

Loan Limits Under H.R. 5715

Additional unsubsidized Stafford loan limits applicable to undergraduate students are increased for loans first disbursed on or after July 1, 2008. Subsidized limits (up to base amount) are unchanged. For students enrolled as regular students in eligible programs, annual Stafford loan limits are as follows:

Dependent Students (<i>Except</i> Students Whose Parents Cannot Borrow PLUS)	Base amount	Additional unsubsidized loan amount	
		Prior to July 1, 2008	Effective July 1, 2008
Freshman	\$3,500	0	\$2,000
Sophomore	\$4,500	0	\$2,000
Junior or senior	\$5,500	0	\$2,000

Independent Undergraduate Students and Dependent Students Whose Parents Cannot Borrow a PLUS Loan	Base amount	Additional unsubsidized loan amount	
		Prior to July 1, 2008	Effective July 1, 2008
Freshman	\$3,500	\$4,000	\$6,000
Sophomore	\$4,500	\$4,000	\$6,000
Junior or senior	\$5,500	\$5,000	\$7,000

Graduate and Professional Students	Base amount	Additional unsubsidized loan amount
	\$8,500	Unchanged at \$12,000

Let's look at a couple of examples.

A dependent freshman whose parent has access to PLUS borrowing (whether or not the parent is actually willing to borrow) could previously have borrowed \$3,500 in a subsidized loan. If the student did not have need for the full \$3,500, the student could have borrowed a subsidized loan for the amount of demonstrated need and the difference between that amount and the \$3,500 base limit in an unsubsidized loan. Under the new law, that student will be able to borrow a total of \$5,500, no more than \$3,500 of which may be subsidized.

A dependent freshman whose parents are unable to borrow PLUS could previously have borrowed a total of \$7,500, no more than \$3,500 of which could be subsidized. Under the new limits, that student can borrow a total of \$9,500, no more than \$3,500 of which can be subsidized (that is, the base limit of \$3,500 plus the new additional unsubsidized limit of \$6,000). The amount a student can actually borrow may not exceed cost of attendance minus other assistance (or, for subsidized loans, other assistance plus the EFC). The same limits apply to a freshman who is an independent student.

Aggregate Loan Limits (Effective July 1, 2008)

Undergraduate Dependent Students: \$31,000 (no more than \$23,000 of which can be subsidized)
 Undergraduate Independent Students: \$57,500 (no more than \$23,000 of which can be subsidized)
 Graduate and Professional Students: currently \$138,500 (no more than \$65,500 of which can be subsidized)