

## Chapter 6

# Monitoring Annual Loan Limit Progression

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### Annual Loan Limit Progression Overview

The academic year (not the award year) is used as the basis for monitoring Direct Loan annual loan limits. That is, a student may receive up to the applicable annual loan limit each academic year (see *Volume 3*, Chapter 1 for guidance on defining the academic year). Note that the loan period for which a Direct Loan is originated does not always correspond to the academic year. Although the loan period is often the same as the academic year, it may also be for a period shorter than the academic year.

For Direct Subsidized Loans and Direct Unsubsidized Loans, a school must use either a Scheduled Academic Year (SAY) or a Borrower-Based Academic Year (BBAY) to determine when a student is eligible for a new annual loan limit. Although there is no fixed annual loan limit for Direct PLUS Loans, Direct PLUS Loans are awarded for the same SAY or BBAY period that is used for Direct Subsidized Loans and Direct Unsubsidized Loans. The type of academic year (SAY or BBAY) that a school may (or must) use to monitor annual loan limit progression depends on a program's academic calendar, as explained in the sections that follow.

### Scheduled Academic Year

An SAY corresponds to a traditional academic year calendar that is published in a school's catalog or other materials and is a fixed period of time that generally begins and ends at the same time each year. An SAY may be used by:

- Programs with standard terms and a traditional academic calendar; or
- Programs with SE9W nonstandard terms (see Chapter 3) and a comparable calendar.

The guidance above also applies to subscription-based programs with standard terms or SE9W nonstandard terms. For more information on academic calendars for subscription-based programs, see *Volume 3*, Chapter 1.

Examples of SAYs for a standard term program are fall and spring semesters, or fall, winter, and spring quarters. If a program has SE9W nonstandard terms, an SAY could consist of two or more SE9W nonstandard terms running from fall through spring. For both standard term and SE9W nonstandard term programs, the number of credit hours and weeks of instructional time in the fall through spring SAY period must meet the regulatory requirements for an academic year.

### SAY for Programs With Standard Terms Using a Traditional Academic Calendar

As noted previously, 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 must meet the *Title IV* requirements for an academic year (as defined in *Volume 3*, Chapter 1). An SAY may include one or more terms that a student does not attend.

Standard terms are semesters, trimesters, or quarters (see *Volume 3*, Chapter 1 for more detail on standard terms). A standard-term program may use an SAY if it has a traditional academic calendar (i.e., has terms that start and end at about the same time each year, such as an academic calendar consisting of the fall and spring semesters or the fall, winter, and spring quarters).

Summer terms are generally not considered to be part of the SAY, but for purposes of monitoring loan limits they may be treated as a "trailer" to the preceding SAY or as a "header" to the following SAY. 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 as either a trailer or header 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.

If the summer term is split into modules (sometimes called "minisessions"), such as "summer 1" and "summer 2," the modules can be combined and treated as a single trailer or header, or they can be treated separately and assigned to different SAYs. That is, the first module can be treated as a trailer to the preceding fall-spring SAY, and the second module

treated as a header to the following fall-spring SAY.

If a term other than the summer term is divided into modules, the modules **must** be combined with each other or with other terms and treated as a single standard or nonstandard term (see *Volume 3*, Chapter 1 for more information on combining modules). If modules (summer or otherwise) are grouped together and treated as a single term, the COA cannot include costs for a module for which the student is not expected to be enrolled. A student doesn't have to be enrolled in each module but must be able to enroll at least half time in the combined term.

The annual loan limit applies to the SAY, plus the summer trailer or header. For example, if the SAY consists of fall and spring semesters followed by a summer trailer, a student may receive a full annual loan limit for the fall-spring-summer period. Once the calendar period associated with all terms in the SAY and the summer header or trailer (if any) has elapsed, a student regains eligibility for a new annual loan limit.

#### SAY for Programs With SE9W Nonstandard Terms Using an Academic Calendar Comparable to a Traditional Academic Calendar

A program with SE9W nonstandard terms may use an SAY if **all** the following requirements are met:

- It has a fixed academic calendar comparable to a traditional academic calendar (i.e., terms that start and end at about the same time each year, with the academic year comprised of two or more SE9W nonstandard terms in the fall through spring);
- All the nonstandard terms, including any summer term, are SE9W; and
- The number of credit hours and weeks of instructional time in the comparable fall-spring academic calendar meet the regulatory requirements for an academic year.

#### Volume 8, Chapter 6, Example 1: SE9W SAY

A school has programs with an academic calendar using semester hours with three 12-week quarters, offered over the fall through spring (comparable to a traditional academic year calendar) and a 10-week term offered in the summer. The school defines the academic year for these programs as 36 weeks of instructional time and 24 semester hours. Because the terms are quarters, but academic progress is measured in semester hours, the terms are considered nonstandard.

Because these terms are SE9W nonstandard terms offered in a fixed schedule with an academic calendar comparable to a traditional calendar, the school may use an SAY (with the summer term treated as a trailer or header) or BBAY 1 consisting of any three consecutive terms (see below) for these programs.

#### Borrower-Based Academic Year

A BBAY does not have fixed beginning and ending dates. Instead, it “floats” with a student’s (or a group of students’) attendance and progression in a program of study. There are three types of BBAY:

- **BBAY 1**, for credit-hour programs using an SAY with standard terms or SE9W nonstandard terms (including subscription-based programs, as described in *Volume 3*, Chapter 1).
- **BBAY 2**, for credit-hour programs **not** using an SAY, with standard terms or SE9W nonstandard terms (including subscription-based programs, as described in *Volume 3*, Chapter 1).
- **BBAY 3**, for clock-hour programs, non-term programs, programs with non-SE9W nonstandard terms (see Chapter 4 of this volume), or programs with standard and nonstandard terms not described above.

If a program is offered in an SAY calendar, you have the option of using either an SAY or BBAY 1 to monitor the annual loan limits for students in that program. You must use a BBAY to monitor the annual loan limits for any academic program that does not meet the definition of a program allowed to use an SAY. However, there are significant differences between

the different types of BBAY. We describe the differences between BBAY 1, BBAY 2, and BBAY 3 in the sections that follow.

### BBAY 1 for Credit-Hour Programs With an SAY

If a program is offered in an SAY, you have the option of using a BBAY 1 as an alternative to the SAY for monitoring annual loan limit progression. As explained earlier, a BBAY is not a fixed period that begins and ends at the same time each year. The beginning and ending dates depend on the individual student's enrollment.

For programs with an SAY, a BBAY 1 must include the same number of terms as the SAY that would otherwise be used (not counting any summer trailer or header). For example, if the SAY includes three quarters (fall, winter, spring), a BBAY 1 would consist of any three consecutive terms. A BBAY 1 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 enrolled (even though the student may be enrolled less than half time for the first term and not eligible for a loan for that term). Also, any modules (summer or otherwise) that run consecutively within a term **must** be combined and treated as a single term. The COA cannot include costs for a module for which the student is not expected to be enrolled. A student doesn't have to be enrolled in each module but must be able to enroll at least half time in the combined term.

Like an SAY, a BBAY 1 must meet the minimum *Title IV* requirements for an academic year. However, a BBAY 1 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 an SAY but is recognized as academically equivalent to a standard term when used as one of the terms in a BBAY 1. This exception applies **only** to a BBAY 1 used as an alternative for a program with an SAY.

You may use a BBAY 1 for all students, only for students in certain programs, or on a student-by-student basis. For example, you could use a BBAY 1 for students enrolled in a program that begins in a term other than the first term of the SAY. You can even alternate BBAY 1 and SAY 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.

As with an SAY, the annual loan limit applies to the BBAY 1. Once the calendar period associated with all terms in the BBAY 1 has elapsed, a student regains eligibility for a new annual loan limit.

### Alternating an SAY With BBAY 1

Alternating an SAY with BBAY 1 may allow a student to receive another loan sooner than would be allowed with an SAY. 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 1 consisting of the summer and fall terms. The student could then receive a loan for the summer term, which would be the start of a new academic year. A school that provides flexibility in academic year standards for purposes of monitoring annual loan limits must have a written policy that explains how it applies this flexibility when determining loan eligibility.

Examples 2 through 5 illustrate the optional use of BBAY 1 for a program that is offered in an SAY. Note that in each example the first BBAY 1 is the same as the SAY.

#### Volume 8, Chapter 6, Example 2: BBAY 1 Where the SAY Contains Two Semesters

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

In Example 2, the initial fall and spring terms could be considered either an SAY or BBAY 1. If the student attends the summer session at the school, the school can choose to treat the summer term and the next fall as a BBAY 1 for the student. In that case, the following spring and summer would also constitute a BBAY 1. The maximum loan limit for an academic year applies to each BBAY 1. If these were the first three years of study for a dependent

student who progressed a grade level each academic year, the student would be eligible for up to the applicable annual loan limit during each BBAY 1.

Volume 8, Chapter 6, Example 3: BBAY 1 Where the SAY Contains Two Semesters (Student Is Not Enrolled in the Second Term of the BBAY)

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

A student doesn't have to attend all of the terms in a BBAY 1, but the BBAY 1 cannot begin with a term that the student doesn't attend. In Example 3, the student is not enrolled in the second term (fall) of year 2.

Volume 8, Chapter 6, Example 4: BBAY 1 Where the SAY Contains Two Semesters (Student Is Not Enrolled in a Term That Would Otherwise Be the First Term in the BBAY)

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

In Example 4, if the student does not attend a term that otherwise would have been the beginning of a BBAY 1 (in this case, spring), then the student's next BBAY 1 cannot begin until the next term that the student attends (in this case, summer). As with Examples 2 and 3, the annual loan limit applies to each BBAY 1.

Volume 8, Chapter 6, Example 5: BBAY 1 Where the SAY Contains Three Quarters

<b>Year 1: SAY or BBAY 1</b>	<b>Year 2: BBAY 1</b>
Fall + Winter + Spring	Summer + Fall + Winter

The same concepts apply to quarter-term programs. For instance, in Example 5, 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 1 that also includes the following fall and winter terms.

## BBAY 2 for Standard-Term Programs and SE9W Nonstandard Term Programs Without an SAY

If a program with standard terms or SE9W nonstandard terms is not offered in a traditional academic year calendar (SAY), BBAY 2 **must** be used. If the program uses semesters or trimesters, a BBAY 2 consists of any two consecutive terms. If the program uses quarters, a BBAY 2 consists of any three consecutive terms. If the program uses SE9W nonstandard terms, a BBAY 2 consists of the number of consecutive terms that coincide with the weeks of instructional time in the program's academic year.

As with the optional BBAY 1 that may be used for programs with an SAY, BBAY 2 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 enrolled (even if the student is enrolled less than half time during the first term and therefore ineligible to receive a Direct Loan for that term). Unlike the optional BBAY 1 for programs offered in an SAY, there is no exception to the minimum academic year requirements for a BBAY 2 that includes a summer term. This means that the BBAY 2 for standard-term programs that are not offered in a traditional academic calendar, or for SE9W nonstandard term programs not offered in a comparable academic calendar, must always include enough terms to meet the minimum *Title IV* academic year requirements for weeks of instructional time.

As with BBAY 1, any modules (summer or otherwise) that run consecutively within a term **must** be combined and treated as a single term. The COA cannot include costs for a module for which the student is not expected to be enrolled. A student doesn't have to be enrolled in each module but must be able to enroll at least half time in the combined term.

The annual loan limit applies to the BBAY 2. Once the calendar period associated with all of the terms in the BBAY 2 has elapsed, a student regains eligibility for a new annual loan limit.

### Volume 8, Chapter 6, Example 6: BBAY 2

First BBAY 2	Second BBAY 2	Third BBAY 2
Semester 1 + Semester 2	Semester 3 + Semester 4 (not enrolled in Semester 4)	Semester 5 + Semester 6

A school has a program that measures academic progress in credit hours and uses 15-week semesters, but it 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 BBAY 2 to monitor annual loan limits. A BBAY 2 consists of any two consecutive semesters, beginning with a semester in which a student is enrolled. In Example 6, the student is not enrolled in the second semester (Semester 4) of the second BBAY 2.

## BBAY 3 for Clock-Hour, Non-Term Credit-Hour, and Non-SE9W Nonstandard-Term Programs

All clock-hour programs, non-term credit-hour programs, and non-SE9W nonstandard-term programs must use a BBAY 3 that meets the minimum requirements for an academic year. That is, the BBAY 3 must contain at least 30 weeks (or, for clock-hour programs, 26 weeks) of instructional time and:

- For undergraduate programs, a minimum of 24 semester or trimester hours, 36 quarter hours, or 900 clock hours; or
- For graduate programs, at least the number of hours a student would complete under the school's full-time standard in weeks of the *Title IV* academic year, which must be a minimum of 30 weeks of instructional time for credit-hour programs, or at least 26 weeks of instructional time for clock-hour programs.

The BBAY 3 begins when a student enrolls and does not end until **the later of** the date the student successfully completes the hours in the academic year or the number of weeks of instructional time in the academic year. Because a student must successfully complete the minimum number of hours or weeks of instructional time in an academic year (whichever comes later) before a new BBAY 3 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 less than full time will take longer to complete a BBAY 3 than a full-time student. (In contrast, an SAY, BBAY 1, or BBAY 2 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.)

### Individual Academic Progress in BBAY 3

In many clock-hour, non-term, and nonstandard-term programs, students are allowed to progress at an individual pace. For example, consider a school that defines its academic year as 900 clock hours and 26 weeks of instructional time and offers a 900 clock-hour program that most students complete in 26 weeks. However, one student might complete 900 clock hours in 22 weeks, and another in 30 weeks.

As we explained in Chapter 5 of this volume, the annual loan limit must be prorated (reduced) if an undergraduate student is enrolled in a program that is less than a full academic year in length or is in a remaining period of study that is shorter than a full academic year. However, in the scenario described above, you do not have to prorate the loan limit for the occasional student who completes the program in fewer than 26 weeks. 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 26 weeks of instructional time (see Example 7 in Chapter 5 of this volume).

### BBAY 3 for Programs With Both Standard and Nonstandard Terms

BBAY 3 must also be used if a program has both standard terms and nonstandard terms and does not qualify to use an SAY. For example, if you offer a program with a 4-week intersession between a 15-week fall semester and a 15-week spring semester, and you do not combine the intersession with one of the standard terms but instead treat it as a standalone nonstandard term, you must use BBAY 3 to monitor annual loan limit progression. In this circumstance you cannot simply ignore the intersession and consider the program to be offered only in standard terms. In contrast, if you combine the intersession with one of the semesters, you could use an SAY consisting of the fall and spring semesters.

#### Volume 8, Chapter 6, Example 7: BBAY 3 for a Clock-Hour Program

A school has an 1,800 clock-hour program with 52 weeks of instructional time and defines its academic year as 900 clock hours and 26 weeks of instructional time. The first BBAY 3 begins with a student's initial enrollment date and ends when the student has successfully completed the first 900 clock hours and 26 weeks of instructional time in the program, whichever comes later.

The second BBAY 3 would be the period of time it takes the student to successfully complete the final 900 hours and 26 weeks of instructional time in the program. A student who completes the first 900 hours in less than 26 weeks must still complete 26 weeks of instructional time before the second BBAY 3 begins. Similarly, a student who has completed fewer than 900 clock hours after 26 weeks of instructional time must successfully complete 900 hours before the second BBAY 3 begins.

During the first BBAY 3, the student may receive up to the full annual loan limit for a first-year undergraduate. The student becomes eligible for a new annual loan limit (at the second-year undergraduate level) when the second BBAY 3 begins.

The principles described in this example for a clock-hour program also apply to non-term credit-hour programs or non-SE9W nonstandard term credit-hour programs. For example, if a school offers a non-term 48 semester hour, 60 weeks of instructional time program with a defined academic year of 24 semester hours and 30 weeks of instructional time, the second BBAY 3 would not begin until a student has successfully completed the first 24 semester hours and 30 weeks of instructional time.

Similarly, in a 72 quarter-hour program with 60 weeks of instructional time offered in a series of non-SE9W nonstandard terms, with a defined academic year of 36 quarter hours and 30 weeks of instructional time, the second BBAY 3 would not begin until a student has successfully completed the first 36 quarter hours and 30 weeks of instructional time, whichever comes later, regardless of the number of terms that have elapsed. For

instance, a student who successfully completes only 33 quarter hours in the first 30 weeks of instructional time must successfully complete an additional three quarter hours before the second BBAY 3 begins and the student becomes eligible for a new annual loan limit at the second-year undergraduate level.

## SAY and BBAY Summary

For reference, the table below compares the main features of SAY, BBAY 1, BBAY 2, and BBAY 3 (as discussed in more detail earlier in the chapter) in a side-by-side format.

Volume 8, Chapter 6: SAY and BBAY Comparison Table

<b>SAY</b>  <b>Used for credit-hour programs with standard terms or SE9W nonstandard terms offered in a traditional academic calendar.</b>	<b>BBAY 1</b>  <b>Alternative to SAY for credit-hour programs with standard terms or SE9W nonstandard terms that are also offered in an SAY.</b>	<b>BBAY 2</b>  <b>Must be used for credit-hour programs with standard terms or SE9W nonstandard terms that are not offered in an SAY.</b>	<b>BBAY 3</b>  <b>Must be used for clock-hour programs, non-term programs, programs with non-SE9W nonstandard terms, and programs that mix standard and nonstandard terms and do not qualify to use an SAY.</b>
SAY uses: <ul style="list-style-type: none"> <li>• Traditional academic calendar with at least 2 semesters or trimesters or 3 quarters in fall through spring, or</li> <li>• Comparable academic calendar with SE9W nonstandard terms, if all terms (including summer) are SE9W, and if number of hours or weeks in comparable fall-spring calendar meets regulatory academic year minimums.</li> </ul>	N/A	N/A	N/A
Generally begins and ends at same time each year.	<ul style="list-style-type: none"> <li>• Doesn't begin and end at same time each year; "floats" with student's enrollment.</li> <li>• May be used as alternative to SAY for all students, certain students, or certain programs.</li> <li>• May alternate SAY and BBAY 1 (but</li> </ul>	Doesn't begin and end at same time each year; "floats" with student's enrollment.	<ul style="list-style-type: none"> <li>• Doesn't begin and end at same time each year.</li> <li>• Begins when student enrolls at least half-time and "floats" with student's enrollment.</li> </ul>

	academic years may not overlap).		
Student not required to be enrolled in first term.	<ul style="list-style-type: none"> <li>• Student must be enrolled in first term (may be less than half time).</li> <li>• May include terms student does not attend (except first term) if student could have enrolled at least half time.</li> </ul>	<ul style="list-style-type: none"> <li>• Student must be enrolled in first term (may be less than half time).</li> <li>• May include terms student does not attend (except first term) if student could have enrolled at least half time.</li> </ul>	N/A
Must at least meet program's <i>Title IV</i> academic year in weeks and hours.	<ul style="list-style-type: none"> <li>• Length of BBAY 1 must equal number of terms in program's SAY, excluding summer trailer and header.</li> <li>• BBAY 1 that includes summer term may contain fewer than regulatory minimum number of hours and weeks in academic year.</li> </ul>	<p>Must meet at least minimum requirements for hours and weeks in program's <i>Title IV</i> academic year, and must consist of:</p> <ul style="list-style-type: none"> <li>• At least 2 consecutive semesters or trimesters;</li> <li>• At least 3 consecutive quarters; or</li> <li>• At least number of consecutive SE9W nonstandard terms covered by program's <i>Title IV</i> academic year.</li> </ul>	Must meet at least minimum requirements for hours and weeks in program's <i>Title IV</i> academic year.
<p>Summer term may be "trailer" or "header":</p> <ul style="list-style-type: none"> <li>• By strict policy;</li> <li>• By program; or</li> <li>• By student on a case-by-case basis.</li> </ul>	N/A	N/A	N/A
Total loan amount received within SAY plus summer trailer or header may not exceed annual loan limit.	Total loan amount received within BBAY 1 may not exceed annual loan limit.	Total loan amount received within BBAY 2 may not exceed annual loan limit.	Total loan amount received within BBAY 3 may not exceed annual loan limit.
Student becomes eligible for	Student becomes eligible	Student becomes eligible	Student becomes eligible for

<p>new annual loan limit after SAY (plus summer trailer or header) calendar period ends.</p>	<p>for new annual loan limit after BBAY 1 calendar period ends.</p>	<p>for new annual loan limit after BBAY 2 calendar period ends.</p>	<p>new annual loan limit only after successfully completing clock or credit hours AND weeks of instructional time in BBAY 3.</p>
<p>After original loan, student may receive additional loans during same SAY if:</p> <ul style="list-style-type: none"> <li>• Received less than annual loan amount and has remaining eligibility;</li> <li>• Progresses to grade level with higher annual loan limit; or</li> <li>• Changes from dependent to independent.</li> </ul>	<p>After original loan, student may receive additional loans during same BBAY 1 if:</p> <ul style="list-style-type: none"> <li>• Received less than annual loan amount and has remaining eligibility;</li> <li>• Progresses to grade level with higher annual loan limit; or</li> <li>• Changes from dependent to independent.</li> </ul>	<p>After original loan, student may receive additional loans during same BBAY 2 if:</p> <ul style="list-style-type: none"> <li>• Received less than annual loan amount and has remaining eligibility;</li> <li>• Progresses to grade level with higher annual loan limit; or</li> <li>• Changes from dependent to independent.</li> </ul>	<p>After original loan, student may receive additional loans within BBAY 3 only if:</p> <ul style="list-style-type: none"> <li>• Received less than annual loan amount and has remaining eligibility; or</li> <li>• Changes from dependent to independent.</li> </ul> <p>Student may not become eligible for next grade level annual loan limits until after completion of BBAY 3.</p>
<ul style="list-style-type: none"> <li>• Summer term modules may be combined and treated as single trailer or header, or assigned to different SAYs (one as trailer, the other as header).</li> <li>• Modules in terms other than summer must be combined with each other or with other terms and treated as single standard or SE9W nonstandard term (affects all <i>Title IV</i> programs).</li> <li>• Student need not enroll in each module, but must have been able to enroll at least half time in combined term.</li> </ul>	<ul style="list-style-type: none"> <li>• Modules (summer or otherwise) must be combined with each other or with other terms and treated as single standard or nonstandard term (affects all <i>Title IV</i> programs).</li> <li>• Student need not enroll in each module, but must have been able to enroll at least half time in combined term.</li> </ul>	<ul style="list-style-type: none"> <li>• Modules (summer or otherwise) must be combined with each other or with other terms and treated as single standard or nonstandard term (affects all <i>Title IV</i> programs).</li> <li>• Student need not enroll in each module, but must have been able to enroll at least half time in combined term.</li> </ul>	<p>N/A</p>

### Annual Loan Limit Increase Based on Grade Level Progression or Dependency Status Change

The annual loan limit for Direct Subsidized and Unsubsidized Loans increases as a student progresses in grade level. Generally, a student’s grade level for loan limit purposes is set according to the school’s academic standards.

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.

#### Standard Term and SE9W Nonstandard Term Programs: Grade Level Progression Within the Same Academic Year

In standard term programs or SE9W nonstandard term programs, a student who has already received the full 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. (See *Volume 3*, Chapter 1 for a discussion of academic year requirements.)

#### Increasing the Loan Amount When a Student's Grade Level Changes During an Academic Year

There are two options for awarding an additional loan amount when a student progresses to a grade level with a higher annual loan limit during an academic year:

1. Originate a new loan at the new grade level for 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. You could also choose to cancel any pending disbursements of the first loan and 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. Change the grade level in the loan record and increase the amount of the existing loan to the new amount.

With either option, the student's remaining loan eligibility must be calculated using only the COA and OFA for the term(s) during which the student qualifies for the higher loan limit.

As a reminder, a student can progress to a higher grade level during an academic year only in a program with standard terms or SE9W nonstandard terms.

#### Volume 8, Chapter 6, Example 8: Grade-Level Progression Within the Same SAY

A dependent second-year undergraduate student qualifies for the maximum annual combined subsidized and unsubsidized annual loan limit of \$6,500, not more than \$4,500 of which may be subsidized. For purposes of this example, assume that the student is eligible to receive the maximum \$4,500 in Direct Subsidized Loan funds and the remaining \$2,000 in Direct Unsubsidized Loan funds. The student receives a first disbursement of \$2,250 in Direct Subsidized Loan funds and \$1,000 in Direct Unsubsidized Loan funds at the beginning of the fall semester of a fall-spring SAY.

Based on the coursework completed during the fall semester, the student progresses to third-year academic status at the beginning of the spring semester. The student now qualifies for the \$7,500 combined subsidized and unsubsidized annual limit (maximum \$5,500 subsidized) that applies to third-year and beyond dependent undergraduates. If otherwise eligible, for the spring term the student could receive up to the difference between the amount already received in the fall and the new annual limit in the spring term. If the student again qualifies for the maximum subsidized loan amount, eligibility for the spring term is as follows:

$\$5,500 - \$2,250$  subsidized received in the fall =  $\$3,250$  subsidized eligibility for spring; and

$\$2,000 - \$1,000$  unsubsidized received in the fall =  $\$1,000$  additional unsubsidized eligibility for spring.

However, only the COA and OFA associated with the spring term can be used in determining the student's eligibility for the additional loan amount in that term. The COA and OFA for the fall term cannot be considered. The school may either originate a new spring-only subsidized loan for the additional subsidized loan eligibility in the spring term (note that the grade level progression does not increase the student's additional unsubsidized eligibility) or may increase the amount of the original fall-spring subsidized loan and make the appropriate adjustment to the second disbursement of that loan.

## Clock-Hour, Non-Term Credit Hour, and Non-SE9W Nonstandard Term Programs: Grade Level Progression Occurs Only at the Beginning of a New BBAY 3

In contrast to standard term and SE9W nonstandard term programs, progression to a higher grade level and the beginning of a new BBAY 3 for loan limit purposes always happens at the same time for a student in a clock-hour program, non-term program, or non-SE9W nonstandard-term program. To advance to the next grade level for annual loan limit purposes, a student must successfully complete both the weeks and hours in the program's *Title IV* academic year. That is, the student must complete at least 30 weeks of instructional time (or, for clock-hour programs, at least 26 weeks) and the number of credit or clock hours in the academic year, whichever comes later. For instance, a first-year student in a two-year non-term program with a defined academic year of 36 quarter hours and 30 weeks of instructional time who earns 36 quarter credits over 24 weeks of instructional time cannot progress to the next grade level (and begin a new BBAY 3 for annual loan limit purposes) until another six weeks of instructional time are completed.

### New Annual Loan Limit at the Same Grade Level

The beginning of a new academic year for annual loan limit purposes does not always coincide with a student's progression to a higher grade level. For both standard-term programs and SE9W nonstandard 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 at the same grade level, provided that the student maintains satisfactory academic progress. For example, a student in a standard term or SE9W nonstandard term program who completes only 12 semester hours during the first SAY, BBAY 1, or BBAY 2 could receive another loan when the calendar period associated with that academic year has elapsed, but the borrower would still be classified as a first-year undergraduate at the start of the second academic year.

If a student is maintaining satisfactory academic progress, a school may not have a general policy that limits the number of times the student can receive the maximum annual loan limit at one grade level. A school may refuse to originate a loan or may originate a loan for an amount less than the borrower's maximum eligibility only on a case-by-case basis (see "Refusing to Originate a Loan or Originating for Less Than Maximum Eligibility" in Chapter 1 of this volume).

### Remedial Work and Grade Level Progression

Remedial coursework can be counted towards a 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. For instance, a school might have a policy stating that a student must complete 30 semester hours to progress to a second-year grade level and specifying that up to 10 of those hours may be in the form of remedial coursework.

### Increasing the Loan Amount When a Student's Dependency Status Changes During the Academic Year

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