

HIGHER EDUCATION RECONCILIATION ACT (HERA)



LOAN LIMIT INCREASES

The Higher Education Reconciliation Act of 2005 (HERA), included provisions increasing the annual loan limits for undergraduate Stafford loans and unsubsidized Stafford loans for graduate and professional students. These increases are effective for Stafford loans first disbursed on or after July 1, 2007. The Department of Education has noted that the increased loan amounts may apply to loan periods that begin prior to July 1, 2007, provided the end of the loan period is on or after July 1, 2007, and the first disbursement date is on or after July 1, 2007.

OGSLP's system was ready to process loans eligible for the increased limits beginning February 16, 2007. The system accepted certifications as long as the first scheduled disbursement date and the loan period end date are on or after July 1, 2007. In cases where certifications are received with the new Stafford loan amount and a scheduled disbursement date and/or loan period end date prior to July 1, 2007, the loan amount will either be reduced to meet the eligible loan amount or the guarantee will suspend. If a school certifies a loan for a loan period that includes July 1, 2007, but has a first disbursement date prior to July 1, 2007, then on or after July 1, the school may certify a new loan up to the applicable new annual maximum loan limit.

NEW ANNUAL STAFFORD LOAN LIMITS

- Undergraduate first year students' annual subsidized Stafford loan limits increased from \$2,625 to \$3,500
- Undergraduate second year students' annual subsidized Stafford loan limits increased from \$3,500 to \$4,500
- Graduate/Professional annual unsubsidized Stafford loan limits increased from \$10,000 to \$12,000. Instead of a maximum of \$18,500, graduate/professional students will be eligible for up to \$20,500 in Stafford loans funds, where no more than \$8,500 is subsidized
- For students with an undergraduate degree who enrolled in courses needed for enrollment in a degree-granting program and students enrolled in a program necessary for professional certification as required for employment as a teacher, the annual unsubsidized Stafford loan limits have increased from \$5,000 to \$7,000. Instead of a maximum of \$10,500, these students will be eligible for up to \$12,500 in Stafford loan funds, of which no more than \$5,500 may be subsidized

Loan Limits			
Grade Level	*Base Subsidized/Unsubsidized	**Additional Unsubsidized	Total Annual Loan Limit
First Year	\$3,500	\$4,000	\$7,500
Second Year	\$4,500	\$4,000	\$8,500
Third Year and Beyond	\$5,500	\$5,000	\$10,500
Graduate and Professionals	\$8,500	\$12,000	\$20,500
Health Professions	\$8,500	\$12,000	†\$47,167
‡ Preparatory Coursework – Enrolled in an undergraduate program	\$2,625	\$4,000	\$6,625
‡ Preparatory Coursework – Enrolled in an graduate/professional program	\$5,500	\$7,000	\$12,500
‡ Teacher Certification	\$5,500	\$7,000	\$12,500

* Subsidized Stafford amounts are for dependent or independent students.

‡ No changes to the annual unsubsidized Stafford loan amounts.

** "Additional" unsubsidized Stafford amounts are for independent students or a dependent student whose parent can't get a PLUS loan.

† \$47,167 is the total annual graduate professional Stafford loan maximum of \$20,500 plus the maximum Health Education Assistance Loan of \$26,667 in additional Unsubsidized Stafford loans

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Aggregate Loan Limits Remain the Same		
Classification	Maximum Subsidized Borrowing	Maximum Combined Borrowing
Dependent Undergraduate	\$23,000	\$23,000
Independent Undergraduate	\$23,000	\$46,000 (no more than \$23,000 can be Subsidized)
Graduate/Professional Students	\$65,500	\$138,500 (no more than \$65,500 can be Subsidized). This debt includes any Stafford loans borrowed during undergraduate study.
* Health Professions – Graduate/Professional Students	\$65,500	\$189,125 (no more than \$65,500 can be subsidized). This debt includes any Stafford loans borrowed during undergraduate study.

References:

- [DCL GEN-06-02/FP-06-01](#)
- [DCL GEN-06-03](#)
- [August 9, 2006 Federal Register](#) interim final regulations
- [November 1, 2006 Federal Register](#) final regulations
- All the above information is easily accessible on [OGSLP Legislation Page](#)

HAVE QUESTIONS?

If you have additional questions about the new loan limits, contact Lisa Hale at 405.234.4384 or lhale@ogslp.org.