



Due to a federal law enacted on July 6, 2012, first-time borrowers who take out Direct Subsidized Loans on or after July 1, 2013 now have a maximum number of academic years that they may borrow or be eligible for the interest subsidy of these loans.

Direct Subsidized Loans are Federal Loans on which the government pays interest while you're enrolled in school at least half time or while the loan is in deferment and during certain periods of income-driven repayment. A first-time borrower is defined as someone who has no outstanding balance of principal or interest on a FFEL or Direct Loan when receiving a Direct Loan on or after July 1, 2013.

What Are the Time Limitations on Receiving Direct Subsidized Loans?

First-time borrowers may not receive Direct Subsidized Loans for more than 150% of the published length of their current educational program. For example, if your program is published to take four years, you may not take out Direct Subsidized Loans for more than six academic years (150% of 4 years is 6 years). This is called the borrower's "maximum eligibility period."

The units that count against a borrower's maximum eligibility period for Direct Subsidized Loans are called "subsidized usage periods." If you take classes full time for both the fall and spring semesters, this counts as an academic year.

If you are enrolled full time but only get a Direct Subsidized Loan for the fall semester, this may only count as half of a subsidized usage period.

If you are enrolled less than full time and receive a Direct Subsidized Loan, the time that is counted against your maximum eligibility period will be reduced. For example, if you are enrolled half time and receive a Direct Subsidized

Loan for a full academic year, this will count as only half of a year against your maximum eligibility period.

The amount of money a student borrows does not factor into the subsidized usage period. For example, if you borrow much less than the allotted subsidized loan amount for a semester, it still counts as one semester of your maximum eligibility period. There is an exception to this if you borrow your maximum annual loan amount and the loan doesn't cover the becoming ineligible for Direct Subsidized Loans, the interest on your new loans will not be subsidized. Please note

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