

## Annual loan limit overview

Direct Subsidized Loans and Direct Unsubsidized Loans have annual loan limits that vary based on the student's grade level and (for Direct Unsubsidized Loans) dependency status. The annual loan limits are the maximum amounts that a student may receive for an academic year. The actual loan amount that a student is eligible to receive may be less than the annual loan limit. (There are also aggregate loan limits for Direct Subsidized Loans and Direct Unsubsidized Loans, as discussed later in this chapter.)

There are higher Direct Unsubsidized annual loan limits for borrowers enrolled in certain health professions programs, and special loan limits for certain students who are not enrolled in a program that leads to a degree or certificate awarded by the school they are attending. Also, the annual loan limits for undergraduate students must be prorated (reduced) in some cases.

Depending on the academic calendar of the program, a student who has reached the annual loan limit cannot receive another Direct Subsidized Loan or Direct Unsubsidized Loan until they either begin another academic year, or, in some cases, progress within an academic year to a grade level with a higher annual loan limit.

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## Direct Loan Annual Loan Limits

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[34 CFR 685.203](#)

## Annual loan limits: basic principles

- For undergraduate students, there is a combined annual loan limit for Direct Subsidized Loans and Direct Unsubsidized Loans, of which not more than a specified amount may be comprised of Direct Subsidized Loans.
- For graduate/professional students, the annual loan limit is only for Direct Unsubsidized Loans. Graduate/professional students are not eligible to receive Direct Subsidized Loans.
- An undergraduate student who is ineligible for Direct Subsidized Loans may receive up to the full combined subsidized and unsubsidized annual loan limit in Direct Unsubsidized Loans.
- The Direct Subsidized Loan annual loan limits are the same for both dependent and independent undergraduates.
- Dependent students have lower combined subsidized/unsubsidized annual loan limits than independent students. However, if a dependent student's parent(s) cannot borrow a Direct PLUS Loan, the student becomes eligible for the higher combined subsidized/unsubsidized annual loan limits that are otherwise available only to independent students, allowing the dependent student to receive additional Direct Unsubsidized Loan funds (however, this does not change the student's dependency status).
- The annual loan limits apply to the academic year (that is, the annual loan limit is the maximum loan amount that a student may receive for one academic year).
- The student's maximum annual loan limit increases as the student progresses to higher grade levels.
- For undergraduate students, the loan limit must be prorated if the student is enrolled in a program (or in the remaining portion of a program) that is less than an academic year.

## Annual loan limits for dependent undergraduates

For dependent undergraduate students (excluding dependent undergraduates whose parents are unable to obtain Direct PLUS Loans), the combined Direct Subsidized Loan and Direct Unsubsidized Loan annual loan limits are shown in Table 1A

below.

The “Total (subsidized and unsubsidized)” limits in Table 1A represent the total of all Direct Subsidized Loans and Direct Unsubsidized Loans a dependent undergraduate student may borrow at each level of study for a single academic year. For example, a dependent first-year undergraduate may receive up to \$5,500 in Direct Subsidized Loans and/or Direct Unsubsidized Loans for a single academic year, but no more than \$3,500 of this amount may be subsidized. A dependent first-year undergraduate who has no subsidized loan eligibility could receive up to the full \$5,500 in Direct Unsubsidized Loans.

**TABLE 1A: DEPENDENT UNDERGRADUATE ANNUAL LIMITS FOR DIRECT SUBSIDIZED LOANS AND DIRECT UNSUBSIDIZED LOANS**

<b>Dependent undergraduates (excluding dependent students whose parents can't get Direct PLUS Loans)</b>	<b>Total (subsidized and unsubsidized)</b>	<b>Maximum subsidized</b>
First Year	\$5,500	\$3,500
Second Year	\$6,500	\$4,500
Third Year and Beyond	\$7,500	\$5,500

## Annual loan limits for independent undergraduates and for certain dependent undergraduates

The maximum Direct Subsidized Loan amount that an undergraduate student may receive each academic year is the same for both dependent and independent undergraduates. However, there are higher Direct Unsubsidized Loan annual loan limits for independent undergraduate students and for dependent undergraduates whose parents unable to obtain Direct PLUS Loans. For these students, the combined Direct Subsidized Loan and Direct Unsubsidized Loan annual loan limits are shown below in Table 1B.

As with the loan limits for dependent undergraduates, the “Total (subsidized and unsubsidized)” limits represent the total of all Direct Subsidized Loans and Direct Unsubsidized Loans that an independent undergraduate student (or a dependent undergraduate whose parent is unable to obtain a Direct PLUS Loan) may borrow at each level of study, for a single academic year. For example, an independent, first-year undergraduate may receive up to \$9,500 in Direct Subsidized Loans and Direct Unsubsidized Loans for a single academic year, but no more than \$3,500 of this amount may be subsidized. An independent first-year undergraduate who has no subsidized loan eligibility could receive up to the full \$9,500 in Direct Unsubsidized Loan funds.

Although a dependent undergraduate whose parent is unable to obtain a Direct PLUS Loan has access to the same higher Direct Unsubsidized Loan annual loan limits as an independent undergraduate at the same grade level, the student is still considered to be a dependent student for all other Title IV purposes.

For more detail on the conditions under which a dependent undergraduate can receive increased Direct Unsubsidized Loan amounts, see “Criteria for dependent students to receive additional Direct Unsubsidized Loan funds” below.

**TABLE 1B: INDEPENDENT UNDERGRADUATE ANNUAL LIMITS FOR DIRECT SUBSIDIZED LOANS AND DIRECT UNSUBSIDIZED LOANS**

<b>Independent undergraduates (and dependent undergraduates whose parents can't get Direct PLUS Loans)</b>	<b>Total (subsidized and unsubsidized)</b>	<b>Maximum subsidized</b>
First Year	\$9,500	\$3,500

Second Year	\$10,500	\$4,500
Third Year and Beyond	\$12,500	\$5,500

## Increased Direct Unsubsidized Loan eligibility for independent undergraduates and certain dependent undergraduates

[34 CFR 685.203\(c\)](#)

### Criteria for dependent students to receive additional Direct Unsubsidized Loan funds

Dependent students whose parents are unable to borrow Direct PLUS Loans due to adverse credit or other exceptional circumstances may receive additional Direct Unsubsidized Loan funds up to the same amount that is available to independent undergraduate students. However, the additional Direct Unsubsidized Loan amount may not substitute entirely for the amount a parent could receive under the Direct PLUS Loan program, which may be up to the difference between COA and EFA. Therefore, you should determine whether the parents may be able to borrow a Direct PLUS Loan by obtaining an endorser who does not have an adverse credit history before originating additional unsubsidized loan amounts for the dependent student. Before a dependent student can receive the additional Direct Unsubsidized Loan amount, you must document the basis of the student's eligibility. Some basic guidelines for making this determination are discussed below.

- None of the following, by themselves, are sufficient to make a dependent student eligible for additional unsubsidized loans:
  - The parent's unwillingness to borrow a Direct PLUS Loan;
  - A school's decision not to participate in the Direct PLUS Loan program; or
  - The aid administrator's belief that a parent should not borrow a Direct PLUS Loan.
- If only one of a student's parents has applied for a Direct PLUS Loan and been denied based on adverse credit, you may award additional Direct Unsubsidized Loan funds on that basis, without first determining whether there is another parent who could take out a Direct PLUS Loan. However, if both parents apply independently and one is approved and the other denied, the dependent student is not eligible for the additional unsubsidized loan amounts.
- The dependent student may become eligible at any time during an academic year if a parent has first been approved and then later denied a Direct PLUS Loan. For example, if a parent was approved for and received the full amount of a Direct PLUS Loan for a fall-spring loan period, but the parent is subsequently determined ineligible due to having an adverse credit history when they request additional Direct PLUS loan funds later during the spring semester, you may award additional Direct Unsubsidized Loan funds to the student. However, the Direct PLUS Loan funds that the parent previously received during the same period of enrollment must be treated as EFA when determining the additional Direct Unsubsidized Loan amount that the student is eligible to receive.

In addition to cases in which a parent has been denied a Direct PLUS Loan due to adverse credit, a dependent undergraduate student may also be eligible for increased unsubsidized loan amounts if you determine and document the existence of other exceptional circumstances that would prevent a parent from borrowing a Direct PLUS Loan.

Note that you may award increased Direct Unsubsidized Loan amounts to a dependent undergraduate even if the student's parent previously applied for a Direct PLUS Loan and was found to not have an adverse credit history, if you determine that exceptional circumstances other than adverse credit would preclude the parent from borrowing and document the basis for the student's eligibility. Similarly, if you make such a determination before a parent has requested a Direct PLUS Loan, you may award the increased Direct Unsubsidized Loan funds to the dependent student without requiring the parent to apply for a Direct PLUS Loan.

Examples of such exceptional circumstances include, but are not limited, to the following:

- The parent is incarcerated.
- The parent’s whereabouts are unknown.
- The parent has filed for bankruptcy and has provided a letter from the bankruptcy court stating that as a condition of the bankruptcy filing, the parent may not incur any additional debt.
- The parent’s income is limited to public assistance or disability benefits, and you have documented that the parent would not be able to repay the Direct PLUS Loan.
- You have examined the family financial information and documented the parent’s likely inability to repay the Direct PLUS Loan due to an existing debt burden or the parent’s expected income-to-debt ratio.
- The parent of a dependent student is not a U.S. citizen or permanent resident or is not able to provide evidence from the U.S. Citizenship and Immigration Service that they are in the United States for other than a temporary purpose with the intention of becoming a citizen or permanent resident.

Before originating a loan for the increased Direct Unsubsidized Loan amounts based on a parent’s ineligibility for a Direct PLUS Loan due to adverse credit or other exceptional circumstances, you must document the basis of the dependent student’s eligibility.

A determination that a parent is ineligible for a Direct PLUS Loan in one academic year based on adverse credit or other exceptional circumstances does not automatically support the dependent student’s additional unsubsidized loan eligibility in subsequent years. If a dependent student is determined to be eligible for additional unsubsidized loan amounts in one academic year, you must re-examine and document that the basis for the student’s eligibility continues to exist before originating additional unsubsidized loan amounts for the student in a subsequent year.

## Annual loan limit for graduate and professional students

The annual loan limit for graduate or professional students is shown below in Table 1C. Graduate and professional students are not eligible to receive Direct Subsidized Loans, so the annual loan limit for these students represents only Direct Unsubsidized Loans.

A student in an undergraduate program is not eligible for the graduate loan limit based on taking graduate coursework as a part of the undergraduate program. In contrast, a graduate student taking some undergraduate coursework is eligible for the graduate loan limit if the student is enrolled at least half time in courses (graduate or undergraduate) that can be applied to the graduate program. 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. See the discussion later in this chapter on annual loan limits for students taking preparatory coursework.

**TABLE 1C: GRADUATE AND PROFESSIONAL STUDENT ANNUAL LIMITS FOR DIRECT UNSUBSIDIZED LOANS**

Graduate and professional students	Total (unsubsidized only)
All years	\$20,500

## Loan limit level for transfer students

If you’re awarding a Direct 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 second-year or higher undergraduate 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 the student already has an associate or bachelor’s degree and if that degree is required for entry into a program at your school, you **must** use the third-year and beyond undergraduate loan limits for a student who transfers to that program.

## Loan limit when a baccalaureate or associate degree is required for admission to an undergraduate program

For a student who has an associate or baccalaureate degree that is required for admission into an undergraduate program, you **must** use the third-year and beyond undergraduate loan limits for that student.

## Annual loan limits for Direct PLUS Loans

There are no fixed annual loan limits for Direct PLUS Loans. A graduate or professional student may be awarded a Direct PLUS Loan for up to the student's COA minus other EFA (see *Volume 3, Chapter 3* for packaging rules). Therefore, a graduate/professional student who has received the maximum Direct Unsubsidized Loan amount for an academic year may have additional Direct PLUS Loan eligibility. Similarly, the total Direct PLUS Loan amount borrowed by a parent on behalf of a dependent student may not exceed the student's estimated COA minus other EFA the student receives for the period of enrollment. This is the only borrowing limit for Direct PLUS Loans.

## Programs greater than one academic year, but less than two academic years in length

The "Eligibility and Certification Approval Report" (ECAR) lists "one-year" as the highest educational program offered by a school if its longest program is one academic year or longer, but less than two years in length. Students who have successfully completed the first academic year of such programs can be treated as second-year undergraduates for annual loan limit purposes, even though the ECAR lists the school's highest program offering as "one-year." For instance, a student enrolled in a 1,500 clock-hour program would be eligible for the second-year loan limits after completing the first 900 clock hours and 26 weeks of instructional time. However, because the remaining portion of the program would be less than a full academic year in length, the loan limit would have to be prorated, as explained in *Chapter 5* of this volume.

## One-year and two-year programs

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 first-year annual loan limit, even if it takes the student more than one academic year to finish the program.

Similarly, a student in a program that students are expected to complete in two years can never receive more than the second-year annual loan limit for an academic year, even if individual students sometimes take more than two years to finish the program. However, some schools offer associate's degree programs that have been approved by the school's state licensing agency or accrediting agency as programs that require more than two academic years of study for a full-time student to complete. Students enrolled in such a program may receive Direct Loans at the third-year annual loan limit after they have successfully completed the first two academic years of the program, and if the school has a grade level progression standard that allows for third year level loans.

Note also that a school may not link two stand-alone one-year programs by making one a prerequisite for admission, and then classify students beginning the second one-year program as second-year undergraduates 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 one, 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 toward its 1,500-hour program, the student could be eligible for the second-year loan limits if other students in the program are eligible for second-year loan limits after completing the first 900 hours of the program.

## Preparatory coursework and teacher certification programs

In *Chapter 1* of this volume we discussed instances in which a student may receive Direct Loans for coursework that is not part of an eligible program leading to a degree or certificate awarded by the school (preparatory coursework and teacher certification programs). The annual loan limits for students enrolled in preparatory coursework or teacher certification programs are shown in Tables 2A and 2B below.

**TABLE 2A: ANNUAL LOAN LIMITS FOR PREPARATORY COURSEWORK (NOT TO EXCEED 12 CONSECUTIVE MONTHS)**

Preparatory coursework required for enrollment in an **undergraduate** program:

	<b>Total (subsidized and unsubsidized)</b>	<b>Maximum subsidized</b>
Dependent undergraduates (excluding dependent students whose parents can't get Direct PLUS Loans)	\$ 2,625	\$ 2,625
Independent undergraduates (and dependent undergraduates whose parents can't get Direct PLUS Loans)	\$ 8,625	\$ 2,625

Preparatory coursework required for enrollment in a **graduate or professional** program:

	<b>Total (subsidized and unsubsidized)</b>	<b>Maximum subsidized</b>
Dependent undergraduates (excluding dependent students whose parents can't get Direct PLUS Loans)	\$ 5,500	\$ 5,500
Independent undergraduates (and dependent undergraduates whose parents can't get Direct PLUS Loans)	\$12,500	\$ 5,500

**TABLE 2B: ANNUAL LOAN LIMITS FOR TEACHER CERTIFICATION COURSEWORK**

	<b>Total (subsidized and unsubsidized)</b>	<b>Maximum subsidized</b>
Dependent undergraduates (excluding dependent students whose parents can't get Direct PLUS Loans)	\$ 5,500	\$ 5,500
Independent undergraduates (and dependent undergraduates whose parents can't get Direct PLUS Loans)	\$12,500	\$ 5,500

Note that for dependent undergraduates, the annual loan limits shown above in Tables 2A and 2B do not provide an additional unsubsidized loan amount beyond the maximum annual subsidized amount, as is the case with the loan limits for independent undergraduates and dependent undergraduates whose parents cannot get Direct PLUS Loans. For dependent undergraduates enrolled in preparatory coursework or teacher certification programs, there is just a single annual loan limit representing the maximum amount of subsidized and/or unsubsidized loans that the student may receive for an academic year.

For example, a dependent undergraduate taking preparatory coursework required for enrollment in a graduate or professional program could receive up to \$5,500 per academic year in Direct Loan funds, which could be all subsidized, all unsubsidized, or a combination of subsidized and unsubsidized. In contrast, an independent undergraduate taking the same preparatory coursework could receive up to \$12,500 per academic year, not more than \$5,500 of which could be subsidized.

Loan limits for preparatory coursework and teacher certification coursework are not subject to proration (see *Chapter 5* of this volume) if the coursework is less than a full academic year.

## Combined undergraduate/graduate programs

Some programs combine undergraduate and graduate study and allow a student to complete both a bachelor's degree and a graduate or professional degree within the same program. These are referred to as "dual degree programs." For instance, a school could offer a 5-year dual degree program leading to both a bachelor's degree and a graduate or professional degree, and could define the first three or four years of study as being at the undergraduate level, and the remaining year(s) of study as being at the graduate or professional level. A student may receive Direct Loans at the applicable undergraduate annual loan limits (as well as other Title IV aid at the undergraduate level) during the undergraduate portion of such a program, and then may receive Direct Loans at the graduate and professional student annual loan limit (and also Direct PLUS Loans) for the graduate and professional portion of the program.

See *Volume 1* for more detailed guidance on student eligibility for Title IV aid in programs that combine undergraduate and graduate study, including programs that lead **only** to a graduate or professional degree, but may admit students who do not yet meet the regulatory requirements to be considered graduate or professional degree students.

## Students returning for a second baccalaureate degree

If a student with a baccalaureate degree enrolls in another baccalaureate program, the student's grade level for loan limit purposes would be based on the amount of work that the school counts toward satisfying the requirements of the new program. For instance, if your school accepts 30 semester hours of a student's work in a previous baccalaureate program toward the requirements for a BS in Chemistry at your school and, on that basis, classifies the student at the second-year level, then the student would be eligible for second-year undergraduate loan limits (see "Loan limit when a baccalaureate or associate degree is required for admission to an undergraduate program" earlier in this chapter for the loan limit that applies when a student is **required** to have a prior associates or baccalaureate degree as condition for being admitted to an undergraduate program).

## Students who transfer from a graduate to undergraduate program during an academic year

If a student transfers from a graduate program to an undergraduate program in the middle of an academic year, the undergraduate annual loan limit for the student's grade level applies, but amounts previously borrowed at the graduate level within the same academic year do not count against the undergraduate annual loan limit. However, the total amount awarded for the academic year may not exceed the higher (graduate or professional) annual loan limit.

### **EXAMPLE 3: TRANSFER FROM GRADUATE TO UNDERGRADUATE PROGRAM DURING SAME ACADEMIC YEAR**

A student who received \$10,250 in Direct Unsubsidized Loan funds for a fall semester loan as a graduate student enrolls in an undergraduate program at the same school in the spring semester of the school's fall-spring academic year and is classified as a third-year independent undergraduate. As a third-year independent undergraduate, the student's annual loan limit is \$12,500, not more than \$5,500 of which may be subsidized. However, the student may not receive the full \$12,500, since that amount, when added to the \$10,250 the student received as a graduate student in the fall, would exceed the \$20,500 graduate/professional student annual loan limit. Therefore, the student's maximum loan eligibility for the spring semester (if supported by COA and EFA) is \$10,250, not more than \$5,500 of which may be subsidized.

## **Increased unsubsidized annual loan limits for certain health professions students**

There are higher annual Direct Unsubsidized Loan limits for certain graduate and professional health professions students. Schools may award the increased unsubsidized amounts to students who are enrolled at least half time in certain health professions programs. The programs must be accredited by specific accrediting agencies.

The programs that are eligible for the increased Direct Unsubsidized Loan amounts, the applicable increased unsubsidized

loan amounts, and the approved accrediting agencies for these programs are shown in Tables 3A and 3B below. As shown in the tables, the increased unsubsidized loan annual limits vary by program and academic year length.

**TABLE 3A: HEALTH PROFESSIONS PROGRAMS ELIGIBLE FOR AN ADDITIONAL \$20,000 OR \$26,667**

**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**

<b>Program</b>	<b>Approved Accrediting Agency</b>
Doctor of Allopathic Medicine	Liaison Committee on Medical Education
Doctor of Osteopathic Medicine	American Osteopathic Association, Bureau of Professional Education
Doctor of Dentistry	American Dental Association, Commission on Dental Accreditation
Doctor of Veterinary Medicine	American Veterinary Medical Association, Council on Education
Doctor of Optometry	American Optometric Association, Council on Optometric Education
Doctor of Podiatric Medicine	American Podiatric Medical Association, Council on Podiatric Medical Education
Doctor of Naturopathic Medicine, Doctor of Naturopathy	Council on Naturopathic Medical Education

**TABLE 3B: HEALTH PROFESSIONS PROGRAMS ELIGIBLE FOR AN ADDITIONAL \$12,500 OR \$16,667**

**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**

<b>Program</b>	<b>Approved Accrediting Agency</b>
Doctor of Pharmacy	Accreditation Council for Pharmacy Education
Graduate program in Public Health (including Masters and Doctoral degree programs in Public Health)	Council on Education for Public Health
Doctor of Chiropractic	Council on Chiropractic Education, Commission on Accreditation
Doctoral Degree in Clinical Psychology	American Psychological Association, Committee on Accreditation
Masters or Doctoral Degree in Health Administration	Commission on Accreditation of Healthcare Management Education



The increased unsubsidized amounts that an eligible health professions student may receive are in addition to the regular \$20,500 Direct Unsubsidized Loan annual loan limit for graduate and professional students. For example, a student enrolled in a 9-month Doctor of Dentistry program is eligible for the regular Direct Unsubsidized annual loan maximum for a graduate/professional student (\$20,500 unsubsidized), plus the maximum increased unsubsidized amount of \$20,000, for a total Direct Unsubsidized Loan maximum of \$40,500 per academic year.

Graduate and professional students who qualify for the higher annual Direct Unsubsidized Loan limits are also eligible for a higher combined subsidized/unsubsidized aggregate loan limit, as explained later in this chapter.

## Proration of increased health professions annual loan limit for academic year covering 10 or 11 months

Tables 3A and 3B above show the increased unsubsidized loan limits for programs with an academic year of either 9 months or 12 months. For eligible health professions 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 nine months by nine, and then multiplying the result by 10 or 11. For example, the prorated increased unsubsidized loan limit for a Doctor of Dentistry program with an 11-month academic year would be \$24,444, calculated as follows:

$$\$20,000 \div 9 = \$2,222.22$$

$$\$2,222.22 \times 11 = \$24,444.42, \text{ rounded to } \$24,444$$

## Foreign schools not eligible

Foreign schools that participate in the Direct Loan Program may not award the increased Direct Unsubsidized Loan amounts to health professions students.

## Aggregate loan limit overview

As explained earlier in this chapter, there are limits on the maximum Direct Subsidized Loan and Direct Unsubsidized Loan amounts that a student may receive each academic year (annual loan limits). There are also limits on a student's maximum outstanding total Direct Subsidized Loan and Direct Unsubsidized Loan debt. These are called aggregate loan limits. A borrower who has reached the aggregate borrowing limit for Direct Subsidized Loans and Direct Unsubsidized Loans may not receive additional loans. Once the loans are repaid, in full or in part, the borrower may apply for additional loans.

To ensure that a student doesn't exceed the aggregate loan limits, the student's FAFSA data is matched with NSLDS, and if the student has exceeded or is approaching the aggregate loan limits, this will be noted in the ISIR. If a student transfers to your school, you must inform NSLDS so that it can begin the Transfer Student Monitoring process.

## Aggregate loan limits for Direct Subsidized Loans and Direct Unsubsidized Loans

The aggregate loan limits for Direct Subsidized Loans and Direct Unsubsidized Loans are shown in Table 4 below.

### Aggregate loan limits

[34 CFR 685.203\(d\), \(e\)](#)

## TABLE 4: AGGREGATE LIMITS FOR DIRECT SUBSIDIZED LOANS AND DIRECT UNSUBSIDIZED LOANS

	<b>Total (subsidized and unsubsidized)</b>	<b>Maximum subsidized</b>
Dependent undergraduates (excluding those whose parents can't get Direct PLUS Loans)	\$31,000	\$23,000
Independent undergraduates (and dependent undergraduates whose parents can't get Direct PLUS Loans)	\$57,500	\$23,000
Graduate and professional students	\$138,500	\$65,000

Notes on the aggregate loan limits shown in Table 4:

- The “Total (subsidized and unsubsidized)” column shows the maximum combined outstanding subsidized and unsubsidized loan debt for a student. The “Maximum subsidized” column shows the maximum portion of the combined subsidized/unsubsidized limit that may be subsidized. For example, a dependent undergraduate may have up to a maximum of \$31,000 in combined subsidized and unsubsidized outstanding loan debt, but no more than \$23,000 of this amount may consist of subsidized loans.
- Capitalized interest (unpaid accrued interest that has been added to the principal balance of a loan) is not counted toward a borrower’s aggregate loan limits (see “Checking loan amounts in NSLDS” below for more information).
- The \$138,500 combined subsidized/unsubsidized aggregate loan limit for graduate and professional students includes loans received for undergraduate study.
- The \$65,500 subsidized aggregate loan limit for graduate and professional students includes subsidized loans received for prior undergraduate study. For students who were enrolled in graduate or professional programs before July 1, 2012, it also includes any subsidized loans they received for prior graduate or professional study (subsidized loan eligibility for graduate and professional students was eliminated effective for loan periods beginning on or after July 1, 2012).
- The loan amounts counted toward a borrower’s aggregate loan limits include any outstanding Direct Subsidized Loan and Direct Unsubsidized Loan amounts, and also any outstanding Subsidized and Unsubsidized Federal Stafford Loans previously borrowed under the FFEL Program (no new loans have been made under the FFEL Program since June 30, 2010).
- In the case of a Direct Consolidation Loan or a Federal Consolidation Loan made under the FFEL Program, the outstanding amount of the consolidation loan representing any Direct Subsidized Loans, Direct Unsubsidized Loans, Subsidized Federal Stafford Loans, or Unsubsidized Federal Stafford Loans that were paid off by the consolidation loan is counted toward the aggregate subsidized and unsubsidized loan limits accordingly.

## Aggregate loan limit for 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.

### **EXAMPLE 4: RETURNING TO UNDERGRADUATE PROGRAM AFTER RECEIVING LOANS FOR GRADUATE STUDY**

An independent student has received the following loan amounts for a first undergraduate program and a graduate program:

	<b>Subsidized:</b>	<b>Unsubsidized:</b>	<b>Total</b>
<b>Undergraduate</b>	\$19,000	\$26,000	\$45,000

<b>Graduate</b>	\$0	\$86,000	\$86,000
<b>Total</b>	\$19,000	\$112,000	\$131,000

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 (\$45,000) does not exceed the aggregate loan limit for an independent undergraduate (\$57,500, maximum \$23,000 subsidized), the student has remaining loan eligibility for the second undergraduate program.

The difference between the independent undergraduate aggregate loan limit and the total amount of the loans received for the first undergraduate program is \$12,000. However, the student may not receive the full \$12,000, because that amount, when combined with the amount received for the first undergraduate program and the amount received for the graduate program, would exceed the combined undergraduate/graduate aggregate loan limit of \$138,500:

$$\$45,000 + \$86,000 + \$12,500 = \$143,500$$

Therefore, the student's remaining loan eligibility for the second undergraduate program is \$7,500 (\$138,500 minus \$131,000 already received for the first undergraduate program and the graduate program). Not more than \$4,000 of this amount may be subsidized (\$23,000 undergraduate subsidized aggregate loan limit minus \$19,000 in subsidized loans received for the first undergraduate program).

## Treatment of Direct Subsidized Loans and Direct Unsubsidized Loans received for teacher certification coursework or preparatory coursework

Students receiving Direct Loans for teacher certification coursework or for preparatory coursework (including preparatory coursework required for admission to a graduate or professional program) are considered to be undergraduates for all Title IV purposes. Therefore, Direct Subsidized Loans and Direct Unsubsidized Loans that a student receives for teacher certification coursework or preparatory coursework are counted against the student's undergraduate aggregate loan limits. (See *Chapter 1* of this volume and the discussion earlier in this chapter for guidance on Direct Loan eligibility for teacher certification and preparatory coursework and the applicable annual loan limits.)

## Higher aggregate loan limit for certain health professions students

As explained earlier in this chapter, graduate and professional students who are enrolled in certain health professions programs are eligible for higher annual Direct Unsubsidized Loan limits. These students also have a higher combined subsidized/unsubsidized aggregate loan limit.

The combined subsidized/unsubsidized aggregate loan limit for graduate and professional health professions students who are eligible to receive the increased annual unsubsidized amounts is \$224,000. Not more than \$65,500 of this amount may be from subsidized loans (see the notes following Table 4 above regarding the \$65,500 subsidized aggregate loan limit for graduate and professional students).

If a student who received increased Direct Unsubsidized Loan amounts for a qualifying health profession program later enrolls in a non-health professions program, the student is no longer eligible for the increased Direct Unsubsidized Loan limits. However, the additional loan amounts received for the health professions program are not counted toward the normal aggregate loan limit for that student.

## Checking remaining loan eligibility under aggregate limit

Before originating a Direct Subsidized Loan or Direct Unsubsidized Loan, it's important 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 in NSLDS) and the Transfer Student Monitoring process to tell you if a student is about to exceed the aggregate loan limits. (The NSLDS financial aid history may affect eligibility for other Title IV programs, so it is discussed in more detail in *Volume 1, Chapter 3*.)

The Loan History shown in NSLDS for a borrower who has received Title IV loans shows Aggregate Loan Information for the borrower's outstanding subsidized and unsubsidized loans. The Aggregate Loan Information subsidized and unsubsidized Outstanding Principal Balance amounts shown in a borrower's NSLDS loan history do not include unpaid accrued interest, capitalized interest (unpaid interest that has been added to the principal balance of the loan), or other charges, as these amounts are not counted against the aggregate loan limits. For each individual loan that a borrower has received, NSLDS shows both the outstanding principal balance (OPB) and the aggregate outstanding principal balance (Agg. OPB). The OPB is what the borrower owes, which may include capitalized interest and other charges. The Agg. OPB is the portion of the OPB that counts against the aggregate loan limits for subsidized and unsubsidized loans.

For instance, suppose a student has a Direct Unsubsidized Loan disbursed in the amount of \$5,000. Over time, \$200 in interest accrues and is capitalized. Assuming that the borrower has made no payments on the loan, the OPB on the loan will be \$5,200 (this is the amount the borrower owes), and the Agg. OPB will be \$5,000 (this is the amount that is counted against the aggregate loan limit). If you are looking at the individual loans as displayed in the student's NSLDS Loan Detail, it is the Agg. OPB that you should use to determine remaining loan eligibility under the aggregate loan limits.

The Aggregate Loan Information subsidized and unsubsidized Outstanding Principal Balance amounts shown in a borrower's NSLDS loan history also include the outstanding portion of consolidation loans (both Direct Consolidation Loans and Federal Consolidation Loans made under the FFEL program) attributable to Direct Subsidized Loans, Direct Unsubsidized Loans, Subsidized Federal Stafford Loans, and Unsubsidized Federal Stafford Loans that were repaid by the consolidation loan.

## **Unallocated consolidation loan amounts**

NSLDS may also show a "Consolidation Loans, Unallocated" amount that is not counted against a borrower's aggregate loan limits. The "Consolidation Loans, Unallocated" amount represents the portion of a consolidation loan that cannot be attributed to other loans in the borrower's loan history (for example, it may represent capitalized interest or non-Title IV loans that were consolidated). You are not responsible for determining the origin of any unallocated consolidation loan amounts.

## **Treatment of consolidated Perkins Loans and PLUS loans**

A consolidated Perkins Loan or PLUS loan becomes part of the unsubsidized portion of a consolidation loan, but it is not counted toward the borrower's aggregate Direct Loan limits.

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

In some cases, a student may qualify for higher loan limits, but then lose eligibility for the higher limits due to a change in status. One such situation is when a dependent undergraduate qualifies for increased Direct Unsubsidized Loan amounts because the student's parent is unable to obtain a Direct PLUS Loan, but in a subsequent academic year the student's parent is able to qualify for a Direct PLUS Loan. The dependent student then loses eligibility to receive Direct Unsubsidized Loans at the higher independent undergraduate annual and aggregate loan limits, and is once again subject to the dependent undergraduate annual and aggregate loan limits. However, the increased unsubsidized loan amounts that the student previously received as a result of the parent's inability to obtain a Direct PLUS Loan are not counted against the dependent undergraduate aggregate loan limit (see Example 5 below).

A similar situation occurs when a student who received loans for a graduate or professional degree program later returns to school and enrolls in an undergraduate program. In this case, loan amounts that the student received as a graduate or professional student are not counted against the undergraduate aggregate loan limit (see Example 4 earlier in this chapter).

### **EXAMPLE 5: AGGREGATE LOAN LIMITS AND ADDITIONAL DIRECT UNSUBSIDIZED LOAN AMOUNTS WHEN PARENTS ARE UNABLE TO OBTAIN DIRECT PLUS LOANS**

A dependent student is treated as an independent student for loan limit purposes and receives additional Direct Unsubsidized Loan funds (up to the additional amounts available to independent undergraduates) for the first three years of a four-year program because the student's parent is unable to obtain a Direct PLUS Loan for each of those years.

For each of the first three years, the student receives the maximum subsidized amount and the maximum additional unsubsidized amount under the independent student annual loan limits (remember that the annual subsidized maximums are the same for dependent and independent undergraduates):

first year (independent student loan limit)	\$3,500 subsidized	\$6,000 unsubsidized (\$4,000 more than dependent maximum)
second year (independent student loan limit)	\$4,500 subsidized	\$6,000 unsubsidized (\$4,000 more than dependent maximum)
third year (independent student loan limit)	\$5,500 subsidized	\$7,000 unsubsidized (\$5,000 more than dependent maximum)

In the fourth year, the parent is eligible to borrow a Direct PLUS Loan, so the student is then subject to the annual and aggregate loan limits for a dependent undergraduate. Although it might appear that the student would have no remaining loan eligibility for the fourth year of the program (because the total subsidized/unsubsidized loan amount received for years 1-3 (\$32,500) exceeds the \$31,000 dependent undergraduate aggregate loan limit), the additional Direct Unsubsidized Loan amount that the student received as a result of the parent Direct PLUS Loan denials in the first three years of the undergraduate program does not count against the \$31,000 dependent aggregate limit.

The student received a total of \$19,000 in additional Direct Unsubsidized Loan funds for the first three years (\$6,000 each in years 1 and 2, and \$7,000 in year 3). As shown above, this is \$13,000 more than the total additional Direct Unsubsidized Loan amount the student would have been eligible to receive under the dependent student annual loan limits if the student's parent had qualified for Direct PLUS Loans (dependent undergraduates normally can only receive up to \$2,000 each year in additional Direct Unsubsidized loan amounts). The extra \$13,000 in unsubsidized funds that the student received as a result of the parent being unable to obtain a Direct PLUS Loan for the first three years is not counted against the \$31,000 dependent undergraduate aggregate when determining the student's loan eligibility for year 4. The \$13,000 is subtracted from the total \$32,500 the student received for the first three years, leaving only \$19,500 that counts against the \$31,000 dependent undergraduate aggregate loan limit. This means that for year 4, the student has \$11,500 in remaining eligibility under the \$31,000 aggregate loan limit (not more than \$9,500 of which may be subsidized) and is eligible to receive up to the full annual loan limit for a dependent fourth-year undergraduate: \$7,500 (maximum \$5,500 subsidized).