



## LOAN PRORATION DECISION TREE TUTORIAL

OGSLP developed this Loan Proration Decision Tree to help you determine when you need to prorate an annual loan limit and when proration is not required. At each of the decision points, you will answer a Yes or No question which will lead you to the appropriate calculation if one is needed.

Let's walk through the decision tree. First, is the loan for a graduate or professional program, a parent borrower, preparatory coursework, or a teacher certification program?

If the answer is **yes**, you do not prorate the annual loan limit.

If the answer is **no**, continue down the decision tree. Also note that you do not prorate loans simply because a borrower is not in full-time student status. You would only prorate a loan if the time remaining in a program is less than your school's defined Title IV academic year.

Next, is the program of study shorter than one academic year?

If the answer is **yes**, you will need to determine which of the following fractions is smaller: the number of credit or clock hours enrolled divided by the number of credit or clock hours in your school's academic year; or the number of weeks enrolled divided by the number of weeks in the academic year. Multiply the smaller of these two fractions by the first year annual loan limit to determine the student's maximum Stafford loan eligibility.

If the answer is **no**, the next step is to determine if that student is enrolled in the final portion of the program. See the bottom of the decision tree for a definition of "final portion." If the student is not in the final portion of the program, s/he will be able to continue in the program through the end of the academic year and does not need loan proration.

Next, is the program based on credit hours AND a standard term?

If the answer is **yes**, the last question is, "Does the final portion of the program consist of fewer terms than the school's defined Title IV academic year?" If the answer is no, loan proration is not needed. If the final portion does consist of fewer terms than the academic year, a loan proration calculation at the end of the decision tree will need to be performed.

If the answer is **no**, the last question is, “Does the final portion of the clock hour program, non-term program, on non-standard term program contain fewer credit or clock hours than the school’s defined Title IV academic year?” If the answer is no, no loan proration is needed. If the answer is yes, the loan must be prorated.

The loan proration calculation in this case is to divide the number of current credit or clock hours remaining by the number of credit hours in the Academic Year. Then, multiply this fraction by the annual maximum base Stafford loan amount, and if applicable, the annual maximum additional unsubsidized Stafford loan amount for the student’s grade level to determine the student’s prorated loan eligibility.

Sample loan proration calculations are available on the back of the decision tree.

If you have questions about the Loan Proration Decision tree or other loan-related financial aid questions, GSL's Policy, Compliance, and Training department is here to help. Call us at 405.234.4432 or [pct@ogslp.org](mailto:pct@ogslp.org).