

Beginning July 1st, 2013, any first time borrower, (which is defined as someone who has either never borrowed a federal student loan previously, or has borrowed previously but currently has a zero balance), will only be able to borrow federal direct subsidized loans for a maximum of 150% of the published program length in which they are enrolled. Once a student reaches the 150% mark, they will not be able to borrow further subsidized loans; however he/she may be eligible for unsubsidized loans. Additionally, those subsidized loans that had been borrowed up to the 150% point will lose further government subsidy and interest on these loans will begin to accrue. From the 150% point forward, these subsidized loans will become unsubsidized loans. For example, if the published length of a program is the equivalent of four years, a student may borrow subsidized loans for the equivalent of six years while in the same program, if all other eligibility requirements are met.

Here are a few facts that you need to know: Subsidy Eliminated at 150% of Academic Program

1. Students may receive Direct Subsidized loans for no more than 150% of the length of the current academic program. For example, a student enrolled in a two-year program will have three years' worth of subsidized loan eligibility and a student enrolled in a four-year program will have six years' worth of subsidized loan eligibility.
2. Once a student reaches the 150% mark in a particular program, their future subsidized loan eligibility in that program will end. They may, however, be eligible for unsubsidized loans.
3. A student who reaches the 150% limitation will have their interest subsidy end for all outstanding subsidized loans if the student does not graduate and continues to be enrolled in the same or a shorter undergraduate program. Repayment does not begin, but like unsubsidized loans, the student (rather than the government) would become responsible for interest that accrues from this point forward.
4. Unlike other measures in determining continued aid eligibility, this provision is not affected by the total dollar amount borrowed. Any and all periods of subsidized loan borrowing will count against the 150% time limit.
5. This policy is in addition to, and not in place of, the lifetime aggregate loan limits that are currently in place.

To avoid loss of subsidy, students who are new loan borrowers after July 1, 2013, have increased incentive to remain within the timeframe limitations of satisfactory academic progress. An approval of an academic progress appeal will not change any eligibility determined on subsidized loans based on this 150% rule.