

# Stafford/PLUS Loan Periods and Amounts

*The rules for awarding Stafford and PLUS loans are different than for Pell Grants and other FS A programs. Annual loan limits vary by grade level, and there are aggregate limits on the total amount that may be borrowed at one time. Also, the “loan period” and the disbursements within that period may not always correspond to the payment periods that you’re using for Pell Grants. Finally, the requirement to prorate Stafford loan limits is different than the requirements for calculating Pell Grants.*

The student’s eligibility for a Stafford Loan (and a parent’s eligibility for a PLUS Loan) is calculated differently than the Pell Grant. There is no fixed table such as the Pell Grant Payment Schedule that determines award amounts. Stafford Loans have annual and aggregate limits that are the same for all students at a given grade level and dependency status. This chapter will describe these loan limits and how they apply to the academic year in different types of programs.

Since you must determine a student’s eligibility for Stafford and also a parent’s eligibility for PLUS in combination with other sources of aid, we’ll discuss this topic in further detail in Chapter 6 on packaging.

## LOAN PERIODS, ACADEMIC TERMS, & PROGRAM LENGTH

It’s important to define the loan period (sometimes referred to as the *period of enrollment*) at the outset, because the length of the loan period will determine the timing and amount of disbursements. This discussion assumes that your school has already established its academic measurements. If you have not already done so, see Chapter 1 for a discussion of eligible programs, academic years, payment periods, and conversion of clock hours/credit hours.

If a program uses standard terms, such as semesters, trimesters, or quarters, the loan period may coincide with one or more of its academic terms. The *minimum* loan period is a single academic term. (For a discussion of academic terms as used in awarding aid, see Volume 3, Chapter 3.) As an example, if a student will be enrolled in the fall semester only and will skip the spring semester, you may certify a loan for that term alone. (Remember, however, that the loan amount must be based on the reduced costs and EFC for that term, rather than for the full academic year.)

### CHAPTER 4 HIGHLIGHTS:

#### Measurements of academic and loan periods

- ➔ Loan periods, academic terms, & program length
- ➔ Scheduled Academic Year (SAY) may be used for credit-hour programs with standard terms.
- ➔ Borrower-Based Academic Year (BBAY) may be used for standard term credit-hour programs with an SAY as an alternative to the SAY.
- ➔ BBAY must be used for clock hour, non-term, and non-standard term programs, and for standard term credit-hour programs without an SAY.

#### Annual Loan Limits

- ➔ Stafford limits for dependent undergraduates
- ➔ Stafford limits for independent undergraduates & dependent undergraduates whose parents can’t get PLUS
- ➔ Undergraduate limits based on grade level
- ➔ Undergraduate limits must be prorated for programs less than an academic year or remaining portion of a program less than an academic year
- ➔ Stafford limits for graduate and professional students
- ➔ Stafford limits for teacher certification coursework

#### Aggregate Loan Limits

- ➔ Loan information provided through “Financial Aid History” on SAR, ISIR, and on NSLDS Web site.
- ➔ NSLDS now identifies underlying amounts for FFEL as well as Direct Consolidation Loans.

### Period of enrollment (loan period)

The period of enrollment for which a Stafford or PLUS loan is intended. The period of enrollment must coincide with an academic period established by the school for which institutional charges are generally assessed (e.g., semester, trimester, quarter, length of the student's program or academic year). The period of enrollment is also referred to as the loan period.

34 CFR 682.200(b)

34 CFR 685.200(b)

### Minimum and Maximum Loan Periods

- ➔ Maximum = generally school's academic year but not more than 12 months.
- ➔ Minimum (standard term programs) = one academic term
- ➔ Minimum (clock-hour, non-term, and non-standard term programs) = lesser of academic year, program length, or remaining portion of academic program

### Academic Year

See Volume 3, Chapter 1 for a discussion of academic year requirements.

### Stafford/PLUS at multiple schools

Unlike Pell Grants, it is possible for a student who is separately enrolled and eligible at multiple schools to get a Stafford (and the parent to receive a PLUS) at more than one school for the same period. The schools that the student is attending are responsible for coordinating to make sure that the total amount of the loans the student receives does not exceed the applicable annual loan limit. In addition, the schools must ensure that there is no duplication of non-institutional costs when determining the student's cost of attendance. (Note that loan funds awarded at one school are not to be included as estimated financial assistance by any other school the student is attending when determining the student's loan eligibility for the same period.)

Loan periods for all other programs, such as nonterm or non-standard term programs, are based on the length of the *program* or the length of the *Title IV academic year*. These loan periods also apply to programs that are a mixture of standard terms and non-standard terms not offered in a traditional academic calendar. The **minimum** loan period for such programs is the shortest of:

- *The Title IV academic year as defined by the school.* (At least 30 weeks of instructional time and, for undergraduate programs, at least 900 clock hours, 24 semester hours, or 36 quarter hours.)
- *The length of the student's program at the school for programs of less than an academic year.*
- *The remaining portion of the student's program when the program exceeds the academic year.*

The **maximum** loan period is generally the school's academic year but cannot exceed a 12-month period. However, you can have more than one loan in an academic year up to the annual loan limit.

### ACADEMIC YEAR & LOAN LIMITS

The academic year is used as the basis for the student's annual loan limits. (The award year concept for Pell and the Campus-based programs is not a factor for Stafford and PLUS loans.)

Depending on the program, a student who has reached the annual loan limit cannot receive another Stafford Loan until he or she either begins another academic year, or progresses within an academic year to a grade level with a higher annual loan limit.

The loan period is often equivalent to an academic year, but there are also many situations where this is not the case. In this section, we'll discuss how you can match the student's loan periods to his/her enrollment and your school's academic calendar. (If you are not familiar with the definition of an academic year, see Chapter 1 of this Volume.)

#### *Two types of academic years for annual loan limits: SAY and BBAY*

There are two types of academic years that may be used to monitor annual loan limits for Stafford and PLUS loans: a Scheduled Academic Year (SAY) or a Borrower-Based Academic Year (BBAY). An SAY corresponds to a traditional academic year calendar that is published in a school's catalogue or other materials (for example, fall and spring semesters, or fall, winter, and spring quarters). An SAY is a fixed period of time that begins and ends at the same time each year. A BBAY does not have fixed beginning and ending dates. Instead, it "floats" with a student's (or group of students') attendance and progression in a program of study.

Standard term, credit hour programs that are offered in an SAY (that is, a traditional academic year calendar) also have the option of using a BBAY. Standard term, credit hour programs that are not offered in an SAY must use a BBAY. Clock-hour, nonterm, and non-standard term programs must also use a BBAY. However, there are significant differences between the BBAY for standard term, credit hour programs, and the BBAY for clock hour, nonterm, and non-standard term programs.

***Standard term, credit hour programs using a traditional academic year calendar: Scheduled Academic Year***

As noted above, an SAY corresponds to a traditional academic year calendar, and usually begins and ends at the same time each calendar year (for example, beginning on the first day of the fall semester and ending on the last day of the spring semester). An SAY may include one or more terms that a student does not attend. Summer terms are generally not considered to be part of the SAY, but for loan limit purposes they may be treated as “trailers” or “headers” to the SAY, as explained below. An SAY must meet the Title IV requirements for an academic year, as described in Chapter 1.

For loan limit purposes, a summer term may be treated as a “trailer” to the preceding SAY or as a “header” to the following SAY. Summer mini-sessions can be grouped together as a single trailer or header term, or they can be treated separately and assigned to different SAYs. (See Chapter 1 and 3 for treatment of mini-sessions as payment periods and in determining Pell payments.) If the summer mini-sessions are grouped and treated as a single term, the summer cost of attendance cannot include costs for a mini-session for which the student is not expected to be enrolled.

Your school has the option to establish a policy that designates its summer term as either a trailer or header to the SAY for all students. You can also choose to make different designations for different educational programs, or for different students, as long as you ensure that there is no overlap in academic years. Note that a fixed designation of the summer term can limit a student’s eligibility. For instance, if you always treat your summer term as a trailer to a preceding fall-spring SAY, a student who receives the full annual loan limit for fall-spring would have no remaining loan eligibility for summer.

The annual loan limit applies to the SAY, plus the summer trailer or header. Once the calendar period associated with all of the terms in the SAY and the summer header or trailer (if any) has elapsed, a student regains eligibility for a new annual loan limit.

***Standard term, credit hour programs using a traditional academic year calendar: Borrower-Based Academic Year***

If a standard term, credit hour program is offered in a traditional academic year calendar (SAY), you have the option of using a BBAY as an alternative to the SAY for monitoring annual loan limits for an individual student. Unlike an SAY, a BBAY is not a fixed period that

begins and ends at the same time each year. Instead, a BBAY's beginning and ending dates depend on the individual student's enrollment.

For standard term, credit hour programs offered in a traditional academic year calendar, a BBAY must include the same number of terms as the SAY that would otherwise be used (not including any summer "trailer" or "header"). For example, if the SAY includes three quarters (fall, winter, spring) a BBAY would consist of any three consecutive terms. A BBAY may include terms the student does not attend if the student could have enrolled **at least half time** in those terms, but (unlike an SAY) it must begin with a term in which the student is actually enrolled. Also, any mini-sessions (summer or otherwise) that run consecutively within a term **must** be combined and treated as a single term. Like an SAY, a BBAY must meet the minimum Title IV requirements for an academic year. However, a BBAY that includes a summer term may include fewer than 30 weeks of instructional time or fewer credit hours than the minimum number required for an SAY. This is because a summer term may be shorter than a standard term in a SAY, but is recognized as academically equivalent to a standard term when used as one of the terms in a BBAY. (NOTE: This exception applies only to a BBAY used as an alternative to an SAY for a standard term, credit hour program that is also offered in a traditional academic year calendar.)

You may use BBAYs for all students, only for students in certain programs, or on a student-by-student basis. For example, you could use a BBAY for students enrolled in a program that begins in a term other than the first term of the SAY. You can even alternate BBAYs and SAYs for a student, provided the academic years don't overlap. This treatment may allow a student to receive another loan sooner than would be allowed under an SAY standard. For instance, if you normally use an SAY consisting of Fall and Spring semesters with a Summer trailer, a student who received the maximum annual loan limit for Fall-Spring could not receive another loan until the start of a new SAY in the Fall. If the student enrolls for summer and wants a loan, you could choose to switch the student to a BBAY consisting of the Summer and Fall terms. The student could then receive a loan for the Summer term, since Summer would be the start of a new academic year. A school that has these choices for academic year standards must have a written policy that explains how it applies these options when calculating loan eligibility.

As with a SAY, the annual loan limit applies to the BBAY. Once the calendar period associated with all of the terms in the BBAY has elapsed, a student regains eligibility for a new annual loan limit.

***Standard term, credit hour programs not using a traditional academic year calendar: Borrower-Based Academic Year***

If a program is not offered in a traditional academic year calendar (SAY), a BBAY must be used. If the program uses semesters or trimesters, a BBAY generally consists of any two consecutive terms. If the program uses quarters, a BBAY consists of any three consecutive

terms. As with the optional BBAY that may be used for programs offered in a traditional academic year calendar, the BBAY may include terms that a student does not attend (as long as the student could have enrolled at least half-time in those terms), but it must begin with a term in which the student is actually enrolled. Unlike the optional BBAY for programs offered in an SAY, there is no exception to the minimum Title IV academic year requirements for a BBAY that includes a summer term: the BBAY for programs that are not offered in a traditional academic calendar must always include enough terms to meet the minimum Title IV academic year requirements for weeks of instructional time.

The annual loan limit applies to the BBAY. Once the calendar period associated with all of the terms in the BBAY has elapsed, a student regains eligibility for a new annual loan limit.

### *Clock hour, nonterm, and non-standard term programs: Borrower-Based Academic Year*

All clock hour, nonterm, and non-standard term programs must use a BBAY that meets the minimum Title IV requirements for an academic year. This requirement also applies to programs that consist of both standard and non-standard terms and that are not offered in a traditional academic calendar. That is, the BBAY must contain at least the number of weeks of instructional time and hours in the program's Title IV academic year. The Title IV academic year must contain at least 30 weeks of instructional time and the appropriate number of credit or clock hours (for undergraduate programs, at least 24 semester or trimester hours, 36 quarter hours, or 900 clock hours; for graduate programs, the number of hours a student would complete under the school's full-time standard in the weeks of the Title IV academic year, which must be a minimum of 30 weeks.) The BBAY begins when a student enrolls and does not end until the student has completed the number of hours **and** the number of weeks in the academic year.

Because a student must successfully complete the minimum number of hours and weeks in an academic year before a new BBAY begins, a student's enrollment status may affect how soon the student regains eligibility for a new annual loan limit. For example, a student who is attending part-time will take longer to complete a BBAY than a full-time student. (In contrast, an SAY or BBAY for a standard term, credit hour program ends when the *calendar period* associated with the terms in the SAY or BBAY has elapsed, regardless of how many credit hours or weeks of instruction the student completed during the SAY or BBAY.)

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### **Clock hour, nonterm and non-standard BBAYs based on full-time progress**

In many clock hour, nonterm and non-standard term programs, students are allowed to progress at an individual pace. For example, a school that defines its academic year as 900 clock hours and 30 weeks of instructional time offers a 900 clock hour program that most students complete in 30 weeks. However, one student might complete 900 clock hours in 26 weeks, and another in 34 weeks. You do not have to prorate the loan limit for the occasional student who completes the program in less than 30 weeks. (Note that this policy applies only to programs that are exactly one academic year in length. If a program is longer than an academic year, proration may be required for a loan covering the remaining portion of the program if a student completes more than the minimum number of hours during the first 30 weeks of instructional time. See loan limit proration example #3 on p. 3-83.)

## Standard Term, Credit Hour Programs using a traditional academic year calendar: SAY

The Springfield Academy offers a two-year program measured in semesters and awarding credit hours. It defines its Title IV academic year in accordance with the minimum requirements and uses an SAY that provides 30 weeks of instruction and 24 semester hours, and includes two semesters (Fall and Spring), each 15 weeks of instructional time in length. Springfield Academy also offers a Summer session that it treats as a “trailer” to the SAY.

Most of Springfield's students do not attend the Summer session, so the aid office typically certifies Stafford loans for a period of enrollment that starts with the Fall semester (August 27) and concludes at the end of the Spring semester (May 2). However, there are some first-year students who decide to enroll in the Summer term in order to complete their studies sooner. The annual loan limit applies to the Fall-Spring SAY, plus the Summer trailer. Students who receive the maximum annual loan amount for Fall-Spring have no loan eligibility for summer and may not borrow again until the start of the next SAY in the Fall.

**Academic Year for loan limit purposes = 2 semesters + summer trailer**

Fall        |        Spring        |        Summer

**Year 1: SAY + Summer Trailer**

**Year 2: SAY + Summer Trailer**

## Standard Term, Credit-Hour Programs using traditional Academic Year Calendar: BBAY

Examples 1a through 1c illustrate the optional use of a BBAY for a program that is offered in an SAY consisting of two semesters, Fall and Spring, each 15 weeks of instructional time in length. (Note that in each example, the first BBAY is the same as the SAY.)

In example 1a, the initial Fall and Spring terms could be considered either an SAY or BBAY. If the student attends the Summer session at the school, the aid administrator can elect to treat the Summer term and the next Fall as a BBAY for the student. In that case, the following Spring and Summer would also constitute a BBAY. The maximum loan limit for an academic year applies to each BBAY. If these were the first three years of study for a dependent student and the student progressed a grade level each academic year, he/she would be eligible for up to the maximum Stafford amounts of \$2,625, \$3,500, and \$5,500 for the respective academic years.

A student doesn't have to attend all of the terms in a BBAY, but the BBAY cannot begin with a term that the student doesn't attend. In example 1b, the student is not enrolled in the second term (Fall) of BBAY #2. In example 1c, if the student does not attend a term that otherwise would have been the beginning of a BBAY (in this case, Spring), then the student's next BBAY cannot begin until the next term that the student attends. As with example 1a, the annual loan limit applies to each BBAY.

The same concepts apply to quarter-term programs. For instance, in example 2, the Fall, Winter, and Spring terms constitute the school's SAY. If the student attends the Summer session at the school, it can be the first term of a BBAY that includes the following Fall and Winter terms

### 1. BBAY where SAY contains 2 semesters

1a.

Fall	Spring	Summer	Fall	Spring	Summer
Year 1: SAY or BBAY		Year 2: BBAY		Year 3: BBAY	

1b.

Fall	Spring	Summer	Fall	Spring	Summer
Year 1: SAY or BBAY		Year 2: BBAY <small>(not enrolled)</small>			

1c.

Fall	Spring	Summer	Fall	Spring	Summer	Fall
Year 1: SAY or BBAY		Year 2: BBAY		Year 3: BBAY <small>(not enrolled)</small>		

### 2. BBAY where SAY contains 3 quarters

Fall	Winter	Spring	Summer	Fall	Winter
Year 1: SAY or BBAY			Year 2: BBAY		

## Standard Term, Credit-Hour programs not using a traditional academic year calendar: BBAY

Springfield Academy also has a program that measures academic progress in credit hours and uses 15-week semesters, but is not offered in a traditional academic year calendar (SAY). New students begin the program each month, and a 15-week semester begins at that time for that cohort of students. The school must use a BBAY to monitor annual loan limits. A BBAY consists of any two consecutive semesters, beginning with a semester in which a student is enrolled:

Semester #1 (begins program)	Semester #2	Semester #3	Semester #4 (not enrolled)	Semester #5	Semester #6
Year 1: BBAY		Year 2: BBAY		Year 3: BBAY	

## ANNUAL LOAN LIMITS

Stafford Loans have annual loan limits, based on the student's dependency status and grade level. There are higher unsubsidized Stafford annual loan limits for some health professions students, and special loan limits for certain students who are not enrolled in a degree or certificate program. In some cases, the annual loan limits must be prorated (reduced). The annual loan limits are the maximum amounts that a student may receive for an academic year.

### *Stafford limits for dependent undergraduates*

The annual loan limits for a dependent student increase from \$2,625 for a *first-year student*, to \$3,500 for a *second-year student*, to \$5,500 for a *third-, fourth-, or fifth-year undergraduate*. These loan limits represent the total of all subsidized and unsubsidized Stafford Loans a dependent undergraduate student may borrow at each level of study, for a single academic year.

### *Increased unsubsidized Stafford limits for independent students and dependent students whose parents can't get PLUS*

Independent undergraduate students may borrow unsubsidized loans with additional loan limits. The additional loan limits also apply to dependent undergraduate students whose parents are unable to borrow PLUS loans due to adverse credit or other documented exceptional circumstances (see Volume 4, Chapter 1 for more detailed information).

The following unsubsidized loan amounts may be added to the borrower's combined subsidized and unsubsidized loan limits. An independent undergraduate student enrolled in a program of study that is at least an academic year in length may borrow additional unsubsidized loan amounts not to exceed an annual total of—

- ➔ up to \$4,000 for a *first- or second-year student*,
- ➔ up to \$5,000 for a *third-, fourth-, or fifth-year undergraduate*.

The subsidized portion of the annual loan limit may not exceed the overall annual loan limit for a dependent student. For example, an independent student in the second year of study would be eligible to borrow a total of \$7,500 in subsidized and unsubsidized Stafford loans, but no more than \$3,500 of this total may be in the form of a subsidized Stafford loan.

### *Grade level progression between different academic years*

As shown above, the annual loan limit for Stafford Loans increases as a student progresses in his/her studies. Generally, a student's grade level for loan limit purposes is set according to the school's academic standards. Note that progression to a higher grade level does not always coincide with the beginning of a new academic year for loan limit purposes. For example, a student in a standard term, credit hour program using semesters who completes only 12 semester hours during the first academic year of a 2-year program could receive

another loan when the calendar period associated with that academic year has elapsed, but the student will still be classified as a first-year undergraduate at the start of the second academic year.

In contrast, progression to a higher grade level and the beginning of a new academic year for loan limit purposes always happen at the same time for a student in a clock-hour, nonterm or non-standard term program. A student who is enrolled in such a program must successfully complete the weeks and hours in the program's Title IV academic year, i.e., at least 30 weeks of instructional time and the academic credit, in order to advance to the next grade level. For instance, a first-year student in a 2-year nonterm program who earns 36 quarter-credits over 24 weeks of instructional time cannot progress to the next grade level until another 6 weeks of instructional time are completed.

For standard term programs, if a student is enrolled at the same grade level after a full academic year has elapsed, the student may be eligible for a new annual maximum amount. For instance, if the student maintains satisfactory academic progress, he or she could conceivably receive two \$2,625 Stafford loans while completing the first year of the program. (Your school has the authority to set a limit on the number of times a student can receive the maximum annual loan

## Clock hour, Nonterm, and Non-Standard Term program: BBAY

### Example 1: Clock Hour Program

Springfield Academy has an 1800 clock hour program with 60 weeks of instructional time, and defines its academic year as 900 clock hours and 30 weeks of instructional time. The BBAY always begins with the student's actual enrollment date. An enrolling student may receive two Federal Stafford Loans during the program (provided all eligibility criteria are met) because the program exceeds one academic year. The period of enrollment for the first loan would be the time it will take the student to successfully complete (pass) 900 clock hours and 30 weeks. The period for the second loan would be the time it takes to successfully complete the final 900 hours/30 weeks. Note that the student cannot receive the second loan until he/she has successfully completed the first 900 hours of the program **AND** 30 weeks of instruction.

A student who completes the first 900 hours in less than 30 weeks must still complete 30 weeks of instructional time before a new BBAY begins and the student becomes eligible to receive another loan. Similarly, a student who has completed fewer than 900 clock hours after 30 weeks of instructional time must successfully complete 900 hours before receiving another loan.

### Example 2: Nonterm credit hour program

A school offers a 48-semester hour program with a defined academic year of 24 semester hours and 30 weeks of instructional time. As with the clock hour program in example 1, a student could receive two loans for this program. The period of enrollment for the first loan would be the time needed for a student to successfully complete the first 24 hours and 30 weeks of instructional time. The period of enrollment for the second loan would be the time needed to complete the remaining hours and weeks of the program. A student must successfully complete (pass) both 24 semester hours **AND** 30 weeks of instructional time before receiving the second loan.

### Example 3: Non-standard term, credit hour program

A school offers a 72-quarter hour program with 60 weeks of instructional time and a defined academic year of 36 quarter hours and 30 weeks of instructional time. Courses are offered in 5-week terms; a full-time student would be expected to complete six quarter hours in each term. As with examples 1 and 2, a student could receive two loans, one for the first 36 hours and 30 weeks, and another for the remaining hours and weeks of the program.

Although this program uses terms and measures academic progress in credit hours, the terms are non-standard terms. A student does not become eligible for the second loan until he or she has completed both 36 quarter hours and 30 weeks of instructional time, regardless of the number of terms that have elapsed. For instance, a student who completes six quarter hours during each of the first five terms of the program, but only successfully completes (passes) three quarter hours of the six quarter hours in the sixth term, must complete an additional three quarter hours before receiving the second loan.

**Monitoring Annual Loan Limits: SAY and BBAY**

SAY (Standard Term, Credit Hour Programs)	BBAY (Standard Term, Credit Hour Programs)	BBAY(Clock Hour, Nonterm, & Non-standard Term Programs)
<ul style="list-style-type: none"> <li>➤ Consists of a traditional academic calendar with at least two semesters or three quarters</li> <li>➤ Begins/ends at same time each year</li> <li>➤ Must meet statutory requirements for an academic year</li> <li>➤ Student regains eligibility for new annual loan limit after SAY calendar period has elapsed</li> <li>➤ Total of all loans received within SAY (including summer trailer/header) may not exceed annual loan limit</li> <li>➤ After original loan, student may receive additional loans during same SAY if:                             <ul style="list-style-type: none"> <li>• Student did not receive maximum annual loan amount and has remaining eligibility;</li> <li>• Student progresses to grade level with higher annual loan limit; or</li> <li>• Student changes from dependent to independent</li> </ul> </li> <li>➤ Summer term may be "trailer" or "header" per:                             <ul style="list-style-type: none"> <li>• Strict policy;</li> <li>• By program; or</li> <li>• Case by case, by student</li> </ul> </li> <li>➤ Summer minisessions may be combined and treated as single trailer/header, or assigned to different SAYs (affects all Title IV)</li> </ul>	<p><b>All standard term, credit hour programs:</b></p> <ul style="list-style-type: none"> <li>➤ Floats with student's enrollment</li> <li>➤ Student regains eligibility for new annual loan limit after BBAY calendar period has elapsed</li> <li>➤ Total of all loans received within BBAY may not exceed annual loan limit</li> <li>➤ After original loan, student may receive additional loans during same BBAY if:                             <ul style="list-style-type: none"> <li>• Student did not receive maximum annual loan amount and has remaining eligibility;</li> <li>• Student progresses to grade level with higher annual loan limit; or</li> <li>• Student changes from dependent to independent</li> </ul> </li> <li>➤ Must begin with term in which student is actually enrolled</li> <li>➤ May include terms student does not attend if student could have enrolled at least half-time</li> <li>➤ Minisessions (summer or otherwise) must be combined with each other or with other terms and treated as a single standard term (affects all Title IV)                             <ul style="list-style-type: none"> <li>• Student need not enroll in each minisession, but must have been able to enroll at least half-time in the combined term</li> </ul> </li> </ul> <p><b>Programs offered in SAY:</b></p> <ul style="list-style-type: none"> <li>➤ May use BBAY for:                             <ul style="list-style-type: none"> <li>• All students;</li> <li>• Certain students; or</li> <li>• Certain programs</li> </ul> </li> <li>➤ May alternate SAY and BBAY for a student if academic years do not overlap</li> <li>➤ Length of BBAY must equal number of terms in SAY (excluding summer trailer/header)</li> <li>➤ Number of hours/weeks in BBAY need not meet Title IV minimum if BBAY includes summer term</li> </ul> <p><b>Programs not offered in SAY:</b></p> <ul style="list-style-type: none"> <li>➤ Must use BBAY</li> <li>➤ BBAY consists of:                             <ul style="list-style-type: none"> <li>• At least 2 consecutive semesters or trimesters; or</li> <li>• At least 3 consecutive quarters</li> </ul> </li> <li>➤ BBAY must meet Title IV minimum for hours/weeks</li> </ul>	<ul style="list-style-type: none"> <li>➤ Floats with student's enrollment</li> <li>➤ BBAY must meet minimum Title IV requirements for academic year</li> <li>➤ Begins with student's enrollment</li> <li>➤ Student regains eligibility for new annual loan limit only after successfully completing minimum number of weeks and clock/credit hours in the program's defined Title IV academic year</li> <li>➤ Student does not progress to next grade level until completion of BBAY</li> <li>➤ After original loan, student may receive additional loans within a BBAY only if:                             <ul style="list-style-type: none"> <li>• Student did not receive maximum loan amount and has remaining eligibility; or</li> <li>• Student changes from dependent to independent</li> </ul> </li> <li>➤ Also applies to programs that mix non-standard terms and standard terms and that do not have an SAY</li> </ul>

amount at one grade level, provided that the policy is the same for all students in the program.)

If a program can normally be completed in one year of full-time study, a student in that program can never receive more than the 1<sup>st</sup>-year annual loan limit in any given year, no matter how long it takes the student to finish. (Similarly, a student in a two-year program can never receive more than the 2<sup>nd</sup>-year annual loan limit for an academic year.)

### *Grade level progression within the same academic year*

In standard term programs, a student who has already borrowed up to the annual limit within an academic year can receive additional loan funds if the student progresses to a grade level with a higher annual loan limit during that same academic year.

For instance, if a dependent student was classified as a 2<sup>nd</sup>-year student in the fall, he/she might have received as much as \$1,750 in the first Stafford disbursement. If the student achieved 3<sup>rd</sup>-year academic status based on the coursework completed in the fall semester, the student would now be eligible for the \$5,500 Stafford annual limit. If the student had sufficient financial need, you could disburse the difference between the amount the student already received and the new annual limit — \$3,750 — in the spring term.

In all cases, the student may borrow the difference between the amount already borrowed within the academic year and the student's new loan limit. Usually, the increase in the loan amount can be made as an adjustment to the student's existing loan rather than making a new loan.

Note that for a clock hour, nonterm or non-standard term program, the student will never progress to a higher grade level within an academic year. In a clock hour, nonterm or non-standard term program that is longer than an academic year, the student moves to a higher grade level only when he or she completes the BBAY.

### *Annual loan limits for students who transfer or change programs*

The annual loan limits are based on an academic year. If a student transfers from one school to another school or changes to a different program at the same school and there is an overlap of academic years, this overlap may affect the amount that the student is eligible to borrow at the new school or for the new program.

An overlap in academic years exists if the academic year at the new school or for the new program begins before the calendar end date of the academic year at the prior school or program. A school may obtain documentation from the prior school of the specific beginning and ending dates for the prior academic year, or may consider the prior academic year to have begun with the starting date of the student's most recent loan period (as shown in NSLDS) and to have ended 30 calendar weeks later. (However, if the most recent loan period was

## Stafford/PLUS Annual and Aggregate Loan Limits

FFEL — 34 CFR 682.204 and 682.201(a)(3)

DL — 34 CFR 685.203

"Dear Colleague" letter GEN 97-3

### **Example: additional unsub for independent undergraduate**

Dottie is a first-year independent undergraduate student at Ferrar's Institute. Her COA is \$9,500, her EFC is \$1,800, and she is receiving a \$2,000 Pell Grant. Dottie qualifies for a subsidized Stafford Loan of \$2,625. She may also receive the maximum additional unsubsidized Stafford Loan amount of \$4,000 (\$3,075 to cover her unmet need, plus \$925 to replace a portion of the EFC). Her total loan amount in subsidized and unsubsidized Stafford Loans is \$6,625.

### **Subsidized and unsubsidized loans**

There are two types of loans in the Stafford program: subsidized and unsubsidized. The federal government pays the interest on a **subsidized** student loan during in-school status, the grace period, and during authorized deferment periods. The student is responsible for paying the interest on an **unsubsidized** student loan during all periods."

### **Grade level progression**

While the law defines minimum coursework for an academic year, it doesn't define how much coursework a student must complete to progress from one grade level to another. Unless a student's program of study or a school's academic standards clearly specify when this grade level progression takes place, a reasonable approach would be to base grade levels on the number of credits required for the program, divided by the number of academic years it takes a typical student to earn that number of credits. For instance, if your school has a baccalaureate program that requires 120 semester hours of work and is typically completed in four academic years, then you might use a standard of 30 hours completed at each grade level.

## Annual Loan Limits: Basic Principles

- ➔ Annual loan limits are for an academic year.
- ➔ For a standard term credit hour program at a school with a traditional academic calendar, you may use either a Scheduled Academic Year (SAY; usually Fall-Spring with a separate summer session) or a Borrower Based Academic Year (BBAY) that varies from the student norm (such as Summer-Fall). You may also use both the SAY and the BBAY for an individual student at different times during the student's enrollment.
- ➔ For a standard term, credit hour program at a school that does not have a traditional academic calendar, you must use a BBAY.
- ➔ For a clock hour, nonterm or non-standard term program, or for a program that combines standard and non-standard terms not offered in a traditional academic calendar, you must use a BBAY.
- ➔ The loan period can be less than the academic year in some cases.
- ➔ In clock hour, nonterm and non-standard term programs, a borrower must successfully complete the weeks of instructional time and credit/clock hours in the program's Title IV academic year before the borrower is eligible for a new annual loan limit.
- ➔ The student's maximum annual loan limit increases as the student progresses to higher grade levels.
- ➔ In a standard-term program using credit hours, the student will become eligible for a higher loan amount within an academic year if he/she progresses to the next grade level during the academic year.

more than 30 calendar weeks in length, the new school must consider the academic year at the prior school to have ended on the last date of the prior loan period.) Although the examples below involve students who transfer from one school to another school, the same principles would apply in the case of students who change programs within the same school.

### *Standard term programs*

If a student enrolls in a *program with standard terms* after already having taken out a loan at another school with an overlapping academic year, the student initially may not receive more than the annual loan limit minus the amount received at the prior school. However, the student may borrow again for a subsequent term within the same academic year at the new school if the term begins after the end of the academic year at the prior school. For a subsequent term that begins after the end of the prior school's academic year, but within the initial academic year at the new school, the student may borrow up to the difference between the applicable annual loan limit and the amount already received for the new school's academic year.

For example, a student receives a \$2,000 Stafford loan at School A for a loan period from May 1 to August 31. The student, a dependent undergraduate, transfers to a program at School B in September and is admitted at grade level 2. The student requests a loan for the Fall and Spring semesters (September-May). School B makes a determination that the academic year at School A ended on November 27 (30 weeks after the start of the loan period at School A). Because the academic year at School B begins before the end of the academic year at School A, the student may initially receive only up to a maximum of \$1,500 for the Fall semester at School B. This amount represents the difference between the annual loan limit (\$3,500) and the amount received at School A (\$2,000) for the overlapping academic year period. At the start of the Spring semester in January (after the end of the academic year at School A), the student may

borrow up to an additional \$2,000, the difference between the annual loan limit and the amount already borrowed for the Fall-Spring academic year at School B. (As an alternative, School B could choose to place the student on a BBAY schedule beginning with the Spring semester. The student would then be eligible to borrow up to the full annual loan limit for a Spring-Summer BBAY.)

#### *Clock hour, nonterm, and non-standard term programs*

If a student enrolls in a clock hour, nonterm, or non-standard term program after already having taken out a loan at another school with an overlapping academic year, the student is restricted to the original annual loan limit until the completion of the first academic year at the new school.

For example, a student receives the first disbursement (\$1,312) of a Stafford loan at School A for a loan period from April 1 to December 31. The student, a dependent undergraduate, leaves school A in June and transfers to an 1800 clock hour program at School B. Because the academic years at the two schools overlap, the maximum loan amount that the student may receive for the first academic year of the program at School B (900 clock hours and 30 weeks of instructional time) is \$1,313, the difference between the first-year annual loan limit (\$2,625) and the amount received at School A (\$1,312).

#### *Transfers & grade level*

If you're awarding a Stafford loan to a student who is transferring from a program at another school to a program at your school that is greater than one academic year in length, you may use the loan limits for a student in the 2nd-year or higher level of study if your school classifies the student at that level based on the number of academic credits it accepts from the prior school, or based on the granting of advance standing in the new program. Note, however, that if an associate or bachelor's degree is required for entry into a program at your school, you *must* use the 3rd-year loan limits for a student who transfers to that program.

Note that the "Eligibility and Certification Approval Report" lists "1-year" as the highest educational program offered by the school if its longest program is 1 year or more, but less than two years in length. Students in programs longer than 1 year can be paid as 2nd year students even though the ECAR lists the school's highest offering as "1-year." For instance, if a student is enrolled in a 1500-hour program, he/she would be eligible for the 2nd-year loan limits after completing 900 clock hours and 30 weeks of instruction. (However, the loan limit would have to be prorated for the remaining hours of the student's program.)

#### *Stafford Loan limits for graduate and professional students*

The subsidized loan limit for a graduate or professional student is \$8,500 per academic year. The additional unsubsidized loan limit for graduate or professional students is \$10,000 per academic year. (See the box on the next page for a discussion of situations where a

#### **Increasing the loan amount when student changes grade level during the academic year**

There may be two ways to make this change:

1. Certify/originate a new loan at the new grade level for the applicable amount (the difference between the new loan limit and the amount of the first loan). The loan period for the new loan must correspond to the term(s) during which the student qualifies for the higher loan limit (that is, it may not include a prior term when the student was classified at a lower grade level). If the new loan period is for a single term, the loan must be disbursed in two installments. (The school could also choose to cancel any pending disbursements of the first loan and certify/originate a new loan for an amount equal to the canceled disbursements of the first loan plus the additional amount for which the student is eligible due to the grade level change.)
2. Adjust the amount of the current loan. For FFEL, contact the lender to determine whether an increased loan amount due to grade level progression within an academic year may be processed as an adjustment without a new loan certification. For Direct Loans, change the grade level in the loan record and increase the amount of the existing loan to the new amount. For both loan programs, if the increased amount is for a single term (for example, a spring semester), it must be disbursed in two equal installments, one at the beginning of the term and one at the midpoint.

#### **Increasing the loan amount when student changes dependency status during the academic year**

For any type of educational program (whether term-based or nonterm, credit hour or clock hour), a dependent student who has already borrowed up to the annual loan limit within an academic year can receive additional loan funds if his or her dependency status changes to independent during that same academic year.

#### **Remedial work & grade level**

Remedial coursework can be counted towards the student's grade level progression, but only if the school's written and officially approved academic grade level progression policy specifies that remedial coursework can be counted for this purpose. Example: A school requires that the student complete 30 semester hours to progress to second-year grade level, and specifies that up to 10 of the hours may be in the form of remedial coursework.

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### Loan limits and work in a prior certificate program

A school may not link two stand-alone 1-year programs by making one a prerequisite for admission to the other so that students beginning the second 1-year program could be classified as second-year students for loan limit purposes. However, hours or credits earned in a prior certificate program could be used to classify a transfer student at a grade level higher than grade level 1, if the student transfers into a program that is greater than one academic year in length and the new school accepts a year's worth of credits/hours from the prior program. For instance, if a school admits a transfer student from a certificate program and accepts 900 clock hours that the student earned towards its 1500-hour program, the student could be eligible for the 2nd-year loan limits if other students in the program are eligible for 2nd-year loan limits after completing the first 900 hours of the program.

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### Graduate & professional cites

FFEL grad/prof limits:

34 CFR 682.204(a)(5), (c)(2), and (d)(5)

DL grad/prof limits:

34 CFR 685.203(a)(5), (b), and (c)(2)(v)

Definition of graduate/professional student:

- is enrolled in a program that is above the baccalaureate level or leads to a first professional degree,
- has completed the equivalent of at least 3 academic years of full-time study at an institution of higher education (either before entrance to the program or as part of the program itself), and
- is not receiving Title IV aid as an undergraduate student for the period of enrollment.

34 CFR 682.200(b)

program combines graduate and undergraduate study, or a student with a degree is pursuing an undergraduate program.)

The regulations define a graduate/professional student as a student who is enrolled in a post baccalaureate or professional program *and* has completed the equivalent of 3 academic years of full-time study at an institution of higher education. (Also, note that a student who is receiving Title IV aid as an undergraduate student can't be considered a graduate/professional student for that same period of enrollment.)

There are several rules to consider if a student is simultaneously taking undergraduate and graduate courses. A student in an undergraduate program can't get the graduate loan limits based on taking graduate coursework as a part of the undergraduate program. In contrast, a graduate student who is taking some undergraduate coursework is eligible for the graduate loan limits if the student is enrolled at least 1/2-time in courses (either graduate or undergraduate) that can be applied to the graduate program requirements. However, the student must already be admitted into the graduate program—a student with a bachelor's degree who is taking preparatory work for graduate school (or whose full admission to the graduate program is contingent upon completion of certain undergraduate courses) is not eligible for graduate loan limits.

### *PLUS Loan limits*

The total PLUS Loan amount borrowed by one or more parents may not exceed the student's estimated cost of attendance minus other financial aid awarded for the period of enrollment. This is the only borrowing limit for PLUS Loans. (Note that if the student for whom a parent is borrowing a PLUS Loan chooses not to apply for a Stafford Loan, the Stafford Loan amount that the student would have been eligible to receive is *not* counted as estimated financial assistance when determining the amount of the PLUS Loan.)

## Graduate vs. undergraduate limits: special cases

- **Combined undergraduate/graduate programs.**

Some programs combine undergraduate and graduate study, where the first years of the program are undergraduate study and the final years of the program are graduate study. For instance, in a 5-year program leading to a graduate or professional degree, the school may define the first 3 or 4 years of study as being undergraduate level.

- **Students returning for second baccalaureate degree.**

If a student with a baccalaureate degree enrolls in another baccalaureate program, his/her loan limits would be based on the amount of work that the school counts towards satisfying the requirements of the new program. For instance, if your school decides to accept 30 semester hours of a student's work in her previous baccalaureate program towards the requirements for a BS in Chemistry at your school and 30 semester hours are the amount needed to progress in grade level, then the student would be eligible for second-year undergraduate loan limits.

- **Undergraduate student with graduate degree.**

In some cases, a student who previously received undergraduate and graduate degrees returns to school to complete a second undergraduate program. Only the loans that the student received for the first undergraduate program are included in determining the student's remaining eligibility for loans for the second undergraduate program, up to the undergraduate aggregate limits.

Although loans received for graduate study are not counted toward a student's undergraduate aggregate loan limit, the combined loan amounts received for undergraduate and graduate programs may not exceed the total allowable aggregate loan limits.

- **BA or AA but not a grad/professional student.** A student who has an associate or baccalaureate degree that is required for admission into a program, but is not a graduate or professional student, may borrow up to the highest undergraduate annual loan limit (\$5,500 for a dependent student; additional \$5,000 in unsubsidized Stafford for an independent student or a dependent student whose parent is not eligible for PLUS), subject to the undergraduate aggregate loan limits.

## Preparatory & teacher certification coursework

In Volume 1, Chapter 6, we discussed three instances in which a student may receive a Stafford loan for coursework that is not part of an eligible program. If the student and the academic program meet the conditions described in that Volume, the annual loan limits are:

- **Preparatory coursework required for enrollment in an undergraduate degree or certificate program—course of study not to exceed 12 consecutive months:** \$2,625 sub/unsub Stafford for a dependent student; and \$4,000 additional unsub Stafford for an independent student or a dependent student whose parent is not eligible for PLUS.
- **Preparatory coursework required for enrollment in a graduate or professional program:** \$5,500 sub/unsub Stafford for a dependent student; and \$5,000 additional unsub Stafford for an independent student or a dependent student whose parent is not eligible for PLUS.
- **Coursework necessary for state certification (or professional credential) required for teaching—students who already have a baccalaureate degree:** \$5,500 in subsidized Stafford Loans and \$5,000 additional in unsubsidized Stafford Loans.

## PRORATING ANNUAL LOAN LIMITS FOR STAFFORD LOANS (UNDERGRADUATE ONLY)

The annual maximum loan amount an undergraduate student may borrow must be prorated in certain situations:

- when the student is enrolled in a program that is shorter than a full academic year, and
- when the student is enrolled in a program that is one academic year or more in length, but is in a remaining period of study that is shorter than a full academic year.

Please bear in mind that loan limit proration determines the maximum loan amount that a student may borrow for a program or remaining balance of a program, not the loan amount that the student actually receives. In some cases, the actual loan amount that a student is eligible to receive (based on costs, EFC, and other aid) may be less than the prorated loan limit.

### *Prorating loan limits for programs of study shorter than a full academic year*

If an academic program is shorter than a full academic year in length, you must multiply the applicable loan limit(s) by the *lesser* of —

Semester, trimester, quarter or clock hours enrolled in program

Semester, trimester, quarter or clock hours in academic year

*or*

Weeks enrolled in program

Weeks in the academic year (at least 30)

The result is the prorated annual loan limit for that program. (You may express these fractions as decimals to see more easily which is less or to calculate the prorated limit.)

### *Prorating loan limits for remaining periods of study shorter than an academic year*

You must also prorate loan limits for students enrolled in remaining periods of study shorter than an academic year. This circumstance can occur when a student is enrolled in a program that is one academic year or more in length, but the remaining period of study needed to complete the program will be shorter than an academic year.

Proration is required only when it is known in advance that a student will be enrolled for a final period of study that is shorter than an academic year. If a student originally enrolls for a final period of study that is a full academic year in length, but completes the program early in less than a full academic year, it is not necessary to retroactively prorate the annual loan limit.

In a *standard term credit-hour* program, a remaining period of study is considered shorter than an academic year if the remaining period

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### Stafford Loan proration

FFEL: 34 CFR 682.204(a), (d)

Direct Loans: 34 CFR 685.203(a), (c)

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### When and when not to prorate

You must prorate a Stafford Loan limit for an undergraduate program if:

- the academic program is shorter than an academic year, or
- the student's remaining period of study is shorter than an academic year.

Stafford Loan limits are prorated only in these two situations. Loan limits are *not* prorated based on a student's enrollment status, such as when a student is enrolled less than full-time or is enrolled for a period of less than a full academic year that is not a remaining period of study. In addition, Stafford Loan limits are not prorated for students enrolled in graduate or professional level programs.

contains fewer terms than the number of terms covered by the school's Title IV academic year. (For programs that are offered in a Scheduled Academic Year, the number of terms covered in the school's Title IV academic year usually does not include any summer "header" or "trailer" term.) For example, a student who is enrolled in a 4-year program that is offered in a Scheduled Academic Year consisting of three quarters plus a summer "trailer" has completed four academic years of study and received four Stafford Loans. The student needs to attend an additional quarter term to complete the program requirements. The final quarter term would fall in a new academic year, and thus the loan maximum would have to be prorated, because the remaining period of study (a single quarter) is less than a full academic year. As another example, a student who is enrolled in a 2-year program without a Scheduled Academic Year where the Title IV academic year covers two 15-week semesters has completed two academic years of study, but needs to return for an additional semester to complete the program requirements. Again, the loan limit would have to be prorated if the student receives a loan for the final semester.

In a *clock hour, nonterm, or non-standard term* program, a remaining period of study is considered less than an academic year if the remaining period consists of fewer clock or credit hours than the program's defined Title IV academic year.

In each of the cases where there is a remaining portion less than an academic year, the annual loan limit for the student's grade level is multiplied by the following fraction to determine the prorated loan limit:

$$\frac{\text{Semester, trimester, quarter or clock hours enrolled in program}}{\text{Semester, trimester, quarter or clock hours in academic year}}$$

Unlike proration for programs that are shorter than an academic year, there is no comparison of weeks and hours. *Only the credit or clock hours that the student is scheduled to attend or is actually attending at the time of certification or origination are used in the calculation.*

### Using school's definition of academic year if > FSA minimum

A school may choose to define its academic year as longer in weeks or hours than the minimum statutory requirements. If so, then it's the school's standard – not the statutory minimum – that applies when determining whether a program or a final period of study is shorter than an academic year.

### Proration not required

Loan proration requirements do not apply to loans made to students taking preparatory coursework or coursework necessary for teacher certification. The annual loan limit must be prorated only when a student is enrolled in a program or remaining portion of a program that is shorter than an academic year. Students taking preparatory coursework or coursework needed for teacher certification are not enrolled in a program.

### Note on fractions and decimals for prorating Stafford Loans

It is acceptable to convert the fraction to a decimal and then multiply the annual loan limit by the decimal, but this conversion is not a requirement. You may still choose to multiply the annual loan limit by the original fraction. However, you should be consistent in the method you use, since the fraction and decimal calculations sometimes result in slightly different prorated loan limits. (The decimal method will generally—if not always—result in an amount that is equal to or slightly higher than the amount calculated using the original fraction.)

## Proration examples for programs shorter than an academic year

### Example 1

Program = 400 clock hrs, 12 weeks of instructional time	
Academic year = 900 clock hrs, 30 weeks of instructional time	

Jill is a dependent student enrolled in a 12-week program at Hancock Career College. HCC defines the academic year for this program as 900 clock hours providing 30 weeks of instructional time. Measured in clock hours, Jill's program is 400 clock hours long.

To determine the maximum loan amount she can borrow, convert the fractions based on weeks ( $12/30 = .40$ ) and hours ( $400/900 = .44$ ) to decimals. Multiply the smaller decimal (.40) by the first-year annual loan limit:  $\$2,625 \times .40 = \$1,050$ . The maximum combined subsidized and unsubsidized loan amount Jill can borrow for the program is \$1,050.

### Example 2

Program = 24 quarter hours, 20 weeks of instructional time	
Academic year = 36 credit hrs, 30 weeks of instructional time	

Morgan is an independent student enrolled in a program at Hancock Career College that provides 24 quarter hours and 20 weeks of instructional time. HCC defines the academic year for this program as 36 quarter hours and 30 weeks of instructional time. To determine the maximum loan amount she can borrow, convert the fractions based on weeks ( $20/30 = .67$ ) and quarter hours ( $24/36 = .67$ ) to decimals. Multiply the smaller decimal (in this case, both are .67) by the first-year annual loan limits for subsidized and unsubsidized Stafford:

$$\$6,625 \times .67 = \$4,439 \text{ total Stafford}$$

$$\$2,625 \times .67 = \$1,759 \text{ subsidized}$$

The maximum combined subsidized and unsubsidized Stafford amount Morgan can borrow for the program is \$4,439, with the subsidized loan amount limited to \$1,759.

## Loan Limit Proration example for remaining period of study shorter than an academic year

### Example 1

Academic year contains 3 quarters

Remaining period = 1 quarter

Fall	Winter	Spring
Fall	Winter	Spring
Fall (remaining period)	Winter	Spring

Rudy has attended 6 quarters in a 2-year program at Beulah Community College, but to finish the program, he needs to attend an additional quarter as a half-time student (6 quarter hours). Rudy is a dependent undergraduate student, and BCC defines its academic year (covering three quarters) as 36 quarter hours and 30 weeks of instructional time.

To determine the prorated Stafford loan limit, convert the fraction based on the hours that Rudy is expected to attend and the hours in the academic year to a decimal ( $6/36 = .17$ ). Multiply this decimal by the second-year undergraduate annual loan limit:  
 $\$3,500 \times .17 = \$595$ .

### Example 2

Academic year contains 2 semesters

Remaining period = 1 semester

Fall	Spring
Fall (remaining period)	Spring

Rudy transfers to a BA program at Lacy Springs College. By taking 18 hours a semester, he will be able to graduate in the Fall term of his second year. Rudy is a dependent undergraduate student, and Lacy Springs defines its academic year (covering two semesters) as 24 credit hours and 30 weeks of instructional time.

To determine the prorated Stafford loan limit, convert the fraction based on credit hours to a decimal ( $18/24 = .75$ ). Multiply this decimal by the fourth-year undergraduate annual loan limit:  
 $\$5,500 \times .75 = \$4,125$ .

### Example 3

Program = 1800 clock hours  
 Academic year = 900 clock hours and 30 weeks of instructional time

Year 1: Student Completes 1050 clock hours in 30 weeks  
 Year 2: 750 clock hours remaining in program

Knox Career College has an 1800 clock hour program and defines its academic year as 900 clock hours and 30 weeks of instructional time. Sally, a dependent undergraduate student, successfully completes the first 900 clock hours of the program in 26 weeks of instructional time. However, she must complete an additional four weeks of instructional time before she may receive a second loan. After 30 weeks of instructional time have elapsed, Sally has successfully completed 1050 clock hours. She may then receive a second loan, but the loan limit must be prorated based on the number of clock hours remaining in her program at this point.

To determine the prorated loan limit for Sally's second loan, convert the fraction based on the clock hours remaining to a decimal ( $750/900 = .83$ ). Multiply this decimal by the second-year undergraduate annual loan limit:  
 $\$3,500 \times .83 = \$2,905$

## Proration example for remaining period of study with a scheduled period of non-enrollment

O'Donnell Institute has an academic year that covers three quarters: fall, winter, and spring. Rosie will be enrolling in the fall and spring quarters, but not the winter quarter, and will graduate at the end of the spring quarter.

Because the fall quarter is in the same academic year as Rosie's final quarter, it is part of the final period of study, even though there is a term between the final quarter and the fall quarter in which she will not enroll. O'Donnell Institute may award Rosie a single loan for the fall and spring quarters (costs for the winter quarter must be excluded), or separate loans for fall and spring. In either case, the annual loan limit must be prorated. (Note that if Rosie decided to enroll for the winter quarter on a less than half-time basis, her remaining period of study — three terms — would be equal to a full academic year and proration would not be required for a loan covering the fall and spring quarters.)

Fall	Winter	Spring
enrolled	not enrolled	enrolled

## Aggregate Loan Limits

FFEL: 34 CFR 682.204(b), (e)

DL: 34 CFR 685.203(d), (e)

### Effect of change in student status on aggregate loan limits

In some cases, a student may qualify for higher loan limits, but then lose the eligibility for the higher limits. This situation could occur because a dependent student's parent received a PLUS loan after having been denied in previous years, and the student therefore could no longer borrow at the independent student loan levels, or because a student with a graduate degree entered an undergraduate degree program. In these cases, you only count the loan amounts that the student would have received under his/her *current* eligibility as an undergraduate or dependent student against the applicable undergraduate aggregate loan limit.

For instance, if a dependent student was treated as an independent student for loan limit purposes and received additional unsubsidized Stafford amounts for the first 3 years at your school because a parent was denied a PLUS loan for each of those years, but a parent was eligible to borrow PLUS for the student's fourth year, the student would be eligible for the following Stafford amounts:

1st year (independent student loan limit) = \$6,625

2nd year (independent student loan limit) = \$7,500

3rd year (independent student loan limit) = \$10,500

4th year (dependent student loan limit) = \$5,500

The additional unsubsidized Stafford Loan amount of \$13,000 that the student received in the first three years of the undergraduate program is not counted against the \$23,000 dependent undergraduate aggregate loan limit. Excluding the additional unsubsidized amount, the student received only \$11,625 for the first three years. The student may therefore receive the entire 4<sup>th</sup> year maximum loan amount, even though the student's total outstanding Stafford Loan amount is \$30,125.

### Resolving negative information in NSLDS

If you can document that the student is eligible for FSA funds despite the information shown on NSLDS, you may award and disburse aid. An example would be if the NSLDS Financial Aid History page of the SAR or ISIR shows that the student has a defaulted loan, but you have obtained documentation from the holder of the loan that the borrower had made "satisfactory arrangements to repay."

GEN-96-13, Q&A 37

## AGGREGATE LOAN LIMITS

A borrower who has reached his or her aggregate borrowing limit may not receive additional loans. Once the loans are repaid, in full or in part, the borrower may apply for additional Stafford Loans.

The maximum outstanding **total subsidized and unsubsidized** Stafford Loan debt is:

- \$23,000 for a dependent undergraduate student,
- \$46,000 for an independent undergraduate student (or a dependent undergraduate student whose parents do not qualify for PLUS loans). No more than \$23,000 of this aggregate amount may be in the form of subsidized loans.
- \$138,500 for a graduate or professional student (including loans for undergraduate study). No more than \$65,500 of this aggregate amount may be in the form of subsidized loans.

The loan amounts counted towards these maximums include any outstanding amounts borrowed in the form of Stafford Loans or Supplemental Loans for Students program (the discontinued SLS program). In the case of a Consolidation Loan, the outstanding amount of the Consolidation Loan representing any underlying Stafford or SLS loans that were paid off by the Consolidation Loan is counted towards the aggregate Stafford loan limits.

### Checking loan amounts on NSLDS

If a student at your school has FSA loans that were received at other schools, you may need to check the National Student Loan Data System (NSLDS) Web site to make sure the student still has remaining eligibility under the aggregate loan limits.

As long as there is no conflicting information, you may rely on the financial aid history (provided on the ISIR as well as the NSLDS Web site) and the Transfer Student Monitoring process to tell you if a student is about to exceed the aggregate Stafford loan limits. (The NSLDS financial aid history may affect eligibility for other FSA programs, so it is discussed in more detail in Volume 1, Chapter 3.)

If you need to review your student's loan history on NSLDS, keep in mind that the loan amounts for any Stafford or SLS loans that were once in repayment status may include accrued interest, collection cost, fees, and/or capitalized interest. None of these charges should be included when you're checking to see how much the student has borrowed against the aggregate limits for subsidized Stafford loans and total Stafford borrowing.

The aggregate loan limits do not include accrued interest and other charges. To avoid counting interest and other charges when determining a student's remaining loan eligibility using NSLDS, use the **aggregate outstanding principal balance (Agg OPB)** shown in NSLDS for each of the student's outstanding Stafford loans. For instance, if the student has been making payments on a \$2,625 loan and the aggregate outstanding principal balance is now \$2,100, count the \$2,100 towards the student's aggregate loan limit.

### *Using NSLDS to establish the subsidized and unsubsidized Stafford portions of a Consolidation Loan*

The **Agg OPB** shown in NSLDS for a Consolidation Loan may include payoff amounts on the underlying loans that should not be counted toward the aggregate Stafford Loan limits.

The subsidized and unsubsidized amounts of Direct Consolidation Loans have always been reported to NSLDS along with the total loan amount. The specific amounts for underlying subsidized and unsubsidized loans are not available for FFEL Consolidation Loans from private lenders, but NSLDS now provides an estimate of the Subsidized, Unsubsidized, and "Unallocated" amounts included in an FFEL Consolidation Loan.

Since Stafford and Perkins loans are reported to NSLDS, the system will be able to properly categorize those loans. (Perkins Loans are not counted towards the Stafford loan limits, but loans from the SLS program in the 1980s are included, because SLS was a forerunner of today's unsubsidized Stafford Loan.)

However, the FFEL Consolidation Loan may also include some non-Title IV loans that NSLDS can't identify, such as loans from the Health and Human Services (HHS) programs. If NSLDS can't determine from the reported underlying loans whether part of a FFEL Consolidation Loan should be counted in the subsidized or unsubsidized category, it will report that portion as "Unallocated."

### *Treatment of consolidated Perkins Loans*

The treatment of consolidated Perkins Loans differs in the FFEL and Direct Loan programs. When a Perkins Loan is consolidated into a FFEL Consolidation Loan, it is treated as an unsubsidized loan. In contrast, a Perkins Loan that is consolidated into a Direct Consolidation Loan is treated as a subsidized loan. However, a consolidated Perkins Loan is not counted toward the aggregate Stafford Loan limits in either the FFEL or Direct Loan program.

### *When to review "unallocated" amounts for an FFEL Consolidation Loan*

In general, you only need to review unallocated amounts if the student is near the aggregate limits and reducing the unallocated amount would enable the student to borrow additional loans.

### NSLDS on the Web

You can review the complete student loan history for your students and generate reports on the NSLDS Web site for aid professionals:

<https://www.nslsdfap.ed.gov/>

### NSLDS guides & help center

Guides for Enrollment Reporting, Transfer Student Monitoring and other user documentation are currently posted on IFAP under "Current FSA Publications" or "On Line References."

Also see NSLDS Newsletter #6 on IFAP for more specific information on how the OPB and Agg OPB are calculated in NSLDS.

Technical assistance for NSLDS is available by calling :  
**1-800-999-8219**

### Status codes that indicate loan has been consolidated

- ➔ **PC**—Paid in Full Through Consolidation Loan
- ➔ **PN**—Non-defaulted; Paid in Full Through Consolidation Loan
- ➔ **DN**—Defaulted, Paid in Full Through Consolidation Loan

In addition to the three status codes listed above, the following status codes may also identify a loan that has been consolidated (see next sidebar):

- ➔ **PF**—Paid-in-Full
- ➔ **DP**—Defaulted Paid-in-Full

You can find a list of status codes and their definitions by clicking on "?" located in the upper left-hand corner of the NSLDS screen.

### PF and DP loan status codes now assumed to be "underlying" loans

Because many data providers have been using PF (Paid-in-Full) and DP (Defaulted Paid-in-Full) to identify loans that have been consolidated, NSLDS now treats loans with these codes as underlying loans that have been consolidated. The new treatment of PF and DP loans began on August 25, 2003.

Previously, only loans identified as PC, PN, and DN were counted as underlying loans. This change means that NSLDS will not include loans with Status Codes of PF and DP, as well as PC, PN, and DN, when calculating the student's Outstanding Aggregate Principal Balance. (Dear Partner Letter GEN-03-12 describes how this change was made in the NSLDS system.)

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### Financial Aid History Requirement & NSLDS

To ensure that a student doesn't exceed the annual and aggregate Stafford Loan limits, the student's FAFSA data is matched with the National Student Loan Data System and the student's loan history is included in the ISIR. If a student transfers to your school, you must inform NSLDS so that it can begin the Transfer Student Monitoring process. More detailed information on how this requirement applies to all of the FSA programs can be found in Volume 1, Chapter 3 of the FSA Handbook.

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### School's responsibilities for checking NSLDS data

In some instances, because of timing or coding problems by lenders and guaranty agencies, all of the loans that made up a consolidation loan will not be included in the NSLDS. Schools will be responsible only for the data contained in the NSLDS and are not expected to research further or to make assumptions regarding other non-'PC' loans contained in the NSLDS.  
GEN-96-13, Q&As 54 and 55

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### Situations where NSLDS may double-count the Consolidation Loan and the underlying loans

To avoid double-counting the Consolidation Loan and its underlying loans, we've modified NSLDS to exclude a Consolidation Loan from the aggregate amount if it was made in the previous 60 days and none of the underlying loans have yet been reported as paid off (NSLDS Loan Status Code of PC, PN, DN, PF, or DP). Since the underlying loans are still in an open status, they will be reflected in the aggregate totals, but the consolidation loan will not.

You may find cases where some but not all of the underlying loans are shown as consolidated, thus triggering the inclusion of the Consolidation Loan. In this case, NSLDS is also including the outstanding principal balance of the underlying loans that have not yet been consolidated. Rather than waiting until the rest of the underlying loans have been updated in NSLDS, you can use NSLDS to find the underlying FSA loans, recalculate the aggregate totals, and award new loans as may be appropriate for that student.

For example, if the "unallocated amount" would not affect the award limit even if it turned out to be composed of subsidized Stafford amounts, you could make a new subsidized Stafford loan to a student without checking further.

### *Excluding capitalized interest or a PLUS or HHS loan*

If the unallocated or subsidized amounts in the Consolidation Loan could make a difference in the student's remaining loan eligibility, then you must find out if any of the unallocated amount includes loan debts that don't count towards the Stafford limits.

If you can identify the source of the subsidized or unallocated portions of the Consolidation Loan, you can determine whether those amounts count against the aggregate Stafford limit. The following types of indebtedness may be included in the "unallocated" or "subsidized" amounts, but should not be counted towards the aggregate Stafford limit:

- capitalized interest on the underlying loans,
- underlying loans from the borrower's spouse, and/or
- an HHS loan (HHS loans are not reported to NSLDS, so we are unable to automatically exclude them).

### *Using Disbursed Amount or Aggregate OPB to establish the amounts borrowed through underlying loans*

Since students generally consolidate all of their open loans at one time, you can usually find the underlying FSA loans by looking at the disbursement date and amount disbursed of the consolidation loan and comparing it to the student's earlier loans. (If the payoff is completed on those loans, they will have a code of PC, PN, DN, PF, or DP.) If the underlying loan is paid off, you may use the Disbursed Amount to determine the aggregate subsidized Stafford and unsubsidized Stafford amounts within the Consolidation Loan. (This process will exclude any capitalized interest.) For loans that have not been paid off, use the Aggregate Outstanding Principal Balance. You should document your findings or calculations for audit purposes.

In some instances, because of timing or coding problems by the entities reporting to NSLDS, not all of the loans that made up a Consolidation Loan will be included in the NSLDS. *Schools are only responsible for data that is available in the NSLDS or for resolving any conflicting information that may be obtained from another source (e.g., a copy of the consolidation application or other consolidation paperwork provided by the borrower)."*

### *Unallocated loan amounts that are counted towards the aggregate limit*

Unallocated amounts can also include underlying loan balances that *do* count towards the student's aggregate loan limits if an FFEL or Direct Loan did not yet get added to the student's record in NSLDS because of an edit condition.

## Example: Consolidation and Stafford Loan Limits

An independent undergraduate student transfers to your school to complete her fourth year of baccalaureate study. She applies for a Stafford Loan and has financial need for the maximum annual loan amount (\$5,500 in subsidized Stafford and \$5,000 in unsubsidized Stafford). Her NSLDS record indicates that she has an Agg OPB of \$24,625 on a Consolidation Loan made by a FFEL lender. Because the undergraduate aggregate subsidized limit is \$23,000, you cannot disburse any subsidized loan funds unless you can determine that the total amount of subsidized Stafford loans represented in the consolidation amount is less than \$23,000.

The student's loan record shows that her Consolidation Loan was made on August 30, 2000. She previously had three subsidized loans that were paid through consolidation (PC) earlier in July and August. The Disbursed Amounts for her loans are: \$2,625 for her first-year loan, \$3,500 in her second year, and \$5,500 in her third year. The NSLDS record also shows two unsubsidized loans, paid-in-full in July and August, which she received in her second and third years, when she qualified as an independent student.

STAFFORD LOANS (CONSOLIDATED)	STAFFORD LIMIT	REMAINING ELIGIBILITY
Subsidized ..... \$2,625		
Subsidized ..... \$3,500		
Subsidized ..... \$5,500		
TOTAL SUBSIDIZED ..... \$11,625	\$23,000	\$11,375
Unsubsidized ..... \$4,000		
Unsubsidized ..... \$5,000		
TOTAL SUB + UNSUB ..... \$20,625	\$46,000	\$25,375

Adding the loans up, we can see that the student has received a total of \$11,625 in subsidized Stafford and an overall total of \$20,625 in Stafford funds.\* Therefore, you may pay the student her full loan amounts (\$5,500 subsidized and \$5,000 unsubsidized) without exceeding the aggregate Stafford loan limits for an independent undergraduate.

\*There are several possible reasons why the \$25,000 Consolidation Loan is greater than the total Stafford borrowed (\$20,625)— the Consolidation amount may include Perkins or health loans that have been consolidated, or it may include capitalized interest or other charges.

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### Method used in NSLDS to estimate subsidized and unsubsidized FFEL amounts

- Calculated Subsidized Agg. OPB
- Calculated Unsubsidized Agg. OPB
- Calculated Unallocated Agg. OPB

NSLDS takes the total amount originally disbursed for all of the identified underlying subsidized loans and divides that amount by the originally disbursed amount of the Consolidation loan, which approximates the percentage of the total original consolidation loan that can be attributed to the subsidized loans. This percentage is then applied to the current outstanding balance of the Consolidation loan with the result being the amount that is included in the NSLDS calculation of the total amount of Subsidized loans for the student.

A similar process is followed to allocate the unsubsidized amount.

NSLDS subtracts the total of the calculated subsidized and unsubsidized outstanding balance amounts from the actual outstanding balance of the consolidation loan. Any balance is considered to be “unallocated.”

NSLDS assumes the amount was borrowed from the FFEL or Direct Loan programs and is included in the total combined balance. However, none of the “unallocated” amount is included in the Subsidized balance as it is unlikely to have come from a Subsidized Loan.

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### Consolidation of loan amounts that exceed the annual or aggregate loan limit

If a borrower who inadvertently received more than the annual or aggregate Stafford loan limits has consolidated the loan(s) that caused the borrower to exceed the loan limit, the consolidation loan is considered to be a satisfactory arrangement to repay the excess amount that restores the borrower's eligibility for Title IV aid. (Note, however, that consolidation of an amount that exceeded the aggregate Stafford loan limits does not automatically make a student eligible for additional Stafford Loan funds. See the discussion on this page under “Effect of Overborrowing.”)

## EFFECT OF OVERBORROWING

A student who has inadvertently received more than the annual or aggregate Stafford loan limits is ineligible to receive *any* FSA funds until the overborrowing is resolved. The student can regain eligibility for aid by repaying the amount that exceeded the Stafford annual or aggregate loan limits, or by making satisfactory arrangements with the Stafford lender (or the DL servicer) to repay the excess amount. The holder of the loan may choose to develop a repayment plan that has the borrower reaffirm that he or she will repay the excess according to the terms and timing of the original promissory note. If the inadvertent overborrowing occurred at your school, you should work with the student and the loan holder to ensure that the necessary actions are taken to restore the student's eligibility.

Once you have documented that the student has either repaid the excess loan amount or has made satisfactory arrangements with the loan holder to repay the excess amount, you may award additional aid. However, the student may or may not be eligible to receive additional Stafford loan funds, depending on the circumstances. For example, a dependent undergraduate who inadvertently exceeded the \$23,000 aggregate Stafford limit could not receive any additional Stafford loan funds as a dependent undergraduate unless the outstanding debt was paid down below the \$23,000 limit. However, the student could receive additional non-Stafford aid. An independent undergraduate who inadvertently exceeded the \$23,000 subsidized limit (but who has not reached the \$46,000 combined aggregate loan limit for independent undergraduates) could borrow additional unsubsidized Stafford once he or she makes satisfactory arrangements to repay the subsidized amount that exceeds \$23,000.

## Example: Resolving cases of overborrowing

Beth, an independent undergraduate student, is applying for a Stafford loan for her fifth and final year of baccalaureate study at your college. Beth has remaining loan eligibility under the \$46,000 combined aggregate loan limit for independent undergraduates and at first, she appears to be within the aggregate limit for undergraduate subsidized Stafford loans.

However, you have recently become aware that Beth previously borrowed Stafford loans while attending a community college several years prior to coming to your college.

### STAFFORD LOANS

Subsidized BANK ONE 1991 .....	\$2,625
Subsidized BANK ONE 1992 .....	\$3,500
Subsidized BANK TWO 1998 .....	\$2,625
Subsidized BANK TWO 1999 .....	\$3,500
Subsidized BANK TWO 2000 .....	\$5,500
Subsidized BANK THREE 2001 .....	\$5,500
TOTAL SUBSIDIZED .....	\$23,250

In fact, your review of her NSLDS records indicates that Beth has borrowed \$250 in subsidized Stafford loans in excess of the aggregate undergraduate limit. Because the loan made by BANK THREE was the one that exceeded the loan limit, Beth needs to make arrangements with BANK THREE to repay the amount for which she was not eligible.

When BANK THREE has confirmed that Beth has made satisfactory arrangements to repay the excess loan amount, you may make other FSA awards to Beth, including unsubsidized Stafford loans.

You can't make a subsidized Stafford loan to Beth until she has repaid the \$250 that exceeds the aggregate subsidized Stafford loan limit *and* further repaid enough of her outstanding balance to be eligible for the Stafford amount that you intend to award to her. (For instance, you could not award her a new \$5,500 Stafford Loan until she has reduced her outstanding balance to \$17,500.)

## Annual Limits for Stafford Loans

	<i>Subsidized</i>	<i>Total (subsidized &amp; unsubsidized)</i>
<i>Dependent Undergraduates</i>		
First Year	\$ 2,625	\$ 2,625
Second Year	\$ 3,500	\$ 3,500
Third Year and Beyond	\$ 5,500	\$ 5,500
<i>Independent Undergraduates, etc.</i>		
First Year	\$ 2,625	\$ 6,625
Second Year	\$ 3,500	\$ 7,500
Third Year and Beyond	\$ 5,500	\$ 10,500
<i>Graduate &amp; Professional Students</i>		
All Years of Study	\$ 8,500	\$ 18,500

Note: All undergraduate annual loan amounts are subject to proration.

## Aggregate Limits for Stafford Loans

	<i>Subsidized</i>	<i>Total (subsidized &amp; unsubsidized)</i>
<i>Dependent Undergraduates</i> .....	\$ 23,000	SAME
<i>Independent Undergraduates, etc.</i> .....	\$ 23,000	\$ 46,000
<i>Graduate &amp; Professional Students</i> .....	\$ 65,500	\$ 138,500

*Note: Certain health professions students may qualify for higher annual & aggregate limits—see discussion at the end of this chapter.*

## Example: Combined Loan Limits

		<b>First undergraduate program:</b>	<b>Graduate program:</b>	<b>Total:</b>
<i>An independent student receives the following loan amounts for a first undergraduate program and a graduate program:</i>	<b>subsidized</b>	<b>\$20,500</b>	<b>\$45,000</b>	<b>\$65,500</b>
	<b>unsubsidized</b>	<b>\$10,000</b>	<b>\$40,000</b>	<b>\$50,000</b>

The student has now enrolled in a second undergraduate program. Only the loans received for the first undergraduate program are counted toward the student's *undergraduate* aggregate loan limit. Because the total amount received for the first undergraduate program (\$30,500) does not exceed the aggregate loan limit for an independent undergraduate (\$46,000, maximum \$23,000 subsidized), the student has remaining loan eligibility of up to \$15,500 for the second undergraduate program.

However, the loans received for the graduate program must be considered in determining whether the student has exceeded the *total* aggregate loan limits. In this case, the total subsidized amount already received (\$65,500) is the maximum subsidized amount that a student may receive for undergraduate and graduate study combined. Therefore, the student may receive only unsubsidized loans for the second undergraduate program.

## Increased Eligibility for Health Professions Students

The Health Education Assistance Loan (HEAL) Program, a loan program for health professions students administered by the Department of Health and Human Services, was gradually phased out beginning in 1995. The phaseout has now been completed, and no further HEAL Program loans are being made. To replace loan funds that otherwise would have been available under the HEAL Program, certain health professions students may borrow increased unsubsidized Stafford Loan amounts.

With the complete phaseout of HEAL, the Department has removed the earlier restrictions that limited participation to schools that had disbursed HEAL loans in fiscal year 1995 and to students who, as of October 1, 1995, were not HEAL borrowers.

### Increased unsubsidized amounts

For any loan period beginning on or after May 1, 1999, schools may award the increased unsubsidized amounts to students who are enrolled at least half-time in a health professions discipline that (1) was eligible under the HEAL Program and (2) is accredited by an approved accrediting agency. (See "Dear Partner" Letter GEN-99-21.) The disciplines that were eligible under the HEAL Program and the approved accrediting agencies for these disciplines are shown in the loan limit chart for the increased unsubsidized amounts on the next page. Note that the HEAL Program required a need analysis test, while need analysis (represented by the EFC) is not required for unsubsidized Stafford loans.

NOTE: Foreign schools were not eligible to participate in the HEAL Program, and they may not award the increased unsubsidized Stafford Loan amounts.

### Increased annual loan limits

Because the increased annual unsubsidized Stafford Loan limits are intended to replace funds that would have been available previously under the HEAL Program, the annual loan limits for the increased unsubsidized amounts are the same as the HEAL Program annual loan limits. The chart on the next page shows the annual loan limits for the increased unsubsidized amounts, which vary by discipline and academic year (AY) length, as well as the approved accrediting agency for each discipline.

### Increased aggregate loan limits

**Graduate and Professional.** The combined subsidized/unsubsidized aggregate loan limit for graduate and professional health professions students who are eligible to receive the increased unsubsidized amounts is \$189,125 (not more than \$65,500 of this amount may be in subsidized loans).

This increased aggregate loan limit would permit a student to receive the current maximum Stafford annual loan limits for four years of undergraduate study (\$6,625 + \$7,500 + \$10,500 + \$10,500) and four years of graduate/professional study (\$18,500 x 4), plus the maximum increased unsubsidized loan limit for an academic year covering nine months for four years of graduate/professional study (\$20,000 x 4).

**Undergraduate.** The combined subsidized/unsubsidized aggregate loan limit for undergraduate health profession students (Bachelor of Science in Pharmacology) who are eligible to receive the increased unsubsidized amounts is \$70,625 (not more than \$23,000 of this amount may be in subsidized loans).

This increased aggregate loan limit would permit a student to receive the current maximum Stafford annual loan limits for five years of undergraduate study (\$6,625 + \$7,500 + \$10,500 + \$10,500 + \$10,500), plus the maximum increased unsubsidized loan limit for an academic year covering nine months for the fourth and fifth years of undergraduate study (\$12,500 x 2).

## Increased unsubsidized loan amounts for naturopathic medicine students

In addition to the health professions disciplines that were eligible under the HEAL Program, domestic schools may also award additional unsubsidized Stafford Loan amounts to students enrolled in certain Naturopathic Medicine programs. To qualify for the additional unsubsidized amounts, the student must be enrolled in a program that leads to a Doctor of Naturopathic Medicine (N.M.D.) degree or a Doctor of Naturopathy (N.D.) degree, and the program must be accredited by the Council on Naturopathic Medical Education (CNME).

The authority to award additional unsubsidized Stafford Loan amounts to eligible Naturopathic Medicine students is effective for any loan period that begins on or after May 1, 2005. The maximum annual additional unsubsidized amount is \$20,000 for a program with an academic year covering nine months, and \$26,667 for a program with an academic year covering 12 months. (For a program with an academic year covering 10 or 11 months, the annual additional unsubsidized loan limit must be prorated as described in the chart on the following page.)

The increased aggregate Stafford loan limit for eligible Naturopathic Medicine students is \$189,125 (not more than \$65,000 of this amount may be in subsidized loans).

For additional information, see Dear Colleague Letter GEN-05-09.

## Effect of transfer to non-health profession program of study

If a student receives the additional Stafford loan amounts on the basis of study in a health profession program, but then leaves that program and enters a program in a different field, the student is no longer eligible for the increased Stafford loan limits. However, the additional loan amounts received on the basis of health professions study are not counted toward the normal aggregate Stafford loan limit for that student.

## Programs Eligible for:

**Additional \$20,000 in Unsubsidized Loans for an Academic Year covering 9 months**  
**Additional \$26,667 in Unsubsidized Loans for an Academic Year covering 12 months**

Doctor of Allopathic Medicine	Accreditation: Liaison Committee on Medical Education
Doctor of Osteopathic Medicine	Accreditation: American Osteopathic Association, Bureau of Professional Education
Doctor of Dentistry	Accreditation: American Dental Association, Commission on Dental Accreditation
Doctor of Veterinary Medicine	Accreditation: American Veterinary Medical Association, Council on Education
Doctor of Optometry	Accreditation: American Optometric Association, Council on Optometric Education
Doctor of Podiatric Medicine	Accreditation: American Podiatric Medical Association, Council on Podiatric Medical Education

**Additional \$12,500 in Unsubsidized Loans for an Academic Year covering 9 months**  
**Additional \$16,667 in Unsubsidized Loans for an Academic Year covering 12 months**

Master of Science in Pharmacy (also 4th & 5th yr. Bachelor's & some Doctorate students)*	Accreditation: Accreditation Council for Pharmacy Education
Graduate in Public Health	Accreditation: Council on Education for Public Health
Doctor of Chiropractic	Accreditation: Council on Chiropractic Education, Commission on Accreditation
Doctoral Degree in Clinical Psychology	Accreditation: American Psychological Association, Committee on Accreditation
Masters or Doctoral Degree in Health Administration	Accreditation: Accrediting Commission on Education for Health Services Administration

**PRORATION OF ANNUAL LOAN LIMIT FOR ACADEMIC YEAR COVERING 10 OR 11-MONTHS:** For programs with an academic year covering 10 or 11 months, the annual additional unsubsidized loan limit must be prorated. If the academic year covers 10 or 11 months, the prorated annual loan limit is determined by dividing the applicable loan limit for an academic year covering 9 months by 9, and then multiplying the result by 10 or 11.

**EXAMPLE OF ANNUAL LOAN LIMIT:** The increased unsubsidized amounts that an eligible health professions student may receive are in addition to the regular Stafford annual loan limits. For example, a student enrolled in a 9-month Doctor of Dentistry program is eligible for the regular Stafford subsidized/unsubsidized annual loan maximum for a graduate/professional student (\$18,500, not more than \$8,500 of which may be subsidized), plus the maximum increased unsubsidized amount of \$20,000, for a total Stafford loan maximum of \$38,500.

\* Consistent with HEAL's rules, students enrolled in a Doctor of Pharmacy program may receive the increased unsubsidized amounts only if they are not required to have a Bachelor or Master of Science in Pharmacy as a prerequisite for the Doctorate degree. A Pharmacy doctorate student who meets this condition is eligible for the same annual loan limits as students enrolled in a Bachelor or Masters of Pharmacy program. Only one undergraduate program (Bachelor of Science in Pharmacy) was eligible under the HEAL Program. In accordance with HEAL Program rules, a student enrolled in a Bachelor of Science in Pharmacy program may receive the increased unsubsidized amounts only for the fourth and fifth years of the program. In addition (consistent with general FSA requirements, a dependent undergraduate may receive the increased unsubsidized amounts only if the student's parent is unable to borrow a PLUS loan.

