

Student Loan Limits: How Much Can You Borrow?

Summary: All student loans are subject to borrowing limits. Annual limits specify how much you can borrow in a single school year, aggregate (cumulative) limits specify how much you can borrow through that loan program, and cost of attendance limits specify that the loan amount must be less than the school’s official cost of attendance minus other financial aid received. **A student cannot receive financial aid that exceeds the cost of attendance. A student must be enrolled in at least 6 credit hours in order to be awarded a loan.**

Most student loans have several types of limits on the amount you can borrow.

- **Annual Loan Limits:** An annual limit specifies the maximum amount you can borrow in a single academic year.
- **Aggregate Loan Limits:** An aggregate limit, sometimes called a cumulative limit, specifies the total amount you are allowed to borrow during your academic career.
- **Cost of Attendance Limits:** A cost of attendance (COA) limit specifies that the loan amount must be less than the school’s official cost of attendance minus other financial aid received.

The cost of attendance limit may be applied in addition to (or instead of) the annual loan limit. This loan limit is intended to prevent the total of all financial aid, including the student loans, from exceeding the college’s total cost of attendance.

Federal Student Loan Limits

A federal student loan limit is not the amount you **will** be able to borrow, it’s the maximum loan amount Talladega College can **approve** you to borrow. Talladega College might award you **less** than the loan limit, because **you cannot receive financial aid that exceeds your cost of attendance.**

The annual and aggregate borrowing limits on federal student loans vary based on several factors:

- Loan Program (Direct Subsidized Loan, Direct Unsubsidized Loan, or Direct PLUS Loan)
- Dependency Status (Dependent or Independent)
- Year in School or Grade Level (Freshman, Sophomore, Junior, Senior, or Graduate Student)

If your grade level changes in the middle of the academic year, you may qualify for higher annual loan limits. You would then be eligible to borrow the difference between the new annual loan limit and the amount you already borrowed during the same academic year.

Similar rules apply to transfer students. Transferring from one school to another does not reset the loan limits. Transfer students may borrow the difference between their annual loan limit at the new school and the amount received at the previous school. Loan fees (which may be added to the loan balance) and capitalized interest do not count against the loan limits.

Year	Dependent Undergraduate Student	Dependent Undergraduate Student with a Parent PLUS Loan Denial*	Independent Undergraduate Student	Graduate and Professional Degree Student
First Year (Freshman) (0 to 29 credits)	\$5,500 A maximum of \$3,500 Subsidized \$2,000 Unsubsidized	\$9,500 A maximum of \$3,500 Subsidized \$6,000 Unsubsidized	\$9,500 A maximum of \$3,500 Subsidized \$6,000 Unsubsidized	\$20,500 Unsubsidized
Second Year (Sophomore) (30 to 59 credits)	\$6,500 A maximum of \$4,500 Subsidized \$2,000 Unsubsidized	\$10,500 A maximum of \$4,500 Subsidized \$6,000 Unsubsidized	\$10,500 A maximum of \$4,500 Subsidized \$6,000 Unsubsidized	\$20,500 Unsubsidized
Third Year (Junior) (60 to 89 credits)	\$7,500 A maximum of \$5,500 Subsidized \$2,000 Unsubsidized	\$12,500 A maximum of \$5,500 Subsidized \$7,000 Unsubsidized	\$12,500 A maximum of \$5,500 Subsidized \$7,000 Unsubsidized	\$20,500 Unsubsidized
Fourth Year (Senior) (90 + credits)	\$7,500 A maximum of \$5,500 Subsidized \$2,000 Unsubsidized	\$7,500 A maximum of \$5,500 Subsidized \$2,000 Unsubsidized	\$7,500 A maximum of \$5,500 Subsidized \$2,000 Unsubsidized	\$20,500 Unsubsidized
Aggregate Loan Limit	\$31,000 A maximum of \$23,000 Subsidized \$8,000 Unsubsidized	\$57,500 A maximum of \$23,000 Subsidized \$34,500 Unsubsidized	\$57,500 A maximum of \$23,000 Subsidized \$34,500 Unsubsidized	\$138,500 (Includes Direct Loan received for Undergraduate study) A maximum of \$65,500 Subsidized \$73,000 Unsubsidized

*Increased Direct Unsubsidized Loan Limits for Dependent Undergraduate Students

If the parent borrower is denied a Parent PLUS loan, the dependent student will be eligible to receive an additional Unsubsidized Direct Loan not to exceed \$4,000 for a Freshman / Sophomore student and not to exceed \$5000 for a Junior / Senior student. However, if the parent borrower appeals the credit decision and the PLUS loan is later approved, or another parent borrower if later approved, the dependent student will no longer be eligible for the additional Unsubsidized Direct Loan.

How Student Loan Limits are Calculated

When you take out a student loan, **both** the annual and aggregate loan limits are applied to the loan amount. Each type of loan limit represents a restriction on the amount you can borrow. All restrictions on your eligibility must be **applied in combination**.

Sometimes, you may want to borrow an amount that satisfies the annual limit, but you will qualify for a lower amount because your total debt would exceed the **aggregate loan limit**. You will then be restricted to the lower loan amount. For example, the Direct Subsidized Loan has annual limits for dependent undergraduate students based on the student's year in school.

The 2017-2018 loan limits are:

◆\$3,500 for freshmen ◆\$4,500 for sophomores ◆\$5,500 per year for juniors and seniors

The Direct Subsidized Loan also has an aggregate loan limit of \$23,000 for dependent undergraduate students.

Suppose a dependent undergraduate student in a 5-year engineering degree program borrows the annual maximum Direct Subsidized Loan for each of the first four years, for a total of \$19,000. During the student's fifth year the annual limit would be \$5,500. However, the remaining aggregate loan eligibility is only \$4,000 ($\$23,000 - \$19,000 = \$4,000$) after the end of the fourth year. Therefore, the student cannot borrow the \$5,500 annual maximum as a fifth-year senior. Instead, this student can borrow no more than \$4,000.

Loan Origination Fee

Each loan request from the Department of Education requires that an origination fee be deducted from the loan. The institution does not retain this fee. The current loan fees apply from October 1, 2016 to September 30, 2017: Subsidized Loan = 1.069%; Unsubsidized Loan = 1.069%; PLUS Loan = 4.276%

	Subsidized Loan				Parent Loan for Undergraduate Student (PLUS)
	<u>Freshman</u> 1.069% Origination Fee	<u>Sophomore</u> 1.069% Origination Fee	<u>Junior</u> 1.069% Origination Fee	<u>Senior</u> 1.069% Origination Fee	<u>Parent</u> 4.276% Origination Fee
Loan Amount	\$3,500	\$4,500	\$5,500	\$5,500	\$5,500
Loan Amount After Origination Fee	\$3,464	\$4,452	\$5,442	\$5,442	\$5,266
Loan Amount Per Term After Origination Fee	\$1,732	\$2,226	\$2,721	\$2,721	\$2,633

If a Parent Refuses to File the FAFSA

If a dependent undergraduate student's parent refuses to complete the FAFSA (Free Application for Federal Student Aid), the college's financial aid administrator may allow the student to borrow additional Direct Unsubsidized Loans despite the incomplete FAFSA. The student, however, will not be eligible for the Direct Subsidized Loan, the Federal Pell Grant, or other forms of Title IV federal financial aid.

When must I begin repaying my student loans? Do I have a grace period?

Most student loans have a six-month grace period, which means you will have to start making payments six months after you graduate, drop out of college or drop below half-time status. The grace period is meant to give you a chance to find a job and begin earning an income before you are swamped with bills.

What Does 'SULA Eligible' Mean?

If you've looked on your National Student Loan Data System ([NSLDS](#)) and you are a new student, you will probably have seen the phrase 'SULA ELIGIBLE'. But what is SULA? And how are you eligible?

SULA is another acronym that stands for 'Subsidized Usage Limit Applies'. This is in reference to the U.S. Department of Education's new **150% rule for Subsidized loans**. The **150% limit on Subsidized Loans is in effect, as of July 1, 2013**. All first-time borrowers on or after July 1, 2013 are subject to the new provisions. The U.S. Department of Education states that, generally, a first-time borrower is one that did not have an outstanding balance of principal or interest on a Direct Loan as of July 1, 2013.

If you had no loan indebtedness, prior to July 1, 2013, then the U. S. Department of Education will track you as long as you are enrolled to make sure you complete your program in 150% of the published length of the program. If you do not complete in this timeframe, then you will lose the interest subsidies on your Subsidized loan and your interest will accrue as though it were an Unsubsidized loan.

Since this only affects students with no prior student loan indebtedness on July 1, 2013, students with prior student loan indebtedness will not be tracked. If in the future you pay off your loans completely, then return to school, then you will be tracked.

So, being SULA eligible doesn't mean you are eligible for anything cool or helpful: it just means you are being tracked to make sure you complete in 150% of the normal length of the program. And really, for your own benefit, you should complete in that timeframe.