Current News!!!

2014-2015
Understanding 150% Limit on the Federal Direct Loan Program

This communication is for the purpose of informing students about the Federal Updates regarding Subsidized Stafford Loan eligibility. On May 16, 2013, The U.S. Department of Education published the Interim Final Rule regarding MAP-21 which was signed into law by President Obama in July 2012. The changes apply to Subsidized Stafford Loan borrowers who meet the definition of “first-time borrower” on or after July 1, 2013. A first-time borrower would include a student who

- Has no outstanding principal balance on Direct or FFELP loan as of July 1, 2013.
- Has no outstanding principal balance on the date the borrower obtains a Direct Loan after July 1, 2013.
- Pays in full all Direct or FFELP loans before July 1, 2013, and borrows additional Direct Loans on or after July 1, 2013.

The law resulted in two key changes to Subsidized Stafford Loan for certain borrowers:

- Limits Subsidized Stafford Loan eligibility.
- Loss of interest subsidy.

LIMITS: PLEASE NOTE: FEDERAL LOAN AGGREGATE LIMITS STILL APPLY (www.nslds.ed.gov)

A first-time borrower may receive Subsidized Stafford Loans for a period of time not to exceed 150 percent (150%) of the published length of the educational program. A student cannot receive Subsidized Stafford Loans beyond this timeframe, unless the borrower enters a longer educational program.

EXAMPLE:

<table>
<thead>
<tr>
<th>Program Length</th>
<th>150%</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 Years</td>
<td>7.5 years</td>
</tr>
<tr>
<td>4 years</td>
<td>6 years</td>
</tr>
</tbody>
</table>

*Enrollment Status Exception* If the student’s enrollment status is less than full-time, the subsidized usage period will be adjusted. For three-quarter time enrollment, the calculated subsidized usage period will be multiplied by 0.75, and for half-time enrollment, the calculated subsidized usage period will be multiplied by 0.50.

LOSS OF SUBSIDY:

Borrowers who exceed the 150 percent limitation:

- Do not qualify for subsidized loans for future enrollment (unless they enroll in a longer program).

  - **Lose interest subsidy for all prior loans when they:**
    1. Receive subsidized loans to fund enrollment for 150% of the length of the program AND
    2. Do not complete the program of study; AND
    3. continue to be enrolled on at least ½ time basis in the same program of the same length, or a program of shorter duration.