

Origination Overview

Origination is the process of creating a Direct Loan award in the school's system. Before originating a Direct Loan, a school must determine the student's or parent's eligibility for the loan. For each Direct Loan that a school disburses to a student or parent, the school must submit a loan award record to the COD System that includes the student's grade level, the loan period and academic year dates, the loan amount, the anticipated and actual dates and amounts of the loan disbursements, and other information. Submission of a loan award record serves as the school's certification that it has determined the borrower's eligibility for the loan.

The specific Direct Loan amount that a student or parent borrower is eligible to receive is determined based on various factors such as the student's COA, Student Aid Index (SAI), OFA, and remaining eligibility under the annual and aggregate loan limits (see *Chapter 4* for guidance on annual and aggregate loan limits). Some of these factors are relevant only when determining eligibility for certain types of Direct Loans. When originating a Direct Loan, the COA used in determining the loan amount may include only those costs associated with the period of enrollment (loan period) for which the loan is being originated.

Direct Subsidized Loans and Direct Unsubsidized Loans have annual and aggregate limits that are the same for all students at a given grade level and dependency status. You may not originate a Direct Loan for an amount that:

- Exceeds the amount requested by the borrower;
- In the case of a Direct Subsidized Loan, exceeds the student's COA minus the student's SAI and OFA;
- In the case of a Direct Unsubsidized Loan or Direct PLUS Loan, exceeds the student's COA minus OFA; or
- In the case of a Direct Subsidized Loan or Direct Unsubsidized Loan, would cause the student to exceed the annual or aggregate limit.

See *Volume 3, Chapter 3* for more information on packaging Direct Loans as part of a student's financial aid award.

Originating a Loan

It's important to remember that your school, not the Department, is responsible for determining a borrower's eligibility for a Direct Loan. Schools that originate and disburse loans for ineligible borrowers, or for loan amounts that exceed loan limits or financial need, are subject to administrative actions such as a fine, limitation, suspension, and termination, as well as liabilities including repayment to the government of interest and costs it has paid on the ineligible loans.

You must originate a Direct Loan while the student is enrolled and eligible for the period of enrollment for which the loan is intended. You may not originate a loan for a period in which the student is no longer enrolled. For example, you may not originate a loan for a prior academic year that has ended, even if the student is enrolled and eligible for the current academic year. Similarly, if a student who was enrolled at least half time only for the fall and spring quarters of an academic year consisting of fall, winter, and spring quarters does not request a loan until the spring, you may not at that time originate a loan for the fall quarter.

For all Direct Loans, you must document the student's COA, SAI, and OFA in the student's file. This information must be made available to the Department upon request.

You must confirm that the borrower meets the definition of eligible borrower by doing the following:

- Determine that the student is enrolled at least half time and making satisfactory academic progress (see *Volume 1*);
- Review the NSLDS information on the ISIR or the NSLDS Professional Access website to ensure that the student is not in default, does not owe an overpayment on a *Title IV* grant or loan (see *Volume 1*), and will not exceed the annual or aggregate loan limits (as described in *Chapter 4* of this volume);
- Ensure that the amount of the loan, in combination with other aid, will not exceed the student's financial need or COA (see *Volume 3, Chapter 3*);
- For parents receiving a Direct PLUS Loan, ensure that the student has completed a FAFSA form (review the student's ISIR or *FAFSA Submission Summary*); and

- Ensure that the loan disbursement dates meet cash management and disbursement requirements.

For a Direct Subsidized/Unsubsidized Loan, you must also:

- Determine the student's Pell Grant eligibility and if they are eligible, include the grant in the student's aid package;
- For a Direct Unsubsidized Loan made to an undergraduate student, first determine the student's eligibility for a Direct Subsidized Loan and if the student is eligible, include the Direct Subsidized Loan in the student's aid package;
- Ensure that the amount of the loan will not exceed the student's annual or aggregate loan limit; and
- Prorate the annual loan limit for an undergraduate enrolled in a program or remaining period of study that is shorter than an academic year (as described in *Chapter 5* of this volume).

No Alternate SAI When Originating Loans for Periods Other Than Nine Months

If you originate a Direct Loan for a period shorter than a full academic year (for example, a loan for a single term or for a program shorter than an academic year), the loan amount must be based on the reduced costs for that shorter period of enrollment rather than the costs for the full academic year. However, as explained in *Volume 3, Chapter 3*, there are no alternate SAIs for periods of enrollment other than nine months comparable to the alternate EFCs for periods other than nine months that were used prior to the 2024-2025 award year. In all cases you must use the student's full calculated 9-month SAI in the formula to determine financial need for Direct Subsidized Loans and other need-based aid even though the COA will reflect the reduced costs for the shorter loan period. This means that students enrolled for periods shorter than nine months will have less financial need than would have been the case in the past when using a smaller alternate EFC, because now the full calculated SAI must be subtracted from the reduced COA for the shorter period of enrollment when determining financial need for purposes of Direct Subsidized Loan eligibility.

Volume 8, Chapter 3, Example 1: Effect of No Alternate SAI on Financial Need When Originating Loans for Periods Less Than Nine Months

A first-year dependent student has a COA of \$10,800 for an academic year consisting of the fall and spring semesters and an SAI of 8,000, so the student's financial need for the fall-spring enrollment period is \$2,800 (see *Volume 3, Chapter 3* for guidance on determining financial need). The student is not eligible for a Pell Grant and receives no *Title IV* aid except for Direct Loans. The student qualifies for a \$2,800 Direct Subsidized Loan to fully cover their financial need. (The student could also receive a Direct Unsubsidized Loan, but for purposes of this example we cover only Direct Subsidized Loan eligibility.)

The student will also be enrolled for the summer term, which the school treats as a "trailer" to the preceding fall-spring Scheduled Academic Year (SAY) for purposes of monitoring annual loan limits (see *Chapter 6*). The summer term is four months in length and the COA for that term is \$4,000. For students who attend the summer term and request Direct Loan funds, the school's normal practice is to originate a separate loan for the summer term only. Because there is no alternate SAI for periods of enrollment less than nine months and the student's SAI of 8,000 is greater than the summer term COA, the student has no financial need for summer and is therefore ineligible to receive a Direct Subsidized Loan for that term (but could receive a Direct Unsubsidized Loan).

As an alternative to originating a separate summer-only loan, the school could choose to originate a single loan for a loan period covering the fall-spring SAY plus the summer trailer term. The student's COA for that period of enrollment is \$14,800. Subtracting the student's SAI of 8,000 from the COA results in financial need of \$6,800. The student would therefore be eligible to receive a \$3,500 Direct Subsidized Loan (the maximum subsidized annual loan limit for a dependent first-year student) for the fall-spring-summer loan period.

No Minimum Direct Loan Amount in COD System

The COD System does not set a minimum amount for which a school may originate a Direct Loan.

Sequestration

The Budget Control Act (BCA) put into place an automatic federal budget cut known as the sequester. For loans made under the Direct

Loan program, the sequester requires an increase in the amount of the loan fee (also known as the origination fee) that is charged to borrowers. For details on the sequester-required changes to Direct Loan origination fees, see the [April 30, 2024 Electronic Announcement](#).

Resources for Schools

FSA Assessments

For a guide to reviewing and evaluating your procedures regarding Direct Loans, see the Direct Loans module of [FSA Assessments](#).

EExpress for Windows

The EExpress for Windows software is a PC application that processes, packages, and manages *Title IV* student financial aid records, including Direct Loan origination and disbursement records. Federal Student Aid provides EExpress at no charge to institutions. It is available for download in the Knowledge Center on the [Software and Other Tools](#) page.

FSA Partner and School Relations Center

1-800-848-0978

[2024–2025 Common Origination and Disbursement \(COD\) Technical Reference \(Initial\)](#)

Reporting Loan Information Changes

It's important for schools to accurately report academic year dates and loan period dates for all types of Direct Loans to the COD System. You must also update a loan's previously reported loan period dates or academic year dates if the borrower's actual attendance is different from the anticipated dates that were the basis for an initial reporting to the COD System. Other circumstances when you must update loan data in the COD System include:

- When the borrower requests the cancellation of a loan or a loan disbursement;
- When the borrower does not begin attendance, or does not begin attendance on at least a half-time basis, in a payment period that was included in the originally reported loan period and you did not make any disbursements for that payment period (see *Volume 3, Chapter 1* for information on payment periods);
- When you determine that the borrower is not eligible to receive a Direct Loan for a payment period that was part of the originally reported loan period (for example, due to the borrower's failure to meet SAP standards, because the borrower has an overpayment, or because a change in circumstances makes the borrower ineligible for a subsidized loan);
- When the borrower withdraws during a payment period that was included in the originally reported loan period, and as a result, the entire amount of the loan that was intended for that payment period is returned under the Return of *Title IV* Funds (R2T4) calculation;
- For clock-hour programs, non-term credit-hour programs, and certain types of nonstandard term credit-hour programs, when the borrower fails to progress to the next payment period or academic year as scheduled.

Correcting Direct Subsidized Loan or Direct Unsubsidized Loan Awarding Errors

If you discover that, due to an error, a student borrower has received Direct Subsidized Loan funds in excess of their financial need, and the student is still enrolled for the loan period, you must return the subsidized loan amount for which the student was ineligible and ask the student if they wish to replace the subsidized funds with a Direct Unsubsidized Loan. If the student agrees to accept the unsubsidized loan funds and they also received a Direct Unsubsidized Loan for the same loan period as the Direct Subsidized Loan, you may increase the amount of the Direct Unsubsidized Loan disbursements by the amount of the Direct Subsidized Loan that the student was ineligible to receive. If the student did not receive a Direct Unsubsidized Loan, you may originate a new Direct Unsubsidized Loan for the amount of the Direct Subsidized Loan that the student was ineligible to receive. The new Direct Unsubsidized Loan must have the same loan period and disbursement dates as the Direct Subsidized Loan.

If the student does not agree to have the excess subsidized loan funds replaced by a Direct Unsubsidized Loan, you must still return the ineligible Direct Subsidized Loan amount.

If you discover that a student received Direct Subsidized Loan funds in excess of financial need after the student is no longer enrolled for

the loan period, you are not required to take any action to eliminate the excess subsidized loan amount.

If you discover that, due to an error, a student borrower who was eligible for a Direct Subsidized Loan instead received a Direct Unsubsidized Loan, you must correct the error (even if the loan period has ended) by submitting a downward adjustment to reduce or eliminate the Direct Unsubsidized Loan, as appropriate, and replacing it with the same amount of Direct Subsidized Loan funds. You may do this either by adjusting an existing Direct Subsidized Loan upwards, or, if the student does not have an existing Direct Subsidized Loan, by originating a new Direct Subsidized Loan. Replacing a Direct Unsubsidized Loan with a Direct Subsidized Loan in this circumstance does not require obtaining the student's consent.

Direct Loan Overawards

As explained in *Volume 4, Chapter 3*, an overaward exists when a student's aid package exceeds their need or overall COA. If you discover that a student who received Direct Loans has been overawarded and your school has already received and disbursed some or all of the Direct Loan funds, you have the following options:

- If the student's aid package includes a Direct Unsubsidized Loan, a Direct PLUS Loan, or a nonfederal education loan, and the aid package doesn't already apply these loans toward the student's SAI, you may choose to adjust the aid package to have all or a portion of these loans replace the SAI, thus reducing or eliminating the overaward (for more detail and examples, see "Substituting for the SAI" in *Volume 3, Chapter 3*).
- If you have not yet made the second or subsequent disbursement of a Direct Loan, you can reduce or cancel the second or subsequent disbursement.

If the overaward situation occurs after the full amount of a Direct Loan has been disbursed, you do not need to adjust the amount of the loan. However, you might have to adjust the aid package to prevent an overaward of Campus-Based funds or to prevent the total aid package from exceeding the student's need.

Although a school isn't required to return Direct Loan funds that were disbursed to the borrower (either directly or by applying them to the student's account) before the overaward situation occurred, the law doesn't prevent your school from returning funds that were applied to the student account if you choose to do so. A borrower who receives a direct payment of loan funds is not required to repay an overawarded amount, unless the overaward was caused by the borrower's misreporting or withholding of information.

Loan Periods

The loan period (also referred to as the "period of enrollment") is the period for which a Direct Loan is intended. It 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 loan period may not include terms in which a student is ineligible. For example, if the academic year consists of the fall, winter, and spring quarters, and a student is expected to be enrolled at least half time in the fall and spring, but not enrolled in the winter, you may not originate a loan for a loan period covering the full academic year. Instead, you must originate separate loans for the fall and spring quarters.

It's important to define the loan period at the beginning of the loan awarding process, because the timing and amount of Direct Loan disbursements are tied to the loan period.

Note: See the guidance at the end of this chapter for certain exceptions to the normal loan period rules that apply when periods of clinical work are included in a standard term.

Period of Enrollment (Loan Period) Definition

[34 CFR 685.102\(b\)](#)

Minimum Loan Periods

The **minimum** period for which a school may originate a Direct Loan varies depending on the school's academic calendar. As explained below and in *Chapter 7*, different rules apply for purposes of determining the minimum loan period for a Direct Loan and the type of academic year that a school may use to monitor Direct Loan annual loan limits depending on whether a program is term-based (including subscription-based programs; see *Volume 3, Chapter 1*) with either standard or nonstandard terms, or is a non-term program (all clock-hour programs are treated as non-term programs), and in the case of a term-based program with nonstandard terms, depending on the type of nonstandard term, as described below.

Nonstandard terms may be one of the following types:

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|----|---|----------|
| 1. | Nonstandard terms that are substantially equal (no term in the academic year differs in length from any other term by more than two weeks), and each of the terms is at least nine weeks in length. | SE9W |
| 2. | Nonstandard terms that are substantially equal, but one or more of the terms in the academic year contains fewer than nine weeks. | Non-SE9W |
| 3. | Nonstandard terms that are not substantially equal in length (one or more of the terms in the academic year differs in length from another term by more than two weeks). | Non-SE9W |

We refer to the first type of nonstandard term as “SE9W” nonstandard terms. We group the second and third types together and refer to them as “non-SE9W” nonstandard terms.

Programs with SE9W nonstandard terms are treated the same as standard-term programs for purposes of determining minimum loan period length and monitoring annual loan limits. However, programs with non-SE9W nonstandard terms are treated the same as non-term programs for these purposes.

Note that substantially equal nonstandard terms (the first two types of nonstandard terms described above) are treated differently for purposes of determining Direct Loan payment periods than for determining minimum loan period length and monitoring annual loan limits. As explained in *Volume 1, Chapter 1*, if a program is offered in standard terms or in nonstandard terms that are substantially equal in length (regardless of the length of the nonstandard term), the payment period is the term.

However, for purposes of determining the minimum loan period for a Direct Loan and monitoring Direct Loan annual loan limits, substantially equal nonstandard terms that contain fewer than nine weeks are treated the same as nonstandard terms that are not substantially equal. This means that if a program has substantially equal nonstandard terms that are less than nine weeks in length, you must make a Direct Loan disbursement each term (the same as would be the case if the program were offered in standard terms), but the minimum loan period and the type of academic year used to monitor Direct Loan annual loan limits must be determined in accordance with the rules that apply to non-term programs.

For detailed information on standard term, nonstandard term, and non-term programs, see *Volume 1, Chapter 1*.

Minimum Loan Period

[34 CFR 685.301\(a\)\(10\)\(i\)](#)

Minimum Loan Period: Standard Term and SE9W Nonstandard Term Programs

For **credit-hour programs with standard terms (semesters, quarters, or trimesters), or with SE9W nonstandard terms**, the minimum loan period is a single academic term. For example, if a student will be enrolled in the fall semester only and will skip the spring semester, you may originate a loan with a loan period that covers only the fall term.

Minimum Loan Period: Clock-Hour, Non-Term, and Non-SE9W Nonstandard Term Programs

For **all other programs (i.e., clock-hour, non-term, and non-SE9W nonstandard term programs)**, the minimum loan period is generally the lesser of the program length (or remainder of the program, if there is less than full academic year remaining) or the academic year. There are exceptions to this minimum loan period rule when originating loans for transfer students, or for students who complete or otherwise cease enrollment in one program and then begin a different program at the same school. We discuss these exceptions in detail in *Chapter 7* of this volume.

Minimum Loan Period: Programs Offered in Modules

If a program is offered in modules, this does not change the minimum loan period rules for Direct Loans. For example, if a standard or SE9W nonstandard term is divided into two or more modules, the minimum loan period for a Direct Loan is still the term, even if the student does not attend all of the modules within the term. Similarly, if a clock-hour, non-term credit-hour, or non-SE9W nonstandard term program is offered in modules, the minimum loan period is still the lesser of the academic year or the program length (or remaining portion of the program).

For *Title IV* aid purposes, students are allowed to skip one or more modules. However, if a loan period includes modules that the student does not attend, the COA for the loan period may not include costs associated with those modules.

Minimum Loan Period: Standard Term Combined With an Intersession

As we explain under “Intersessions” in *Volume 3, Chapter 1*, in limited cases for academic programs offered in standard terms, a short nonstandard term (often called an “intersession”) may be combined with a preceding or following standard term and considered to be a single standard term. In such cases, the minimum loan period for a Direct Loan is different depending on whether a student attends the intersession. If a student who attends the intersession requests a loan for the combined term, the loan period includes the standard term plus the intersession. However, if the student attends only the standard term and is not enrolled in the intersession that is attached to that term, the loan period includes only the standard term.

Maximum Loan Periods

The **maximum** period for which you may originate a Direct Loan is generally an academic year. However, if your school applies the annual loan limit for Direct Subsidized Loans and Direct Unsubsidized Loans to a period of time greater than an academic year, you may originate a Direct Loan for that longer period of time. For example, a school might offer an 1100 clock-hour program and define the academic year as 900 clock hours, but could choose to allow students to receive just one annual loan limit for the entire 1100-hour program. In that case, the loan period would correspond to the length of the program, a period of time that is longer than the academic year.

Maximum Loan Period

[34 CFR 685.301\(a\)\(10\)\(iv\)](#)

Direct Loan Disbursement Requirements

For general guidance on the timing of disbursements made under the *Title IV* programs, see *Volume 3, Chapter 1*. For guidance on reporting *Title IV* program disbursements through the COD System and the rules for making early disbursements, late disbursements, and retroactive payments, see *Volume 4, Chapter 2*. In this section we discuss certain other disbursement requirements that are specific to the Direct Loan Program.

Note: See the guidance at the end of this chapter for certain exceptions to the normal Direct Loan disbursement requirements that apply when periods of clinical work are included in a standard term.

Determining Direct Loan Disbursement Dates and Amounts

Requirement for Substantially Equal Disbursements

Direct Loans must be disbursed in substantially equal installments, regardless of any difference in costs for different payment periods that are within the same loan period, and no Direct Loan disbursement may exceed one-half of the loan amount.

Substantially Equal Disbursements

[34 CFR 685.303\(d\)\(5\)](#)

Direct Loan Disbursements When the Loan Period is a Single Payment Period

As explained in *Volume 3, Chapter 1*, with the exception of Federal Work-Study payments, *Title IV* program funds – including Direct Loan funds – must be disbursed on a payment period basis. Except in certain cases for Direct Loans made to cover the costs of a study abroad program (see below), if the loan period for a Direct Loan covers more than one payment period, a school must make at least one Direct Loan disbursement in each payment period.

If the loan period for a Direct Loan is a single payment period, a school must generally make at least two disbursements of a Direct Loan (see below for two exceptions to this requirement). The following requirements apply for the timing of the second disbursement:

- For credit-hour programs offered in standard terms or offered in nonstandard terms that are substantially equal in length with no term less than nine weeks of instructional time in length, the second disbursement may not be made until the calendar midpoint between the first and last scheduled days of class in the loan period.
- For all other programs, including clock-hour and non-term credit-hour programs, and nonstandard term programs with terms that are not substantially equal or with terms that are substantially equal and less than nine weeks of instructional time in length, the second disbursement may not be made until the student successfully completes half of the weeks of instructional time in the payment period, and half of the clock or credit hours in the payment period.

Exceptions to the Multiple Disbursement Requirement When the Loan Period is a Single Payment Period

If the loan period is not more than one semester, one trimester, one quarter or, for non-term-based schools or schools with nonstandard terms, four months, a school with a cohort default rate of less than 15% for each of the three most recent fiscal years for which data are available may disburse a Direct Loan in a single installment.

In addition, if the loan period is a single payment period and more than half of the payment period has elapsed before the school has made a disbursement, the school may include in the disbursement loan proceeds for the entire payment period.

Regulatory Citations

Loan period is more than one payment period: [34 CFR 685.303\(d\)\(3\)\(i\)](#)

Loan period is one payment period: [34 CFR 685.303\(d\)\(3\)\(ii\)](#)

Exception based on cohort default rate: [34 CFR 685.303\(d\)\(6\)\(i\)\(A\)](#)

More than half of payment period has elapsed: [34 CFR 685.303\(d\)\(4\)\(ii\)](#)

Exception to the Multiple Disbursement Requirement for Study Abroad Programs

Regardless of the length of the loan period, you may disburse a Direct Loan in a single installment if the loan is to cover a student's COA in a study abroad program and your school's calculated cohort default rate is less than 5% for the most recent fiscal year for which data are available.

Study Abroad Program Exception

[34 CFR 685.303\(d\)\(6\)\(i\)\(B\)](#)

Direct Loan Disbursements for Completed Payment Periods

The Direct Loan Program regulations allow a school to include in a single disbursement the disbursements for any payment periods that have ended. However, the COD system (except for schools exempted because of low default rates) requires schools to enter at least two anticipated disbursement dates. Therefore, when creating a loan origination record for a Direct Loan when you intend to include in a disbursement loan proceeds for any payment periods that have been completed, you should enter the actual date you anticipate making the disbursement as the anticipated date for all disbursements that would be included. For example, consider a school attempting to submit an origination when the data is as follows:

Loan period: 09/01 - 05/30 (fall through spring)
Minimum number of disbursements normally required: 2
Payment period 1: 09/01 - 12/20
Payment period 2: 01/06 - 05/30
Date school creates origination record: 01/09

If you anticipate disbursing the loan proceeds for both payment periods on January 16, you should enter January 16 as the date for both the first and second disbursements when you create the origination record.

Direct Loan Disbursement After One or More Payment Periods Have Elapsed

[34 CFR 685.303\(d\)\(4\)\(i\)](#)

Exceptions to the Normal Loan Period and Disbursement Requirements When Clinical Work is Included in a Standard Term

Volume 3, Chapter 1 of the *FSA Handbook* describes standard terms (semesters, quarters, and trimesters) and nonstandard terms, and explains that standard terms or nonstandard terms that are substantially equal and at least nine weeks in length ("SE9W" nonstandard terms) may not include periods of clinical work, such as medical and education program work which is conducted outside the classroom, unless certain requirements are met (see "Inclusion of Clinical Work in a Standard Term"). If a standard term or SE9W nonstandard term contains clinical work that meets all the criteria to be included in the term, this may result in certain exceptions to the normal loan period and disbursement rules as discussed earlier in this chapter. We discuss these exceptions below.

- If clinical work meets the criteria described in *Volume 3* to be included in a standard term or SE9W nonstandard term, the school must associate the clinical work with the term during which the majority of the clinical work occurs. If a student receives a Direct Loan for a

term that includes clinical work and the clinical work begins before the starting date of the term with which the clinical work is associated, the loan period start date is the beginning date of the clinical work (rather than the starting date of the term, as would normally be the case).

For example, if a school originates a Direct Loan for a Scheduled Academic Year (SAY) consisting of fall and spring semesters that run from September 1 through May 31, and the fall semester includes clinical work that begins on August 15, the school would report the loan period dates as August 15 through May 31. If the clinical work does not begin until on or after the starting date of the term with which it is associated, the loan period start date is the beginning date of the term.

- If the clinical work ends after the ending date of the term with which it is associated, the loan period end date for a Direct Loan is the ending date of the clinical work (instead of the ending date of the term, as would normally be the case).
For example, if a school originates a Direct Loan for a Scheduled Academic Year (SAY) consisting of fall and spring semesters that run from September 1 through December 31 (fall) and January 1 through May 31 (spring), and the spring semester includes clinical work that ends on June 20, the school would report the loan period dates as September 1 through June 20. However, if the clinical work ends on or before the ending date of the term with which it is associated, the loan period end date is the ending date of the term.
- If loan period dates are adjusted as explained above to account for clinical work that begins before or ends after the normal term starting and ending dates, the academic year period to which the Direct Loan annual loan limit applies and the payment period dates must also be adjusted accordingly. Using the example above where the spring term of a fall-spring SAY contains clinical work that ends on June 20, and assuming that the annual loan limit applies to that fall-spring SAY period, the school would report the academic year dates associated with the loan as September 1 through June 20, and would report the dates of the second payment period (the spring semester) as January 1 through June 20 (see *Volume 3, Chapter 1* for guidance on payment periods, and *Chapter 6* of this volume for information on SAYs and monitoring annual loan limits).
- If there are two consecutive loan periods for standard terms or SE9W nonstandard terms that include clinical work, and the first loan period has not ended when the clinical work associated with the next loan period is scheduled to begin (because the clinical work associated with the term has not yet been completed), it is permissible for the two loan periods (and the associated payment periods) to overlap.
- Normally, if a loan period includes more than one standard or SE9W nonstandard term, the second or subsequent disbursement of a Direct Loan disbursement can be made up to 10 days before the first day of classes of the second or subsequent term. However, if a second or subsequent term in a loan period includes clinical work that a student has not yet started when the term begins (because the clinical work associated with that term does not start until some point after the beginning date of the term), the second or subsequent loan disbursement can be made no earlier than 10 days before the beginning of the clinical work. (**Note:** The scenario described here assumes that the term includes only clinical work. If, in addition to the clinical work that starts later, the term also includes regular coursework that starts on the beginning date of the term, the normal early disbursement rules apply and the second or subsequent disbursement can be made up to 10 days before the first day of classes of the term.)