursed, meaning borrowers are responsible for paying that interest even while they are still in school. This distinction is crucial for students to understand as it can significantly impact the total amount they will owe upon graduation. Recognizing this difference helps borrowers make informed decisions about their financing options for education, ultimately shaping their repayment strategies and affecting their financial well-being after school.

**3. What action is required if a student's documentation is found to be expired?**

- A. Reconfirm the student's status**
- B. Terminate financial aid**
- C. Notify the student of non-eligibility**
- D. Provide a grace period**

When a student's documentation is found to be expired, the appropriate action is to reconfirm the student's status. This step involves reassessing the student's eligibility based on the information available, as expired documentation does not automatically disqualify a student from receiving financial aid. Reconfirming a student's status allows for the possibility that updated or valid documentation may still be gathered that reflects the current situation. This approach is critical because it enables institutions to ensure that students are given every opportunity to rectify their documentation and meet eligibility requirements. While terminating financial aid, notifying the student of non-eligibility, or providing a grace period might also seem like potential actions, these options do not consider the possibility of updating the documentation or resolving any discrepancies. Therefore, reconfirming the student's status takes precedence as it supports a fair evaluation of their eligibility.

**4. How often must students complete the FAFSA to remain eligible for federal student aid?**

- A. Every two years**
- B. Once during their college career**
- C. Annually**
- D. Only when changing schools**

Students must complete the FAFSA (Free Application for Federal Student Aid) annually in order to maintain their eligibility for federal student aid. The annual requirement ensures that the information provided remains current, reflecting any changes in the student's financial situation, family circumstances, or academic plans. This is crucial, as federal aid amounts can vary year to year based on updated data. By completing the FAFSA each year, students allow financial aid offices to assess their eligibility accurately and determine the appropriate financial aid package for each academic year. Additionally, due to changes in federal funding policies and grant availability, yearly submissions help ensure that students receive the most relevant and adequate support throughout their education. The other options do not align with the established regulations for federal student aid. For instance, completing the FAFSA every two years or once during a college career would not account for fluctuations in financial circumstances that could affect aid eligibility, which is why an annual renewal process is mandated. Similarly, only completing the FAFSA when changing schools could lead to gaps in receiving aid during consecutive years.

**5. Which scenario is an example of an unusual circumstance for a dependency override?**

- A. Living independently for two years**
- B. Having a part-time job**
- C. Receiving academic honors**
- D. Consistently attending classes**

The scenario of living independently for two years is indicative of an unusual circumstance that may justify a dependency override. In the context of federal financial aid, a dependency override allows a student to be considered independent for financial aid purposes under specific situations that are not explicitly defined in standard criteria, such as age or marital status. Living independently suggests that the student may have demonstrated self-sufficiency and may not receive adequate parental support. This situation can encompass various factors, such as financial hardship, estrangement from parents, or other significant life circumstances that affect the student's ability to rely on their parents. While having a part-time job, receiving academic honors, and consistently attending classes are commendable accomplishments and factors that contribute to a student's overall profile, they do not typically fall under the definition of circumstances that would warrant a dependency override. These situations are more standard experiences for many students and do not demonstrate the unique or unusual conditions that the dependency override policy addresses.

**6. How often must the eligibility of a victim of human trafficking be checked?**

- A. Every semester**
- B. Every award year**
- C. Once during their studies**
- D. Every two years**

The correct answer is that the eligibility of a victim of human trafficking must be checked every award year. This is important because the eligibility for financial aid, including the provisions available for victims of human trafficking, can change over time. The Department of Education requires that institutions regularly assess a student's eligibility to determine if they continue to meet the criteria necessary for aid. By checking annually, schools ensure that they are complying with federal regulations and providing appropriate support based on the student's current situation. This ongoing assessment also acknowledges that victims of human trafficking may have unique and evolving needs, which can impact their eligibility for financial aid programs. Checking eligibility every award year allows for timely updates and management of the student's financial aid status, aligning with changes in their circumstances or requirements set forth by federal guidelines.

**7. What is one requirement for a parent PLUS borrower to be eligible for Title IV funds?**

- A. Must have a credit score above 600**
- B. Must not be in default of repayment of Title IV loans**
- C. Must be a U.S. citizen**
- D. Must have a high school diploma**

For a parent PLUS borrower to be eligible for Title IV funds, one of the key requirements is that they must not be in default of repayment of Title IV loans. Defaulting indicates a failure to repay federal student loans as agreed according to the loan terms, which affects the borrower's eligibility for obtaining additional federal financial assistance. Maintaining a good standing with prior Title IV loans ensures that the financial aid system can effectively function, as it is designed to support students and families in funding their education without accumulating insurmountable debt or creating barriers for future borrowing. This requirement helps safeguard the integrity of federal financial aid programs and ensures that funds are available to those who can responsibly manage their repayment obligations. The other options, while relevant to other eligibility criteria, do not specifically pertain to the prerequisite of not being in default regarding Title IV loans, making this requirement crucial for parent PLUS loan borrowers seeking additional financial assistance.

**8. 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.

- 9. What is the 'five-year rule' in relation to federal loan eligibility for graduate studies?**
- A. Graduate students can receive federal loans for a maximum of ten years**
  - B. Graduate students may receive federal loans for an indefinite period**
  - C. Graduate students can only receive federal loans for a maximum of five years**
  - D. Graduate students cannot receive any federal loans**

The 'five-year rule' refers specifically to the maximum duration for which graduate students may receive federal loans under certain conditions, particularly in the context of Direct Loans. This rule is often associated with the eligibility for federal financial assistance programs, where the focus is on the timeframe within which students should complete their graduate studies. In general, federal guidelines stipulate that graduate students can access federal loan funds for a limited number of years, specifically tied to the typical duration of their program. If a student has not completed their degree within this five-year timeframe, they may become ineligible for further federal loan assistance. This rule underscores the importance of timely progression through graduate programs to ensure that students are both making progress and are adequately funded to complete their studies. This context helps clarify the nuances of loan eligibility for graduate students and how the five-year threshold is applied in the determination of funding options.

- 10. What happens if a student's ISIR application has a reject code?**
- A. The application is denied outright**
  - B. The school must take action to resolve the issue**
  - C. The student may be automatically eligible for grants**
  - D. Nothing, the application can proceed without issues**

When a student's ISIR (Institutional Student Information Record) application has a reject code, it indicates that there are specific issues or discrepancies with the application that need to be addressed. The presence of a reject code prompts the school to take action to resolve these issues before the student's eligibility for federal financial aid can be confirmed. Reject codes are typically assigned when there is missing information, inconsistencies, or other errors that prevent the application from being processed correctly. Consequently, the institution cannot proceed with awarding financial aid until they investigate and correct the problems associated with the reject code. This ensures that all required information meets eligibility criteria and that the aid is granted based on accurate data. Each reject code has a specific reason, which institutions can refer to in order to guide the student in resolving the issue. In contrast, an outright denial of the application does not occur simply due to a reject code; the school is given the opportunity to work with the student to fix the discrepancies. Similarly, automatic eligibility for grants or proceeding without issues are not applicable as the presence of a reject code inherently indicates unresolved problems.

# Next Steps

**Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.**

**As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.**

**If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at [hello@examzify.com](mailto:hello@examzify.com).**

**Or visit your dedicated course page for more study tools and resources:**

**<https://nasfaastudenteligibility.examzify.com>**

**We wish you the very best on your exam journey. You've got this!**