



SOUTH BAYLO UNIVERSITY

SBU OBBBA GUIDE

Navigating the One Big Beautiful Bill Act (OBBBA)

SOUTH BAYLO UNIVERSITY

OFFICE OF FINANCIAL AID

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South Baylo University (SBU) Student Information Guide

Navigating the One Big Beautiful Bill Act (OBBBA)

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INTRODUCTION

The One Big Beautiful Bill Act (OBBBA) introduces the most significant changes to federal student financial aid in decades. Effective **July 1, 2026**, this legislation restructures federal loan programs, simplifies repayment plans, and establishes new institutional accountability standards. As an institution dedicated to your academic and clinical growth, South Baylo University has prepared this guide to help you understand how these federal changes impact your funding, enrollment choices, and long-term financial planning across our campuses. Please note that for federal financial aid purposes under the OBBBA, both the MACHM and DAOM programs are classified as Standard Graduate Level programs.

A. POLICY COMPARISON MATRIX (Pre- vs. Post-OBBBA)

The following table contrasts the federal student aid policies in place before and after the implementation of the OBBBA.

Policy Focus Area	Pre-OBBBA Policy	Post-OBBBA Policy	Applicable Program(s)
Graduate PLUS Loans	Graduate students could borrow up to the full Cost of Attendance (COA) to cover tuition and living expenses.	Eliminated. The Grad PLUS loan program is completely removed for new borrowers, subject to specific legacy exceptions.	Both
Annual Unsubsidized Loan Limits	Capped at \$20,500 per academic year for standard graduate programs.	Unchanged at \$20,500 per year. Because both MACHM and DAOM are classified as standard graduate level, they share this limit.	Both
Aggregate (Lifetime) Unsubsidized Loan Limits	Capped at \$138,500, which <i>included</i> all loans borrowed during undergraduate studies.	Capped at \$100,000 . This new limit explicitly <i>excludes</i> undergraduate loans.	Both
Combined Total Lifetime Loan Cap	No universal federal cap across all combined undergraduate and graduate loan programs.	Strict maximum lifetime cap of \$257,500 across all federal student loans combined (including PLUS loans).	Both
Part-Time Enrollment Loan Disbursements	Loan limits were typically fixed for the academic year regardless of partial enrollment status.	Prorated Loan Limits. Annual limits are reduced in direct proportion to the student's less-than-full-time enrollment status.	Both
Available Repayment Plans	Multiple Income-Driven Repayment (IDR) plans were available, including SAVE, PAYE, and ICR.	Streamlined into only two options for new loans: a Tiered Standard Repayment Plan and the new Repayment Assistance Plan (RAP).	Both

Institutional Performance Metrics	Programs maintained financial aid eligibility primarily through institutional Cohort Default Rates (CDR).	Statutory Earnings Test. Programs lose Title IV Direct Loan eligibility if graduates' median earnings fail a low-earnings outcome test 2 out of 3 years.	Both
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B. FINANCIAL AID STUDENT DISCLOSURES

1. Elimination of the Graduate PLUS Loan Program

- **Applicable Program(s): Both (MAcHM and DAOM)**
- **Core Rule:** Effective July 1, 2026, the Graduate PLUS Loan program is entirely eliminated for new graduate students. Students can no longer rely on unlimited federal funding to cover their full Cost of Attendance (COA) up to tuition and living expenses.
- **The "Legacy" Exception Rule:** You can continue to borrow Graduate PLUS loans after July 1, 2026, only if you meet **both** of the following criteria:
 1. You remain continuously enrolled in the same program of study at SBU as you were enrolled as of June 30, 2026.
 2. You had a Direct Loan disbursed (either Unsubsidized or Graduate PLUS) for that same program before July 1, 2026.
- **Duration of Exception:** If you qualify, you may continue to borrow Graduate PLUS loans under pre-OBBBA rules for a maximum of **three academic years** or until you complete your program, whichever is less.
- **Immediate Loss of Exception Status:** You will permanently lose your legacy status and your eligibility to borrow Graduate PLUS loans if you withdraw all classes, cease enrollment, exceed the maximum program length (6 calendar years for MacHM or 4 calendar years for DAOM), or complete your program of study.

2. Implementation of New Direct Unsubsidized Borrowing Caps

- **Applicable Program(s): Both (MAcHM and DAOM)**
- **Core Rule:** Because both the MAcHM and DAOM programs are federally classified under the Standard Graduate Level framework, your borrowing limits are strictly capped under standard graduate provisions.
- **Annual Limit:** Capped at **\$20,500** per academic year. You will not have access to the expanded professional limits.
- **Aggregate Limit:** A strict cap of **\$100,000** for your graduate studies. Crucially, this new limit explicitly excludes any loans borrowed during your undergraduate education.
- **Universal Lifetime Cap:** All students are subject to a maximum lifetime borrowing limit of **\$257,500** for all federal student loans combined (undergraduate and graduate combined, including PLUS loans).

3. Mandatory Annual Loan Proration for Part-Time Enrollment

- **Applicable Program(s): Both (MAcHM and DAOM)**
- **Core Rule:** If you are enrolled on a less-than-full-time basis during an academic year, your maximum annual federal loan limit will be reduced. This applies to both new borrowers and current legacy students.
- **Step-by-Step Proration Calculation Formula:**
 1. **Determine Enrolled Credits:** Count the total number of credits you are registered for during the academic year.

2. **Determine Full-Time Baseline:** Identify the number of credits defined by SBU as a standard full-time academic year for your program.
3. **Calculate the Proportion:** Divide your enrolled credits by the full-time baseline credits.
4. **Determine Percentage:** Multiply the result by 100 and round to the nearest whole percentage point.
5. **Apply Reduction:** Multiply your maximum annual statutory limit (\$20,500) by this calculated percentage to find your adjusted annual loan cap.

- **The Schedule of Reductions (SOR)**

Quarterly Prorated Disbursements by Unit Load (MAcHM)

Enrolled Units	Enrollment Intensity % (Applied All Legacy Grad. PLUS and Unsubsidized)	Maximum Prorating Gross Term Amount (Unsubsidized)	1.057% Fee Deducted (Unsubsidized)	Net Cash Disbursed (Unsubsidized)
12 units and more	100%	\$6833.33	\$72.23	\$6,761.10
11 Units	92%	\$6,263.89	\$66.21	\$6,197.68
10 Units	83%	\$5,694.44	\$60.19	\$5,634.25
9 Units	75%	\$5,125.00	\$54.17	\$5,070.83
8 Units	67%	\$4,555.56	\$48.15	\$4,507.41
7 - 1 units	Ineligible (< Half-Time)			

Prorated Disbursements by Unit Load (DAOM)

Enrolled Units	Enrollment Intensity % (Applied All Legacy Grad. PLUS and Unsubsidized)	Maximum Prorating Gross Term Amount (Unsubsidized)	1.057% Fee Deducted (Unsubsidized)	Net Cash Disbursed (Unsubsidized)
8 units (or more)	100%	\$6833.33	\$72.23	\$6,761.10
5 Units	62%	\$4,236.67	\$44.78	\$4,191.89
4-1 units	Ineligible (< Half-Time)			

FAQs for Proration Return Process

Q: What happens to my financial aid if I drop all my classes?

A: If you completely withdraw, you may not get to keep all of your financial aid. Federal law requires the school to use a process called the Return of Title IV Funds (R2T4) to calculate exactly how much financial aid you legally "earned" based on the exact number of days you attended. Any "unearned" money must be returned to the government, which could leave you owing a balance to the school.

Q: What happens to my financial aid if I drop one of my classes after disbursement?

A: Dropping a single class can significantly impact your aid. For students in the Master of Science in Acupuncture and

Herbal Medicine (MAcHM) or Doctor of Acupuncture and Oriental Medicine (DAOM) programs, dropping a class that puts your enrollment below half-time (fewer than 8 units for MAcHM and fewer than 5 units for DAOM) is treated exactly the same as if you withdrew from all of your classes.

Important New Rule: *Additionally, under the new One Big Beautiful Bill Act (OBBBA) effective July 1, 2026, if dropping a class means you are enrolled less than full-time, your annual federal student loans will be prorated (reduced) in direct proportion to your part-time enrollment status.*

Q: What is changing with the new rules regarding mini-sessions (modules)?

A: You are only evaluated on the classes you actually begin. In the past, your financial aid adjustment was calculated using your entire original schedule for the quarter. Now, if you take short, back-to-back mini-sessions (known as modules), the calculation only counts the modules you actually started. You will no longer be penalized for future modules that you dropped before attending. *(Note: If you withdraw from a module but submit an "intent to return" for a future module within the same term, you will not be considered withdrawn, and an R2T4 calculation may not be required.)*

Q: Will I owe money to the school if I withdraw?

A: You might, depending on exactly when you stop attending. However, under the updated policies, the school has the flexibility in certain special cases to completely cancel your institutional balance and return 100% of the funds. This option is designed to ensure you do not get stuck with unexpected debt.

Q: What should I do before dropping a class?

A: Always speak with the Financial Aid Office first. Before you officially drop a course or withdraw, ask an advisor to run a quick calculation for you. They can show you exactly how dropping the class will impact your current account balance and your future financial aid eligibility.

4. Direct Loan Repayment Plan Restrictions

- **Applicable Program(s): Both (MAcHM and DAOM)**
- **Core Rule:** For any new federal student loans borrowed on or after July 1, 2026, you will only have access to **two** repayment plan options:
 1. **Tiered Standard Repayment Plan:** Fixed monthly payments with extended terms ranging from 10 to 25 years, scaled based on your total outstanding debt.
 2. **Repayment Assistance Plan (RAP):** This plan offers monthly payments based on income. Remaining balances are forgiven after **30 years** of qualifying payments. This plan qualifies for Public Service Loan Forgiveness (PSLF).
- **Sunset of Existing Income-Driven Plans:** Legacy plans such as PAYE and ICR are being phased out. If you have older loans (borrowed before July 1, 2026) and take out a new loan moving forward, **all** of your federal loans must be consolidated or paid under the same plan (Standard or RAP). Existing borrowers on PAYE or ICR who do not take out new loans must transition to another eligible plan or RAP by **July 1, 2028**.

5. Institutional Accountability and the Earnings Test

- **Applicable Program(s): Both (MAcHM and DAOM)**
- **Core Rule:** Under OBBBA, SBU now has the authority to voluntarily impose lower loan limits by specific programs of study to manage student debt and default rates.
- **The Requirement:** SBU must provide data proving that our graduate program completers' median earnings four years' post-enrollment meet or exceed the earnings of working adults who hold only a bachelor's degree and are not enrolled in higher education.
- **The Penalty:** If either the MAcHM or DAOM program fails this low-earnings outcome metric for **2 out of 3 consecutive years**, that specific program will lose its eligibility to participate in the Federal Direct Loan program. SBU is required to issue formal student warnings if a program fails this measure.

C. GENERAL FREQUENTLY ASKED QUESTIONS (FAQs)

As you process these sweeping federal changes, it is completely normal to have logistical and financial questions. Below are the most common scenarios our students are currently navigating.

Q1: I am currently enrolled in the MAcHM program and use Graduate PLUS Loans. If I graduate and transition directly into the DAOM program in late 2026, can I keep using Graduate PLUS Loans?

- **Administrative Response:** No, you will lose your eligibility to borrow Graduate PLUS Loans when you change programs.
- **Details:** To maintain "legacy" status and keep access to the Graduate PLUS program, the law requires that you remain continuously enrolled in the *exact same program of study* that you were in as of June 30, 2026. If you complete your MAcHM degree and begin the DAOM program, you are officially entering a new program of study. At that point, you will lose your legacy exception and will be entirely subject to the new OBBBA limits (which eliminate Grad PLUS loans entirely for new programs).
- **Applicable Program(s): Both** (Impacts the transition from MAcHM to DAOM).

Q2: Because the DAOM program is a doctoral degree, does that mean I qualify for the higher \$50,000 "Professional Student" annual loan limit?

- **Administrative Response:** No. For federal financial aid purposes, the DAOM program is classified as a Standard Graduate Level program.
- **Details:** Under the OBBBA, the \$50,000 professional limit is heavily restricted to a specific statutory list of degrees (such as M.D., D.D.S., J.D., etc.). Acupuncture and Oriental Medicine doctorates are not included on this federal list. Therefore, regardless of its doctoral status, the DAOM program defaults to the Standard Graduate Level framework. Your annual Unsubsidized Loan limit is legally capped at **\$20,500**, and your lifetime aggregate graduate limit is capped at **\$100,000** (excluding undergraduate borrowing).
- **Applicable Program(s): DAOM only** (though MAcHM shares these exact same standard graduate limits).

Q3: What happens to my financial aid if I need to drop a class and drop to part-time enrollment due to my clinical schedule?

- **Administrative Response:** Your maximum federal student loan eligibility for the academic year will be proportionally reduced.
- **Details:** Under previous rules, dropping to part-time status did not automatically trigger a mathematical reduction of your annual loan limit. Under the OBBBA, your loans must be adjusted based on the exact percentage of full-time status you are enrolled in. This reduction is made in direct proportion to your enrollment status and rounded to the nearest percentage point. If you drop a class, you must consult the SBU Financial Aid Office immediately to calculate your new reduced borrowing cap.
- **Applicable Program(s): Both (MAcHM and DAOM).**

Q4: I have older federal student loans from before the OBBBA went into effect. If I take out a new loan for my SBU studies after July 1, 2026, can I keep my current SAVE or PAYE repayment plan?

- **Administrative Response:** No, you cannot mix legacy income-driven plans with new loans.

- **Details:** The OBBBA mandates that all federal student loans must be repaid under the same repayment plan if you borrow new funds on or after July 1, 2026. Because your new loans are strictly limited to the Tiered Standard Plan or the new Repayment Assistance Plan (RAP), your older loans will be forced to transition into your newly selected plan. Furthermore, legacy plans like PAYE and ICR will be completely phased out for all borrowers by **July 1, 2028**.
- **Applicable Program(s): Both (MAcHM and DAOM).**

Q5: With the elimination of the Graduate PLUS loan and strict \$20,500 annual caps for both MAcHM and DAOM students, how am I supposed to cover my living expenses and funding gaps?

- **Administrative Response:** You will need to explore alternative financing options to supplement your federal funding.
- **Details:** Because federal funding will be strictly capped at \$20,500 per year without a Graduate PLUS option to cover your full cost of attendance, students must proactively plan for shortfalls. We strongly encourage you to consult the SBU Financial Aid Office to review options such as:
 1. **Institutional Scholarships:** Apply for scholarships offered directly by SBU.
 2. **SBU Payment Plans:** Flexible, internal institutional payment arrangements to spread out tuition balances.
 3. **Private Student Loans:** Credit-based educational loans from commercial lenders, though these may require a co-signer and do not offer federal income-driven repayment protections.
- **Applicable Program(s): Both (MAcHM and DAOM).**

Q6: How is my loan amount calculated if I'm not full-time?

- **Administrative Response:** Your maximum annual loan eligibility is prorated using a fractional formula based on your level of enrollment.
- **Details:** OBBBA uses the Schedule of Reductions (SOR) calculation (See Table B.3) in which your annual loan limit is multiplied by the percentage of a full-time load you are taking. For example, under the Graduate/Legacy Professional rules, if your program considers 12 units a full year and you take 8, you are eligible for 67% of the \$20,500 limit (\$13,735).
- **Applicable Program(s): Both (MAcHM and DAOM).**

Q7: What is the new lifetime borrowing limit introduced by the OBBBA?

- **Administrative Response:** The lifetime borrowing limit is \$257,500 across all federal student loans combined, excluding Parent PLUS loans.
- **Details:** Under OBBBA, the overall lifetime borrowing limit for federal student loans, excluding Parent PLUS loans, is \$257,500. This applies to all new borrowers who do not meet the limited exception, or after July 1, 2026.
- **Applicable Program(s): Both (MAcHM and DAOM).**

Q8: I'm a new graduate student borrower, and all of my loans will first be disbursed on or after July 1, 2026.

- **Administrative Response:** You are fully subject to the new OBBBA rules — a \$20,500 annual unsubsidized limit, a reduced aggregate cap, no Direct PLUS Loans, and repayment only under the Repayment Assistance Plan (RAP) or the Tiered Standard Plan.
- **Details:** The following federal rules apply to your loans.

Loan Limits

- Before July 1, 2026, limits for both graduate and professional students were treated the same. Starting on July 1, 2026, students enrolled in a program of study that leads to a professional degree will have different limits than graduate students.
- If you're enrolled in a graduate program, you may receive unsubsidized loans up to \$20,500 yearly.
- If you're enrolled in a graduate program, you'll have a reduced aggregate loan limit compared to the loan limits effective before July 1, 2026. You may receive unsubsidized loans up to \$100,000 in total if you've never been a professional student previously. This aggregate loan limit won't include loans received for undergraduate study.
- If you're enrolled in a graduate program and previously were a professional student, you may receive unsubsidized loans up to \$200,000 minus what you received for your professional program.
- It's not possible to receive a Direct PLUS Loan for graduate or professional students.
- Your institution may set a loan limit that is lower than the maximum amount allowed by law, as long as the same limit is applied to all borrowers in the same program of study.
- There is a lifetime maximum loan limit of \$257,500, which includes any amount paid in full or discharged.
- If you're enrolled less than full time, the amount of loan eligibility will be reduced proportionally to your level of enrollment.

Repayment Plans

- If you have at least one loan first disbursed on or after July 1, 2026, you'll be required to repay all of your eligible Direct Loans under the Plan or the [Tiered Standard Plan](#).
- If you have Direct Subsidized Loans, Direct Unsubsidized Loans, Direct PLUS Loans for graduate or professional students, or a Direct Consolidation Loan that doesn't include a Direct PLUS Loan for parents, then you're permitted to repay those loans under either the Repayment Assistance Plan or the Tiered Standard Plan.
- If you have parent PLUS loans or a Direct Consolidation Loan that includes a parent PLUS loan, then you're permitted to repay those loans only under the Tiered Standard Plan.
- **Applicable Program(s): Both (MAcHM and DAOM).**

Q9: I'm a graduate student borrower with loans disbursed before July 1, 2026, and I do plan to receive new loans on or after July 1, 2026.

- **Administrative Response:** Because you borrowed before July 1, 2026 and plan to borrow again afterward, you may qualify for a temporary exception to some of the new limits; otherwise the new OBBBA limits apply, and all of your Direct Loans must be repaid under either the Repayment Assistance Plan (RAP) or the Tiered Standard Plan.
- **Details:** The following federal rules apply to your loans.

Loan Limits

- Some borrowers will qualify for an exception regarding when some of the new limits will apply. If you're ineligible for this exception, then the new loan limits will apply to you starting on July 1, 2026. If you do qualify for the exception, then some of the new loan limits won't be enforced until the 2028–29 award year but could be enforced earlier if you take an action that cancels the exception. You can determine whether you [qualify for the exception and how to maintain the exception](#).
- Before July 1, 2026, loan limits for both graduate and professional students were treated the same. Starting on July 1, 2026, borrowers seeking a professional degree will have different loan limits compared to borrowers pursuing a graduate degree. Find out [which degrees are considered a professional degree](#).
- Regardless of your qualification for the exception, if you're enrolled in a graduate program, you'll have the same annual loan limits for unsubsidized loans that you have today. You may receive unsubsidized loans up to \$20,500 yearly.
- If you don't qualify for the exception (including if you previously qualified for the exception but took an action that cancels the exception) *and* you're enrolled in a graduate program, then you may receive unsubsidized loans up to \$100,000 in total if you weren't previously enrolled in a professional program. If you *were* previously enrolled in a professional program, you may receive unsubsidized loans up to \$200,000 minus what was received for that professional program. This aggregate loan limit won't include loans received for undergraduate studies. If you do qualify for the exception, you'll retain the \$138,500 aggregate loan limit through the 2028–29 award year or until you no longer qualify for the exception. That loan limit will include loans received for undergraduate study.
- If you don't qualify for the exception (including if you previously qualified for the exception but took an action that cancels the exception), then you're not permitted to receive a Direct PLUS Loan for graduate or professional students. If you do qualify *and* you don't have an adverse credit history, then you'll be able to receive a Direct PLUS Loan for graduate or professional students through the 2028–29 award year or until you no longer qualify for the exception. No Direct PLUS Loans for graduate or professional students will be awarded starting with the 2029–30 award year.
- Your institution may set a loan limit that is lower than the maximum amount allowed by law, as long as the same limit is applied to all borrowers in the same program of study.
- If you don't qualify for the exception (including if you previously qualified for the exception but took an action that cancels the exception), then you have a lifetime maximum loan limit of \$257,500, which includes any amount paid in full or discharged, and is applicable starting on July 1, 2026. If you qualify for the exception, you won't have a lifetime maximum loan limit applied through the 2028–29 award year or until you no longer qualify for the exception.
- If you're enrolled less than full time, then the amount of your loan eligibility will be reduced proportionally to your level of enrollment.
- If you're enrolled in an eligible health professions program and are eligible for the exception, then you may be eligible for a higher annual or aggregate loan limit.

Repayment Plans

- If you have at least one loan first disbursed on or after July 1, 2026, you'll be required to repay all of your eligible Direct Loans, including loans first disbursed before July 1, 2026, under either the plan or the [Tiered Standard Plan](#).

- If you have Direct Subsidized Loans, Direct Unsubsidized Loans, Direct PLUS Loans for graduate or professional borrowers, or a Direct Consolidation Loan that doesn't include a Direct PLUS Loan for parents, you're permitted to repay those loans under the Repayment Assistance Plan or the Tiered Standard Plan.
- If you have parent PLUS loans or a Direct Consolidation Loan that includes a parent PLUS loan, you're permitted to repay those loans only under the Tiered Standard Plan.
- **Applicable Program(s): Both (MAcHM and DAOM).**

CONCLUSION

South Baylo University remains committed to supporting your journey as a future healthcare provider. The financial landscape of higher education is changing rapidly, but our dedication to providing you with the highest quality education in Acupuncture and East Asian Medicine remains steadfast. Please contact the Financial Aid Office to schedule a one-on-one consultation regarding your specific OBBBA transition plan.

REFERENCES

Reference #	Name	Summary
1	Student Loan Repayment Plan Options Chart	Explains new federal loan limits and legacy borrower exceptions
2	Student Loan Repayment Plan Options Chart	Table of July 2026 loan repayment options for students and parents
3	Detailed Frequently Asked Questions (FAQs) regarding Loan Limit	Decision tree for finding eligible student loan repayment plans.

Student Loan Repayment Plan Options As of July 1, 2026

	Student loan borrowers with no new loans on or after July 1, 2026	Student loan borrowers with new loans on or after July 1, 2026	Parent PLUS borrowers with no new loans on or after July 1, 2026	Parent PLUS borrowers with new loans on or after July 1, 2026
Repayment plans available	Current 10-year standard, graduated, extended, ICR, PAYE ³ , IBR, Repayment Assistance Plan (RAP) (after July 1, 2026)	Tiered standard, Repayment Assistance Plan (RAP)	Current 10-year standard, graduated, extended, ICR ¹	Tiered standard
Impacts of July 1, 2028 changes (Note: ICR and PAYE will sunset on June 30, 2028)	If enrolled in ICR or PAYE ³ , must switch to an eligible plan before July 1, 2028, or will be moved into RAP	N/A	If enrolled in ICR (meaning PLUS Loans were consolidated into a Direct Consolidation Loan prior to July 1, 2026), must switch into an eligible plan before July 1, 2028, or will be moved into IBR	N/A
Eligible for PSLF?	Yes, if enrolled in current 10-year standard, ICR, PAYE ³ , IBR, or RAP	Yes, if enrolled in RAP	Yes, if enrolled in current 10-year standard, ICR ¹ , or IBR ²	No Eligible Plan
Eligible for income-driven repayment plan loan forgiveness (time-based forgiveness)?	Yes, if enrolled in ICR, PAYE ³ , IBR, RAP	Yes, if enrolled in RAP	Yes, if enrolled in ICR ¹ or IBR ²	No

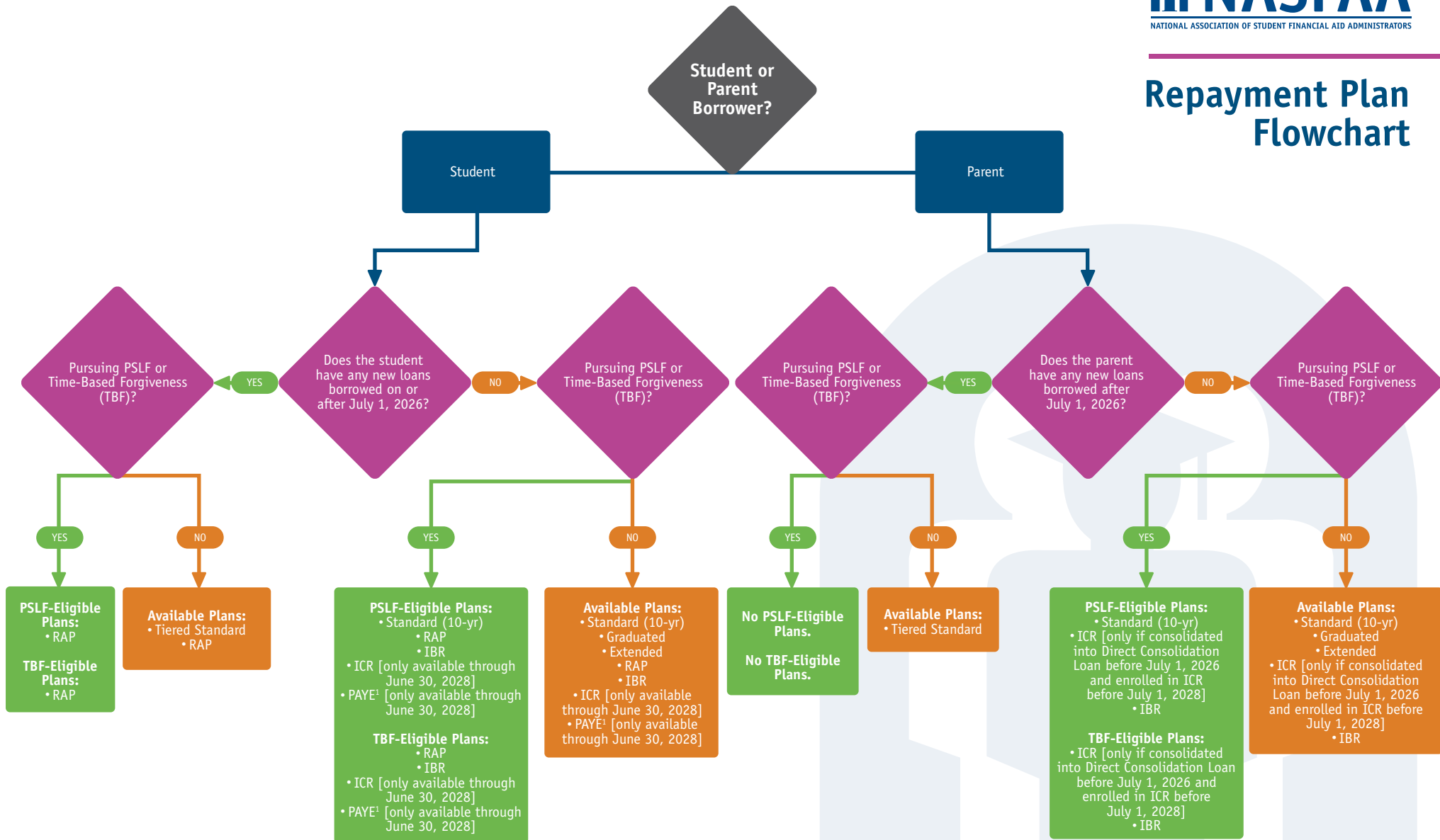
¹Only eligible for ICR if consolidated into Direct Consolidation Loan prior to July 1, 2026.

²Only would be in IBR if it is a Direct Consolidation Loan that was in ICR as of June 30, 2028.

³Eligible borrowers must enroll in PAYE before July 1, 2027 due to actions related to the Saving on a Valuable Education (SAVE) plan litigation. This action is separate from OBBBA repayment changes. Borrowers enrolled before July 1, 2027 may remain in PAYE through June 30, 2028. [Learn more.](#)

The Department of Education (ED) released the Reimagining and Improving Student Education (RISE) final regulations in the May 1, 2026, Federal Register. In the preamble to the Final Rules, ED indicates that additional subregulatory guidance will be issued to support implementation of certain provisions. All information provided here reflects NASFAA's current understanding of how to apply the May 1 rules based on the regulatory text and preamble discussion. Because ED has indicated that further guidance is forthcoming, this interpretation may be subject to change.

Repayment Plan Flowchart



¹Eligible borrowers must enroll in PAYE before July 1, 2027 due to actions related to the Saving on a Valuable Education (SAVE) plan litigation. This action is separate from OBBBA repayment changes. Borrowers enrolled before July 1, 2027 may remain in PAYE through June 30, 2028. [Learn more.](#)

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Frequently Asked Questions – Loan Limits

May 20, 2026

These Frequently Asked Questions (FAQs) provide information on the loan limits established under the *Working Families Tax Cuts Act* (the Act), formerly known as the *One Big Beautiful Bill Act*.

FAQs will be updated periodically and will include the date of the update. New and/or updated questions will be marked as NEW.

The questions below are grouped by the following categories:

- Eligibility for Interim Exception [IE]
- Expected Time to Credential [ETC]
- General Loan Limits [LL]
- Graduate and Professional Student Loan Limit [GPSLL]
- Parent PLUS Loan Limit [PPLL]
- Lifetime Maximum Aggregate Loan Limit [LMALL]

IE-Q1: When a student is considered a “legacy borrower,” what does that mean?

Students who are eligible for the interim exception to the new loan limits have been referred to by some as *legacy borrowers*. Eligibility for the interim exception is contingent upon whether a student was enrolled in a program of study at an institution as of June 30, 2026, and received a Direct Loan for that program prior to July 1, 2026, (see *interim exception* under §§ 685.200, 685.201, and 685.203).

Once eligibility is established, students are eligible for the pre-Working Families Tax Cuts Act (pre-July 1, 2026 rules) loan limits during their expected time to credential, defined as the expected time for a student to complete a program that is equal to the lesser of three academic years, as defined in § 668.3, or the period determined by calculating the difference between the program length for the program of study in which the individual is enrolled and the period of such program of study that such individual has completed prior to July 1, 2026 (§ 685.102(b)).

For graduate and professional students who have established eligibility for the interim exception, the annual Unsubsidized Loan limit is \$20,500 and they can continue to borrow Grad PLUS Loans up to the cost of attendance minus other financial assistance. Their aggregate Unsubsidized and Subsidized Loan limit is \$138,500, including the student’s undergraduate loans (§§ 685.203(b) through (e)).

For parent borrowers who have established eligibility for the interim exception, Parent PLUS Loan borrowing remains up to the cost of attendance minus other financial assistance. Undergraduate borrowing is unaffected. No eligible borrowers are subject to

the Lifetime Maximum Aggregate Loan Limit during their expected time to credential (§§ 685.203(f)(2)(ii), (g)(3), and (j)(3)).

IE-Q2: Is a student's eligibility for the interim exception based on the timing of disbursement or whether the loans are for a particular academic or award year?

Eligibility for the interim exception is based on whether the student was enrolled in a program of study at an institution as of June 30, 2026, and received (was disbursed) a Direct Loan for that program prior to July 1, 2026. If the conditions are met, the student is eligible for the interim exception for the lesser of three years or the difference between the program length (published) and the amount of time the student has been in the program. This is called the expected time to credential (see *interim exception* under §§ 685.200, 685.201, and 685.203).

IE-Q3: What happens if a student takes an approved Title IV leave of absence (i.e., active-duty military personnel) after a student has established eligibility for the interim exception?

Approved leaves of absence (LOAs) do not count as withdrawals, in accordance with § 668.22. Therefore, the student maintains eligibility for the interim exception during their LOA and that leave period is not counted toward their expected time to credential. The student must return to the same program within 180 calendar days to remain eligible for the interim exception in accordance with §§ 668.4 (f) and (g).

IE-Q4: Do students who change majors during their undergraduate study retain eligibility for the interim exception? What about students who go from a BS to a BA? Will it matter if a student is undeclared and then moves into a program for their bachelor's degree?

Students who change undergraduate majors (including from an undeclared to declared major or between a BS and BA degree) are not considered to have changed a program of study. As a result, they retain eligibility for the interim exception during their expected time to credential.

IE-Q5: A student is currently in a program and has received undergraduate loans, but the parent did not take out a Parent PLUS Loan. Would that parent be subject to the new loan limits if they decide to take out a loan on or after July 1, 2026?

The parent of a dependent borrower would be subject to the new loan limits on or after July 1, 2026, if neither they nor the student took out a Direct Loan prior to July 1, 2026, for the program of study at an institution that the student was enrolled in by June 30, 2026. If, however, the student received a Direct Loan prior to July 1, 2026, for that program of study, the parent would be eligible for the interim exception to the new loan limits during the student's expected time to credential, defined as the lesser of three academic years and the difference between the program length and the period of such

program of study that such individual has completed prior to July 1, 2026 (§§ 685.102(b), 685.203(f) and (g)).

IE-Q6: If a student enrolls less than half-time, do they still meet the conditions for the interim exception?

The conditions to meet the interim exception are that the student is enrolled in a program of study at an institution as of June 30, 2026, and that they have received a Direct Loan for that program prior to July 1, 2026 (see *interim exception* under §§ 685.200, 685.201, and 685.203). There is no minimum credit enrollment requirement. However, it is important to note that borrowers must have remaining eligibility on their expected time to credential (the lesser of three years or the difference of the program length minus the length of time in the program) to receive loan funds (§ 685.102(b)).

IE-Q7: What systems, updates, files, or other functionalities is the Department developing to assist schools with identifying students who are legacy students and which are not?

The Common Origination and Disbursement (COD) System will determine if the student is eligible for the interim exception and will return the status in a school loan origination response and display the status on the COD website under the “Person Information” field. COD will also generate a Loan Limit Exception Report for schools to identify students that are identified as eligible at their school. The report will be available for download on the COD website.

IE-Q8: If a student had a loan disbursement in the 2024–2025 academic year but chooses not to borrow in 2025–2026, would they be considered a legacy student? Does the COD System require a 2025–2026 disbursement?

The Act states that eligibility for the interim exception is based on whether the student is enrolled at a program of study at an institution as of June 30, 2026, and has received a Direct Loan for that program any time prior to July 1, 2026. If the student is enrolled in that program of study on June 30, 2026, they would be eligible for the interim exception. It is not necessary to have received a 2025-2026 disbursement (see *interim exception* under §§ 685.200, 685.201, and 685.203). COD will be making an additional change in June 2026 to account for borrowers that are in this scenario.

IE-Q9: Can a student opt out of the interim exception? For example, if a professional student is eligible for the interim exception, can they opt out of receiving the legacy \$20,500 annual Unsubsidized Loan limit in favor of the new annual \$50,000 professional loan limit?

No. A borrower is not permitted to opt out of the interim exception so that they may receive the new annual loan limits. Students who meet the conditions for the interim exception are subject to all legacy loan limits and cannot opt out (see *interim exception*

under §§ 685.200, 685.201, and 685.203). A student may always request to borrow less than what they are eligible to receive.

IE-Q10: To be eligible for the interim exception for Grad PLUS, must the borrower have borrowed a Grad PLUS Loan for that program or is it sufficient to have borrowed any Direct Loan?

The Act states that eligibility for the interim exception is based on whether the student is enrolled at a program of study at an institution as of June 30, 2026, and has received a Direct Loan for that program prior to July 1, 2026. It is not a requirement for the borrower to have borrowed a Grad PLUS Loan. If the borrower has received any Direct Loan for that graduate or professional program, the borrower is eligible for the interim exception under §§ 685.200(b)(2)(ii) and 685.201(b)(2)(ii).

IE-Q11: What happens to students' eligibility for the interim exception if institutions merge or have a change in ownership?

If a student is enrolled in a program of study at an institution as of June 30, 2026, and has received a Direct Loan for that program prior to July 1, 2026, they are eligible for the interim exception during their expected time to credential. Students continue their educational programs through changes in campus affiliations without much disruption. Borrowers who are impacted by a change in ownership and continue their enrollment at the institution and have received a Direct Loan for that program would be eligible for the interim exception under §§ 685.200, 685.201, and 685.203.

IE-Q12: Does a graduate student qualify for the interim exception if their school closes and they re-enroll at a designated teach-out school in a similar program?

Consistent with how the Department will treat students who are enrolled in a program of study after a merger or change in ownership, a student who is impacted by a school closure and enrolls at a teach-out institution in the same program would be eligible for the interim exception under §§ 685.200, 685.201 and 685.203. COD is designed to manage this scenario, and schools should continue to report the appropriate CIP Code and Credential Level based upon the borrower's actual enrollment at their institution.

IE-Q13: Regarding the interim exception, how do you define what it means when a loan was "made" or "received?" Is there a minimum amount students must borrow and are they required to keep the loan, or can they return the funds or pay off the loan and still qualify?

The Department uses the terms "made," "received," and "disbursed" interchangeably in the context of the interim exception provision; we mean that the loan must have been disbursed. A Direct Loan that was canceled by either the institution or the student is not considered to have been "made" in this limited context. There is no statutory minimum amount a student must borrow or an amount of money still owed for a borrower to retain

their eligibility for the interim exception (see *interim exception* under §§ 685.200, 685.201, and 685.203).

IE-Q14: Does “enrolled in a program of study” refer to admitted, registered, or attending classes?

For the purposes of the interim exception, a student is considered “enrolled in a program of study” if they are a degree-seeking student “in good standing” who has not graduated or officially withdrawn. If they are enrolled in a program of study as of June 30, 2026, they do not have to be registered for fall 2026 classes to be considered eligible for the interim exception. Only if they withdraw after summer 2026, in this case (in accordance with § 668.22), or otherwise cease to be enrolled in the program of study at any point after receiving the interim exception would they lose access to the legacy loan limits.

IE-Q15: If a student enrolled in a joint degree program (such as a JD/MBA) has been enrolled in both schools and received a 2025-2026 loan disbursement from both schools, do they qualify for the interim exception?

The student would be eligible for the interim exception under §§ 685.200, 685.201, and 685.203 only for the program at the school that they are enrolled in as of June 30, 2026.

IE-Q16: A student is dually enrolled in two programs and is reported to NSLDS as being enrolled in both programs, under both CIP codes, until the student completes one of the two programs. When they graduate from that program, the school only reports the remaining degree’s CIP code. How does this affect their eligibility for the interim exception?

A student who is dually enrolled in two programs that is reported to NSLDS under both CIP Codes until one program is completed maintains their eligibility for the interim exception under §§ 685.200, 685.201, and 685.203 during their expected time to credential (as long as they are enrolled in a program of study as of June 30, 2026, and have received a Direct Loan prior to July 1, 2026). However, it is important to note that COD will only match on the first CIP Code when subsequent loans come through, so it is important that schools report the CIP Code associated to the highest credential in the “CIP 1” field. If institutions do not report correctly, then they may have to contact COD to have the limited exception reinstated after originating the new loan.

IE-Q17: Would a medical student no longer be eligible for the interim exception if they take a year off for research?

Assuming the student has established eligibility for the interim exception prior to taking a year off for research (by being enrolled in a program of study as of June 30, 2026, and having received a Direct Loan prior to July 1, 2026), the student must remain enrolled in that program of study to retain eligibility. If the student withdraws for any reason, they will no longer be eligible for the interim exception for the new loan limits under §§

685.200, 685.201, and 685.203. If the student does not withdraw and the year of research is a required part of the student's program, then the interim exception would be maintained.

IE-Q18: What is the difference between withdrawal and dropping a course? Would a student lose eligibility for the interim exception if they drop a course?

Eligibility is based on whether a student is considered enrolled at the institution, not enrollment status (i.e., three-quarter time, half time, etc.). A student would only lose eligibility if they were considered to have withdrawn from all of their coursework and are no longer considered a student at your institution, not if they drop a course that changes their enrollment status (§ 668.22).

IE-Q19: If COD does not identify a student as “eligible” for the legacy provisions, can schools override that determination? Or conversely, if a student loses legacy status, how will COD be updated? If we contact COD, is this a one-by-one process, can it be done in bulk? Are there any limits on how many inquiries we can make at once?

If COD has identified a student as eligible for the interim exception based upon a disbursement occurring prior to July 1, 2026, but the school knows that the student is no longer in that program, COD will not be updated to reflect that the student has changed programs until the new loan with the student's new program is reported to COD.

Schools do not have the ability to override the data and determinations through an automated process or data exchange. Schools can contact COD to request to have the exception status updated, either to “Yes” or “No,” if the student was not correctly identified. There is not a limit on the number of students that can be provided to COD at once, but providing a list will expedite the process. A school would need to email the list in a password protected document. COD would prefer that a school calls with a list, rather than calling daily or multiple times per day.

IE-Q20: Is there a resource available detailing the new COD Class Codes for graduate and professional students? We still have some confusion about what the correct Class Code for our students and their situations will be. For example, would the new 10- Prof/never grad be the correct one for our New Professional students who do not qualify for the Legacy provision? And would the 11- Prof/former grad be one that we would assign to our continuing Professional students that do qualify for Legacy Provision but in previous aid years we awarded them as the regular grad/prof level?

Please see the [Electronic Announcement](#) posted in April 2026 related to COD System Changes for 2026-2027.

IE-Q21: Does the student lose legacy status if they are under academic suspension?

If the student is not considered to be enrolled in the program of study as of June 30, 2026, because of an academic suspension, they would not be eligible for the interim exception under §§ 685.200, 685.201, and 685.203.

IE-Q22: Do the legacy provisions affect schedule of reductions under the less than full-time annual limit?

The calculations for less than full-time enrollment are separate and apart from loan limit eligibility. Institutions must apply the schedule of reductions formula to any Direct Loan that is otherwise subject to the less than full-time annual limit rule, including loans made to borrowers who qualify for the interim exception. The schedule of reductions regulations under § 685.203(m) are effective beginning with the 2026-2027 award year.

IE-Q23: What if a student is enrolled in more than one institution at a time (using Grad PLUS). If they start a new master's program at one institution but are continuing a program at another using Grad PLUS, what limits are they subject to?

The student will be eligible for the interim exception for the program of study they are continuing their enrollment in as of June 30, 2026. For the new master's program at the other institution, the student will be subject to the new loan limits (§§ 685.200(b)(2)(ii) and 685.201(b)(2)(ii)).

IE-Q24: How would eligibility for the interim exception apply in this situation? A graduate student in an MA program has borrowed a Grad PLUS Loan in the 2025-2026 academic year. The student wants to borrow a Grad PLUS Loan in the 2026-2027 academic year but also plans to join a new MA program in Spring 2027 without graduating from their first MA program. Do they qualify for a Grad PLUS Loan in the new MA program as well?

The student has established eligibility for the interim exception for the first MA program by being enrolled in a program of study as of June 30, 2026, at an institution and has received a Direct Loan for that program prior to July 1, 2026. Since the student is not enrolled in the second program as of June 30, 2026, they are not eligible for the interim exception for that program.

Additionally, if the student changes from being enrolled in the first MA program to being enrolled in the second MA program, they will lose eligibility for the interim exception for the first MA program. Adding additional MA degrees does not extend a borrower's eligibility for the interim exception and may end initial eligibility if their enrollment status changes (§§ 685.200(b)(2)(ii) and 685.201(b)(2)(ii)).

ETC-Q1: If a student is enrolled in a four-year program but is attending part-time, are they eligible for the interim exception if they enter a fifth year?

If a student is enrolled in a program of study at an institution as of June 30, 2026, and has received a Direct Loan for that program prior to July 1, 2026, they are eligible for the interim exception during their expected time to credential. This student's expected time to credential is the lesser of three academic years and the difference between the published program length for the program of study in which the individual is enrolled (four years) and the period of such program of study that such individual has completed prior to July 1, 2026 (four years), resulting in zero eligibility left (§ 685.102(b)). Therefore, this student has no remaining eligibility for the interim exception and is subject to the new loan limits under §§ 685.200, 685.201, and 685.203.

ETC-Q2: How is the expected time to credential calculated for BBAY schools?

The definition of expected time to credential uses the phrase “academic years, as defined in § 668.3” to determine the length of time a borrower would be eligible for the interim exception. This applies to both SAY and BBAY schools regardless of term length or when in the year a student starts their program of study. Schools define the terms of their academic year and the program's length, but eligibility will be the lesser of three academic years or the difference between the program length and the period of such program of study that such individual has completed prior to July 1, 2026 (§ 685.102(b)).

ETC-Q3: If a student has 0.5 years remaining to complete their degree, would their eligibility for the interim exception end after one additional semester, or would they remain eligible for the interim exception for the whole aid year?

The student would lose their eligibility for the interim exception after that 0.5 academic year. It does not matter when the year a program begins or ends; the expected time to credential is the lesser of three academic years and the difference between the program length for the program of study in which the student is enrolled to the period of the program the student has completed prior to July 1, 2026 (§ 685.102(b)).

ETC-Q4: At our institution, our standard academic year only includes the fall and spring terms, and summer is an optional term. How would we count years used for a student who was only enrolled for the summer term and not the fall or spring terms of that academic year?

For purposes of determining the expected time to credential, you take the program length and subtract the period of such program of study that student has completed. To determine the amount of the program a student has completed, the institution would include the summer period(s) as time completed in the program when calculating the remaining eligibility. If after July 1, 2026, the student attends the summer term and not the fall and spring terms, that is considered a break in enrollment and therefore, they would lose eligibility for the interim exception (§ 685.102(b)).

ETC-Q5: Does sitting out any time before July 1, 2026, impact the calculation of when a student needs to complete their program based on the published length of the program to be considered a legacy?

Students do not have to maintain continuous enrollment in their program of study prior to July 1, 2026. It does not matter if they took time off or whether enrollment was consecutive as long as it is for the same program that they are enrolled in as of June 30, 2026, and whether they have received a Direct Loan for that program prior to July 1, 2026. The student's expected time to credential remains the difference between program length and the period of such program of study they have completed (§ 685.102(b)).

ETC-Q6: How is "program of study" defined? Is it credential level or CIP Code + credential level or something else?

For undergraduate students a program of study is operationally defined by a 6-digit OPEID and credential level whereas a program of study for graduate or professional students is operationally defined by a 6-digit OPEID, 4-digit CIP code and credential level).

Importantly, it is the responsibility of the institution to determine program of study and program length for their degree programs, as defined by the minimum amount of time in weeks, months, or years that is specified in the catalog, marketing materials, or other official publications of an institution of higher education for a full-time student to complete the requirements for a specific program of study (§ 685.102(b)).

ETC-Q7: How do you determine expected time to credential if a student transferred into a program with transfer credits or attended an optional summer quarter?

First, establish whether this student qualifies for the interim exception based on whether they were enrolled in a program of study at an institution and have received a Direct Loan for that program. Then, to determine the expected time to credential, each school must compare their program length to the period of the program the student has completed based on their institutional policy. Expected time to credential is the lesser of three academic years or the difference between the program length and the period of such program of study that such individual has completed prior to July 1, 2026 (§ 685.102(b)).

ETC-Q8: Is the expected time to credential the same as the student's graduation date?

No. The expected time to credential is calculated beginning on July 1, 2026, and it is the lesser of three academic years or the difference between the program length for the program of study in which the individual is enrolled and the period of such program of study that such individual has completed prior to July 1, 2026. *Program length* is defined

as the minimum amount of time in weeks, months, or years that is specified in the catalog, marketing materials, or other official publications of an institution for a full-time student to complete the requirements for a specific program of study. In some cases, this will be before the student's actual graduation date (§ 685.102(b)).

ETC-Q9: When referring to the three academic year timeline, is this referring to starting July 1, 2026, or from when the student started the program?

The expected time to credential calculation begins on July 1, 2026, and is the lesser of three academic years or the difference between the program length and the period of such program of study that such individual has completed prior to July 1, 2026 (§ 685.102(b)).

ETC-Q10: What happens to a student's eligibility for the interim exception if they are in the first year of a six-year program?

The student only has eligibility for the interim exception during their expected time to credential, which is defined as the lesser of three academic years or the difference between the program length and the period of such program of study that such individual has completed prior to July 1, 2026 (§ 685.102(b)). Therefore, if the student has more than three years remaining in their program of study (and are not extending beyond the established program length), they only retain eligibility for the interim exception for three academic years. Once this eligibility expires, the student is subject to the new loan limits effective July 1, 2026 (§§ 685.200, 685.201, and 685.203).

ETC-Q11: If a student is determined during a Satisfactory Academic Progress (SAP) review to be unable to complete their program within 150% of the published program length and this results in extending the student's timeframe beyond three years to credential, can an approved SAP appeal permit continued Title IV eligibility based on an adjusted, institutionally recognized timeframe to completion (e.g., extending from a three-year expectation to three and a half years)?

Extensions are not granted to students who are unable to complete their program within 150% of the published length. The statute describes the maximum expected time to credential as the lesser of three academic years or the difference between the program length and the length of time completed in the program and cannot be extended. Additionally, the program length is defined as the minimum amount of time in weeks, months, or years that is specified in the catalog, marketing materials, or other official publications of an institution of higher education for a full-time student to complete the requirements for a specific program of study, not 150% of published program length according to SAP (§ 685.102(b)).

ETC-Q12: Would a student enrolled in a community college, where all degrees are less than three years, automatically pass the three-year criteria for the interim exception?

The student's expected time to credential is the lesser of three academic years or the difference between the program length and the period of such program of study that such individual has completed prior to July 1, 2026. Therefore, if the student is in a two-year program and they have completed one year, they only have one year of eligibility for the interim exception remaining, not three (§ 685.102(b)).

ETC-Q13: How is the expected time to credential calculated for programs designed as part-time programs and may not be completed as full-time programs?

The program length for a program is determined by the institution based on what is required of a student to be full-time in their program. The expected time to credential is calculated using this published program length (§ 685.102(b)).

ETC-Q14: Is the expected time to credential measured in academic years, calendar years or award years?

Expected time to credential is measured in academic years, as defined in § 668.3.

ETC-Q15: For BBAY schools, there may be three borrower-based academic years in a 2-year calendar period, (i.e., SU-FA, SP-SU, FA-SP) whereas you would have two Standard Academic years in a two-year calendar year. Would students get more than three academic years if they stay within the two-year calendar timeframe?

No. The maximum eligibility for the interim exception is the lesser of three academic years, as defined by the institution. In the BBAY context, academic years are intended to be the equivalent of award years.

ETC-Q16: In the instance of a dual undergraduate and graduate program (such as a BS-Pharm.D.), would the student be eligible for both Parent PLUS and Grad PLUS for the remainder of their legacy eligibility?

The student's parents could be eligible for Parent PLUS when they are considered an undergraduate student and otherwise meet the eligibility criteria. The student would be eligible for Grad PLUS when they are considered a graduate or professional student, assuming all other eligibility criteria are met.

ETC-Q17: If a student drops a class but qualifies for an R2T4 exemption, they are considered enrolled for the whole payment period. They may have an enrollment status change reported to NSLDS. Are they still considered continuously enrolled?

A student who has not completed the payment period and qualifies for the R2T4 exemption is not considered enrolled for the entire payment period. They are merely exempt from having an R2T4 calculated. That does not change the fact that they did not

complete the payment period. The exemption just says that an R2T4 is not required. When a school reports them to NSLDS, they would still report that student as no longer enrolled.

ETC-Q18: If a student submits an intent to return confirmation following a course withdrawal, the student is returning later within the same term, and no R2T4 is required for that course withdrawal, does this meet the requirement to be continuously enrolled in a way similar to how an approved Leave of Absence would be treated?

In this situation, the student is not reported as withdrawn to the National Student Clearinghouse (NSC) and NSLDS because of the intent to enroll in a future module in the same term. In this case, the student would be continuously enrolled. However, if they do not actually attend, then the school will report them as no longer enrolled and process an R2T4.

ETC-Q19: When calculating expected time to credential, do we count years or should it be more granular (i.e., terms)?

To calculate a student's expected time to credential, determine the difference between the program length in weeks, months, or years (as defined by the institution) and the period of such program of study that such individual has completed prior to July 1, 2026. This will vary by institution. The expected time to credential is the lesser of three academic years or the difference between the published length of the program and the length of time the student has been in the program (§ 685.102(b)).

ETC-Q20: Does a student that is enrolled less than half-time meet the eligibility requirement for continuous enrollment?

Yes. There is no minimum credit requirement to be considered enrolled in a program of study. However, the student's expected time to credential is calculated using the program length, which is based on full-time enrollment for that program of study (§ 685.102(b)).

ETC-Q21: If a graduate student loses their legacy eligibility (withdraws during fall term) but has a Grad PLUS Loan originated for the full year and returns for spring, should the spring disbursement of the Grad PLUS be canceled?

Yes. The Graduate PLUS Loan for spring should be canceled as the student is no longer eligible for this disbursement. Once the student loses eligibility for the interim exception, they are not permitted to receive Graduate PLUS Loans (§§ 685.200(b)(2)(ii) and 685.201(b)(2)(ii)).

ETC-Q22: For a reentry student who re-enrolls prior to July 1, 2026, in a 2-year program, does the time previously enrolled in the program count toward the 2 years or does the recent enrollment restart the program length?

Continuous enrollment is not required prior to July 1, 2026, so the recent enrollment would not restart the program length. To calculate expected time to credential, determine the period of the program of study that the student has completed prior to July 1, 2026, regardless of when they first began the program (§ 685.102(b)).

ETC-Q23: When calculating the expected time to completion to determine loan legacy eligibility, do we include the enrolled year for Research (Medical Degree), or exclude the enrolled year as they were not completing coursework?

If that enrolled year is part of the program of study, that portion would be included in determining the timeframe for calculating a borrower's expected time to credential (§ 685.102(b)).

ETC-Q24: How do we calculate expected time to credential if our program is in clock or credit hours, rather than weeks, months or years?

Institutions who report program length in clock or credit hours must satisfy the conditions of §§ 668.8(k) and (l) to be considered eligible programs. Therefore, they should be able to determine expected time to credential based on those calculations.

ETC-Q25: A student is eligible for the interim exception after completing year 1 of a 4-year program on the quarter system. The student attended all 3 quarters for the 2025-26 academic year. However, the student withdrew from their courses in the winter term during the 2025-26 year and re-enrolled in spring 2026. Does the winter term count as a term used for the student's remaining program length?

The expected time to credential is calculated based on which period the student is enrolled in prior to July 1, 2026. All terms that the student was enrolled in prior to June 30, 2026, count toward the student's period of their program of study. It is the school's responsibility to determine the difference between the program length and the period of such program of study that the student has completed prior to July 1, 2026 (§ 685.102(b)). However, the borrower must have been enrolled in a program of study on June 30, 2026, to be eligible for the interim exception under §§ 685.200, 685.201, and 685.203.

ETC-Q26: If a student's graduation date has changed to add additional time to complete their degree (because of failing courses, changing majors, adding a study abroad opportunity, etc.), does their expected time to credential extend?

The expected time to credential is the lesser of three academic years or the difference between the program length and the period of such program of study that such individual has completed prior to July 1, 2026. The school is responsible for calculating the expected time to credential on July 1, 2026, based on their policies regarding program length and enrollment status, noting that all periods of enrollment contribute to this calculation. If the student's graduation date changes, regardless of the factors

controlling that change, the expected time to credential is not recalculated (§ 685.102(b)).

ETC-Q27: How do unsuccessful previous semesters (where a student took leave or earned failing grades) count toward the period of enrollment used in the expected time to credential calculation?

Similar to the above question, each institution is required to calculate the expected time to credential based on their enrollment policies. Past breaks in enrollment do not detract from obtaining initial eligibility for the interim exception but may impact remaining eligibility (§ 685.102(b)).

LL-Q1: How do you define “new borrower” vs. “current borrower” for purposes of the loan limits outlined in the law?

“New borrowers” are borrowers who have **not** received a Direct Loan for a program of study at an institution on or before June 30, 2026, and therefore would be subject to the new loan limits. “Current borrowers” are borrowers who are enrolled in a program of study at an institution and **have** received a Direct Loan for that program at that institution on or before July 1, 2026, and are therefore eligible for the interim exception to the new loan limits under §§ 685.200, 685.201, and 685.203 during their expected time to credential (§ 685.102(b)). These students are subject to the pre-Working Families Tax Cuts Act loan limits.

LL-Q2: For students who are not actively enrolled on June 30, 2026, do they "start over" with the new loan limits? Will any outstanding balances count towards their new loan limits?

All Title IV loans previously borrowed (except Parent PLUS Loans made on behalf of a dependent borrower) will count toward the aggregate and Lifetime Maximum Aggregate Loan Limit for borrowers not enrolled in a program of study as of June 30, 2026, (and therefore not eligible for the interim exception). Loan limits do not “start over” on July 1, 2026 (§§ 685.203(b) through (j)). Additionally, all Direct Loans received in the same academic year are counted against their annual limit.

LL-Q3: Is NSLDS going to be updated to reflect these new loan limits (aggregate and lifetime)? What about ISIRs?

Yes. NSLDS now shows undergraduate, pre-Working Families Tax Cuts Act graduate/professional, and graduate/professional aggregate loan totals for a borrower on the Financial Aid Dashboard via the NSLDS Professional Access website. The dashboard also includes the Lifetime Maximum Aggregate Loan Limit and the Parent PLUS aggregate loan limit. When viewing a parent borrower’s record, the table lists each undergraduate dependent student associated with a PLUS Loan borrowed by the parent, along with the total amount borrowed for each student. When viewing a student’s record where a parent has borrowed a PLUS Loan on the student’s behalf, the

table displays only that student and the total borrowed amount on their behalf. These aggregate loan amounts are also included in the Transfer Student Monitoring and Financial Aid History outputs.

For the 2026–2027 award year, NSLDS provides only the borrower’s Lifetime Maximum Aggregate Loan Limit and the Parent PLUS aggregate loan total for display on the ISIR. Beginning with the 2027–2028 award year, NSLDS will also report aggregate loan totals for undergraduate, pre-Working Families Tax Cuts Act graduate/professional, and graduate/professional loans, allowing the Federal Processing System (FPS) to display these amounts on the ISIR as well.

LL-Q4: For annual loan limits, this is not the same as an Academic Year. This is the maximum eligibility the borrower may borrow for that award year, correct?

The annual loan limit is the cap on amount of a loan that a borrower may receive based on their degree level. A borrower is not permitted to receive Direct Loan funds over their annual loan limit in an academic year.

LL-Q5: If a student borrowed PLUS Loans in a previous graduate/professional degree, consolidated them, and then returned to a new graduate/professional degree, would those loans count against any limits?

The PLUS Loans that were repaid by a Consolidation Loan are included in the Lifetime Maximum Aggregate Loan Limit. However, the Consolidation Loan that includes the PLUS Loan is not counted toward the graduate or professional student aggregate limit because those limits are for Unsubsidized Loans only (§§ 685.203(e)(4) and (5), and (j)(2)). Please see LMALL-Q4 for more detail on what is included in the Lifetime Maximum Aggregate Loan Limit.

GPSLL-Q1: If a graduate student completes or withdraws from their program of study, do all previous borrowed loans count toward their \$100,000 aggregate loan limit?

Graduate students are subject to the new \$100,000 aggregate loan limit when they complete or withdraw from the program in which they are currently enrolled. All Subsidized and Unsubsidized Loans previously borrowed for graduate degrees count toward the \$100,000 limit. These students may not receive additional Unsubsidized Loans until they are repaid, whether in full or in part (§ 685.203(e)(4)). These loans also count toward the students’ \$257,500 Lifetime Maximum Aggregate Loan Limit, which is without regard to any amounts repaid, forgiven, canceled or otherwise discharged on any such loan (§ 685.203(j)(2)).

GPSLL-Q2: We have an incoming graduate student who has a prior graduate degree. Do the student’s undergraduate Unsubsidized Loans count toward her \$100,000 limit? Or are only the student’s previous graduate Unsub counted toward her \$100,000 limit? What about previous Grad PLUS?

Only Subsidized and Unsubsidized Loans borrowed as a graduate student count toward the \$100,000 graduate aggregate limit, loans for undergraduate study or Grad PLUS are not counted toward the aggregate limit (§ 685.203(e)).

GPSLL-Q3: If a professional student completes or withdraws from their program of study, do all previously borrowed loans count toward their \$200,000 aggregate loan limit?

Professional students are subject to the new \$200,000 aggregate loan limit when they complete or withdraw from the program in which they are currently enrolled. All Subsidized and Unsubsidized Loans previously borrowed for graduate or professional degrees count toward the \$200,000 limit. These students may not receive additional Unsubsidized Loans until they are repaid, whether in full or in part (§ 685.203(e)(5)). These loans also count toward the student's \$257,500 Lifetime Maximum Aggregate Loan Limit, which is without regard to any amounts repaid, forgiven, canceled, or otherwise discharged on any such loan (§ 685.203(j)(2)). For additional information, see LMALL-Q4.

GPSLL-Q4: Does the \$200,000 professional limit include prior Grad PLUS Loan borrowing or only prior Unsubsidized Loan borrowing for a previous degree?

The \$200,000 aggregate loan limit only applies to previously borrowed Subsidized and Unsubsidized Loans the borrower received as a professional or graduate student. It does not include any Grad PLUS Loans received for those degrees (§ 685.203(e)).

GPSLL-Q5: Will foreign medical school programs continue to be treated under the graduate student loan limits, or will they be reclassified under professional student limits?

Professional students in foreign medical schools may receive the professional student loan limits if otherwise eligible. The definition of professional student may be found in § 685.102(b). We note that foreign schools that participate in the Direct Loan Program may not award increased Direct Unsubsidized Loan amounts to health professional students (see Volume 8, Chapter 4 – Annual and Aggregate Loan Limits of the FSA Handbook).

GPSLL-Q6: Will students currently eligible for the increased Unsubsidized Loan limits for certain health professions still have access to additional funds after July 1, 2026?

Students who are eligible for the interim exception for the new loan limits retain access to the higher Unsubsidized Loan limits during the period of their expected time to credential if they are in certain health profession programs. However, the annual and aggregate Unsubsidized Loan limits apply to all graduate and professional programs, so new borrowers and borrowers who are ineligible for the interim exception will not have access to the higher limits.

PPLL-Q1: If a student is still enrolled in their program beyond their program length and the student has not completed their degree and their parent has already borrowed \$65,000 in Parent PLUS Loans for their student, will the parent have any PLUS borrowing eligibility left?

No. If the parent borrower is not eligible for the interim exception because the student is enrolled beyond their program length, they cannot continue to borrow once they reach the \$65,000 aggregate maximum limit (§ 685.203(g)).

PPLL-Q2: Can each parent borrow \$20,000 annually (\$65,000 in aggregate) for one child?

No. The Parent PLUS limit is \$20,000 annually (\$65,000 in aggregate) per dependent student (§§ 685.203(f) and (g)), as long as all other eligibility criteria are met, including the receipt of any other financial assistance.

PPLL-Q3: Does other aid in the academic year get subtracted from the \$20,000 annual Parent PLUS limit? Or is \$20,000 the maximum annual loan after other financial assistance is subtracted from cost of attendance?

The annual Parent PLUS Loan limit is \$20,000 per dependent student, after other financial assistance is subtracted from the cost of attendance (§ 685.203(f)). To determine the amount of Parent PLUS Loan eligibility a borrower has, you start with the COA and then subtract other financial assistance, which leaves the remaining eligibility for the Parent PLUS Loan. However, the Parent PLUS Loan may only be made up to the dependent student's eligibility for aid or \$20,000, whichever is less.

PPLL-Q4: If a parent borrowed the maximum parent loan of \$65,000 and the student is still in school, will the student be able to apply for additional unsub?

No. The additional eligibility for Direct Unsubsidized Loans for students whose parents are unable to obtain a Direct PLUS Loan is unchanged by this rule. A dependent undergraduate student whose parent receives a Parent PLUS Loan is still ineligible for additional Unsubsidized Loans. Students **are not** eligible for additional Unsubsidized Loans when their parents have reached the \$65,000 aggregate limit (§§ 685.203(c)). Additionally, a dependent student is not eligible for additional Unsubsidized Loans when their parent who has reached the aggregate limit is not eligible for a PLUS Loan.

PPLL-Q5: How have the loan limits changed for the undergraduate student vs. the parent?

The annual and aggregate Subsidized and Unsubsidized Loan limits for undergraduate students have not changed. Prior to July 1, 2026, the aggregate limit for Subsidized and Unsubsidized Loans for both undergraduate and graduate study was \$138,500. On or after July 1, 2026, the \$257,500 Lifetime Maximum Aggregate Loan Limit includes Title IV received as an undergraduate and graduate or professional student but does not

include any Parent PLUS Loans taken on behalf of a dependent borrower. On or after July 1, 2026, the \$257,500 Lifetime Maximum Aggregate Loan Limit includes Title IV received as an undergraduate and graduate or professional student but does not include any Parent PLUS Loans taken on behalf of a dependent borrower. The annual and aggregate limits for Parent PLUS for parents of undergraduate students have changed to become \$20,000 and \$65,000 per dependent undergraduate student, respectively. Note, if the student qualifies for the interim exception, the parent may still borrow up to their dependent student’s cost of attendance minus other financial assistance during the student’s expected time to credential (§§ 685.203(a) through (g)).

PPLL-Q6: If a student starts on or after July 1, 2026, and the parent is subject to the \$65,000 Parent PLUS cap, do we include any Parent PLUS Loans the parent borrower received at other schools when calculating that limit, or does the borrower start fresh under the new cap?

Yes. The \$65,000 aggregate limit for Parent PLUS is per dependent student and includes all past borrowing on behalf of that dependent student, including at other schools (§ 685.203(g)).

LMALL-Q1: If a student is subject to the new loan limits, but has already accumulated over \$257,500 in loans, what happens?

This student has no remaining Federal loan eligibility and should discuss alternative funding options with their school’s financial aid office (§ 685.203(j)(2)).

LMALL-Q2: Do Grad PLUS Loans count toward the \$257,500 Lifetime Maximum Aggregate Loan cap? What about undergraduate loans?

All Title IV loans borrowed by a student, except those made as a parent borrower on behalf of a dependent student, count toward the Lifetime Maximum Aggregate Loan Limit. This limit, therefore, includes Grad PLUS and undergraduate loans (§ 685.203(j)(2)).

LMALL-Q3: What is the difference between the annual limit, aggregate limit, and the Lifetime Maximum Aggregate Loan Limit?

Below is a summary of the loan limits in effect prior to and after July 1, 2026 (§§ 685.200 and 685.203):

Legacy Loan Limits

(Applicable to borrowers eligible for the interim exception)

UNDERGRADUATE STUDENTS	
DEPENDENT STUDENTS	INDEPENDENT STUDENTS

		(and Dependent students whose parents cannot obtain Parent PLUS)
First Year	\$5,500 (\$3,500 Subsidized)	\$9,500 (\$3,500 Subsidized)
Second Year	\$6,500 (\$4,500 Subsidized)	\$10,500 (\$4,500 Subsidized)
Third Year (and beyond)	\$7,500 (\$5,500 Subsidized)	\$12,500 (\$5,500 Subsidized)
Aggregate Limit	\$31,000 (\$23,000 Subsidized)	\$57,500 (\$23,000 Subsidized)

GRADUATE AND PROFESSIONAL STUDENTS			
	GRADUATE STUDENT	PROFESSIONAL STUDENT	CERTAIN HEALTH PROFESSIONS
Annual Unsub	\$20,500	\$20,500	Up to \$47,167 (program-based)
Annual Grad PLUS	Up to COA minus OFA	Up to COA minus OFA	Up to COA minus OFA
Aggregate Limit	\$138,500 (all Sub + Unsub) (\$65,500 Subsidized) No limit on Grad PLUS	\$138,500 (all Sub + Unsub) (\$65,500 Subsidized) No limit on Grad PLUS	\$224,000

PARENT ON BEHALF OF DEPENDENT UNDERGRADUATE	
Annual Parent PLUS	Up to COA minus OFA
Aggregate Limit	No Limit

ALL STUDENT BORROWERS	
(Includes the following Direct Loan and FFELP Loan Types: Subsidized Loans, Unsubsidized Loans and Grad PLUS Loans. Also includes Federal Perkins Loans.)	
Lifetime Maximum Aggregate Loan Limit	No Limit

Loan Limits Effective July 1, 2026

(Applicable to new borrowers or those *not* eligible for interim exception)

UNDERGRADUATE STUDENTS <u>[unchanged]</u>		
	DEPENDENT STUDENTS	INDEPENDENT STUDENTS (and Dependent students whose parents cannot obtain Parent PLUS)
First Year	\$5,500 (\$3,500 Subsidized)	\$9,500 (\$3,500 Subsidized)
Second Year	\$6,500 (\$4,500 Subsidized)	\$10,500 (\$4,500 Subsidized)
Third Year (and beyond)	\$7,500 (\$5,500 Subsidized)	\$12,500 (\$5,500 Subsidized)
Aggregate Limit	\$31,000 (\$23,000 Subsidized)	\$57,500 (\$23,000 Subsidized)

GRADUATE AND PROFESSIONAL STUDENTS			
	GRADUATE STUDENT	PROFESSIONAL STUDENT	CERTAIN HEALTH PROFESSIONS
Annual Unsub	\$20,500	\$50,000	\$20,500 or \$50,000 (program-based)
Annual Grad PLUS	Eliminated	Eliminated	Eliminated
Aggregate Limit	\$100,000	\$200,000	\$100,000 or \$200,000 (program-based)

PARENT ON BEHALF OF DEPENDENT UNDERGRADUATE	
Annual Parent PLUS	\$20,000 (per dependent student)
Aggregate Limit	\$65,000 (without regard to amounts repaid, forgiven, canceled, or otherwise discharged)

ALL STUDENT BORROWERS
(Includes the following Direct Loan and FFELP Loan Types: Subsidized Loans, Unsubsidized Loans, and Grad PLUS Loans. Also includes Federal Perkins Loans.)

Lifetime Maximum Aggregate Loan Limit	\$257,500 (without regard to amounts repaid, forgiven, canceled, or otherwise discharged)
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The difference between the aggregate limit and Lifetime Maximum Aggregate Loan Limit is whether additional borrowing is permitted when an outstanding loan is reduced. For the aggregate limits for graduate and professional students, more Unsubsidized Loans may be disbursed when existing Subsidized and Unsubsidized Loans are repaid, in whole or in part. In contrast, the Lifetime Maximum Aggregate Loan Limit is \$257,500 without regard to amounts repaid, forgiven, canceled or otherwise discharged. Taken together, it is possible for a graduate student to take out more loans after reaching the \$100,000 aggregate if they repay some or all that debt. However, once they reach \$257,500 in total Title IV, HEA program loans disbursed, they cannot receive additional Title IV, HEA program loans (§§ 685.203(e)(4), (e)(5), and (j)(2)).

LMALL-Q4: Can you define "without regard to amounts repaid, forgiven, canceled or otherwise discharged?" How are Total and Permanent Disability (TPD), Closed School Discharge (CSD), other discharges, and refunds handled? What if loans were returned?

This phrasing means that when determining whether a borrower has reached the aggregate or lifetime maximum, the calculation includes all loans ever borrowed under that program, regardless of whether any portion of those loans has since been repaid, forgiven, canceled, or otherwise discharged. Any amount of loan funds that have been returned by the institution, or the borrower (e.g., a student decides to borrow less and returns loan funds one week after the initial disbursement), will not count against the Lifetime Maximum Aggregate Loan Limit. Instances such as false certification discharges for identity theft also do not count against the Lifetime Maximum Aggregate Loan Limit (§ 685.203(j)(2)).

LMALL-Q5: If a student is no longer eligible for the interim exception, and they are subject to the new loan limits, does the Lifetime Maximum Aggregate Loan Limit include loans discharged, forgiven, or repaid before July 1, 2026?

Yes. When borrowers are no longer eligible for the interim exception, they are subject to the Lifetime Maximum Aggregate Loan Limit and all loans previously borrowed by the student (except Parent PLUS made on behalf of a dependent student) are included in the limit (§ 685.203(j)(2)). When borrowers are no longer eligible for the interim exception, they are subject to the Lifetime Maximum Aggregate Loan Limit and all loans previously borrowed by the student (except Parent PLUS made on behalf of a dependent student), including those loans disbursed when borrowers qualified for the interim exception, are included in the limit (§ 685.203(j)(2)).

LMALL-Q6: Will NSLDS update to reflect lifetime borrowing (including which loans count toward the lifetime maximum)? Currently, if a loan is repaid or discharged, NSLDS reflects a zero balance.

- The Lifetime Maximum Aggregate Loan Limit is determined by adding the cumulative disbursed amounts for all eligible loans, *with the following loans/amounts excluded* from the calculation: Parent PLUS Loans (D4/PL loan types)
- Consolidation Loans (D5/D6/D7/D9/CL loan types) (underlying loans are included)
- Loans flagged as HEAL/Health Profession (visible in the Loan Identifiers section under the Loan Information section on the Loan Detail page)
- Loans with a cancelled or false certification loan status (visible within the individual loan card on the Loan Summary page)
- Loan disbursements that were cancelled or discharged due to false certification (visible within the Activities section on the Loan Detail page)

For each applicable loan, the cumulative disbursed amount is reduced by subtracting any applicable cancellations and any applicable amounts discharged due to false certification. The Lifetime Maximum Aggregate Loan Limit is then calculated by summing the applicable cumulative disbursed amounts for the applicable loans. Individual loan amounts can be viewed on the Loan Summary page on the NSLDS Professional Access website or through generating the NSLDS Financial Aid History report (batch or web).

LMALL-Q7: If a borrower receives Grad PLUS for the additional three academic years under the interim exception, are these loans included in their Lifetime Maximum Aggregate Loan Limit?

Borrowers who are eligible for the interim exception for the new loan limits (legacy borrowers) are not subject to the Lifetime Maximum Aggregate Loan Limit for the duration of the interim exception. However, when the borrower's interim exception period ends, they become subject to the Lifetime Maximum Aggregate Loan Limit. Therefore, any Grad PLUS Loans received during the interim exception period will count toward the Lifetime Maximum Aggregate Loan Limit after the interim exception period ends (see *interim exception* under §§ 685.200, 685.201, and 685.203 and Lifetime Maximum Aggregate Loan Limit under § 685.203(j)(2)).

LMALL-Q8: Does the additional amount of Unsubsidized Loans received under the higher loan limits for certain health professions students count toward the lifetime limit?

Section 455(a)(6) of the HEA provides that beginning on July 1, 2026, the maximum aggregate amount of loans made, insured, or guaranteed under Title IV of the HEA that a student may borrow (other than a Parent PLUS Loan) is \$257,500, without regard to any amounts repaid, forgiven, canceled, or otherwise discharged. In general, these are the FFEL Program, Perkins, and Direct Loans that are made, insured, or guaranteed under Title IV of the HEA to a student borrower.

Additional amounts of Direct Unsubsidized loans that certain health professionals receive are still Direct Loans and are included toward the \$257,500 Lifetime Maximum Aggregate Loan Limit. More information about increased Direct Unsubsidized annual

loan limits for certain health professions students may be found in Volume 8, Chapter 4 of the FSA Handbook. HEAL Loans or health professional loans made under the authority of the Public Health Service Act are not included toward the \$257,500 Lifetime Maximum Aggregate Loan Limit.