

***Inadvertent Overborrowing
Questions and Answers
(DCL GEN-13-02)***

1. How does the student or institution identify the servicer that must be contacted to resolve inadvertent overborrowing?

The “Loan Summary” section of the borrower’s loan history in NSLDS identifies the servicer for each loan the borrower has received.

2. May a student who inadvertently overborrowed and who has regained Title IV eligibility by either repaying the excess loan amount or by signing a “reaffirmation agreement” receive additional Direct Loan funds?

A student who regains Title IV eligibility after having exceeded an annual loan limit for an academic year would not be eligible to receive additional Direct Loan funds for that same academic year, but could receive other types of Title IV aid for the year. The student may be eligible to receive additional Direct Loan funds for subsequent academic years if the student has remaining eligibility under the aggregate loan limits, depending on which aggregate limit was exceeded. A student who had inadvertently exceeded the combined subsidized/unsubsidized aggregate loan limit may not receive any additional Direct Subsidized Loans or Direct Unsubsidized Loans (though a dependent student’s parent or a graduate or professional student could receive Direct PLUS Loans). However, if the student exceeded only the subsidized aggregate limit, the student could receive Direct Unsubsidized Loans up to the annual and aggregate maximums.

Examples:

- A dependent undergraduate student who inadvertently exceeded the \$31,000 combined subsidized/unsubsidized aggregate loan limit may regain eligibility for other types of Title IV aid (e.g., Pell Grants, campus-based aid) by signing a reaffirmation agreement, but may not receive any additional Direct Subsidized Loans or Direct Unsubsidized Loans as a dependent undergraduate student. The student’s parent may receive a Direct PLUS Loan. However, if a dependent student exceeded the \$23,000 subsidized aggregate loan limit but did not exceed the combined subsidized/unsubsidized aggregate loan limit, the student regains eligibility for Direct Unsubsidized Loan funds up to the student’s annual loan limit for the academic year, subject to the combined subsidized/unsubsidized aggregate loan limit of \$31,000.
- An independent undergraduate student who inadvertently exceeded the \$23,000 subsidized aggregate loan limit, but who has remaining eligibility for unsubsidized loans under the \$57,500 combined subsidized/unsubsidized aggregate limit, could regain eligibility for Title IV aid – including Direct *Unsubsidized* Loans – by signing a reaffirmation agreement. However, the student may not receive any additional Direct *Subsidized* Loans.

3. Does NSLDS indicate that a student who inadvertently exceeded the loan limits has regained Title IV eligibility by signing a reaffirmation agreement?

Yes, both NSLDS and the ISIR now include information indicating whether a student has signed a reaffirmation agreement. Refer to [NSLDS Newsletter #48](#) for detailed information. Schools may use the reaffirmation information on NSLDS and included on the ISIR when determining a student's eligibility for Title IV aid. In addition, a student who signs a reaffirmation agreement receives documentation from the loan servicer confirming that the student has made arrangements to repay the excess loan amount (reaffirmation). This documentation or the information in NSLDS or on the ISIR can be used as evidence that the student has regained Title IV eligibility and the documentation should be retained by the institution. Note that reporting reaffirmation data to NSLDS is required of our federal loan servicers; reporting the information to NSLDS is optional for FFEL Program lenders and lender servicers.
(Revised July 2015)

4. If a student inadvertently received subsidized loan funds in excess of the applicable annual or aggregate loan limits and then regains eligibility by signing a reaffirmation agreement, does the student retain the interest subsidy on the excess subsidized amount that the student reaffirmed?

Yes. All of the normal terms and conditions that apply to Direct Subsidized Loans will apply to the excess subsidized amount that the student will eventually repay.

5. Is it necessary to resolve an inadvertent overborrowing situation if the student inadvertently exceeded an undergraduate annual or aggregate loan limit but the student is now a graduate student with higher annual and aggregate loan limits?

Yes, because the student lost eligibility for Title IV funds prior to changing status and becoming eligible for the higher graduate/professional student annual and aggregate loan limits. Therefore, the student cannot receive any additional Title IV aid until the student regains eligibility by one of the two methods discussed earlier.

6. May a student who received subsidized loan funds in excess of the applicable subsidized annual or aggregate loan limit regain Title IV eligibility by having the excess subsidized loan amount changed to an unsubsidized loan?

No. Although in some cases it would be possible to change an excess loan amount from subsidized to unsubsidized, this could not be done in all cases. For example, an excess subsidized loan amount could not be changed to an unsubsidized loan if it was part of a Subsidized FFEL Stafford Loan that was made prior to July 1, 2010, or if it was part of a Direct Subsidized Loan made during a Direct Loan processing year that has closed. To ensure equity in the treatment of students who have inadvertently received subsidized loan funds in excess of the subsidized annual or aggregate loan limits, excess subsidized loan amounts cannot be changed to unsubsidized loans.