NEW BORROWERS ONLY:
150% Maximum Eligibility Period for Subsidized Loans

LOSS OF ELIGIBILITY FOR ADDITIONAL DIRECT SUBSIDIZED LOANS
After you have received Direct Subsidized Loans for your Maximum Eligibility Period, you are no longer eligible to receive additional Direct Subsidized Loans. You may receive Direct Unsubsidized Loans depending on your college’s policy.

LOSS OF INTEREST SUBSIDY
If you have borrowed Direct Subsidized Loans and reach the Maximum Eligibility Period for your major before you graduate, you are no longer eligible for an interest subsidy. The Department of Education will stop paying the interest that accrues on your Direct Subsidized Loans. You are then responsible for the interest that accrues on all your Direct Subsidized Loans from the date of your enrollment after reaching the 150% limit. Your federal loan servicer will notify you when you become responsible for paying the interest.

REGAINING ELIGIBILITY FOR DIRECT SUBSIDIZED LOANS
A student may again become eligible to receive Direct Subsidized Loans if enrolling in a new undergraduate program that is longer than the previous one. In this case, the Department of Education will pay the interest that accrues on any new loans within eligible pay periods.

<table>
<thead>
<tr>
<th>Do I become responsible for paying the interest that accrues on my Direct Subsidized Loans because . . .</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am no longer eligible for Direct Subsidized Loans and I stay enrolled in my current major?</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>I am no longer eligible for Direct Subsidized Loans, did not graduate from my prior program, and am enrolled in a major that is the same length or shorter than my prior one?</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>I transferred into a shorter major and lost eligibility for Direct Subsidized Loans because I received Subsidized Loans for a period that equals or exceeds my new, lower Maximum Eligibility Period, based on the length of the new major?</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>I was no longer eligible for Direct Subsidized Loans, did not graduate from my prior program, and am now enrolled in a major that is longer than my prior one?</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>I lose eligibility for Direct Subsidized Loans and immediately withdraw from my program?</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>I graduated from my prior program prior to or upon meeting the 150% limit, and enroll in a major that is the same length or shorter than my prior one?</td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

Always check your Butte College email
Use our website at www.butte.edu/financialaid. See:
- Student Loans under Types of Aid
- Student Loan Packets under Forms & Links

Go to http://studentaid.ed.gov for the latest information on all types of Financial aid
Visit our Facebook page at Butte College Financial Aid (FB account not necessary)

Butte College does not discriminate on the basis of age, race, color, national origin, sex or disability in its programs offerings, admission criteria, accessibility, admission and employment criteria. Contacts on issues regarding Title IX and Section 504 may be made to Allen Renville, Vice President of Student Services, Butte Community College, 3536 Butte Campus Drive, Oroville, CA 95965, (530) 895-2239.
**IMPORTANT CONSUMER INFORMATION FOR NEW BORROWERS**

Beginning July 1, 2013 all new subsidized student loan borrowers who borrow on or after July 1, 2013 will be subject to a “Maximum Eligibility Period” for Direct Subsidized loan eligibility. The “Maximum Eligibility Period” may not extend beyond 150% of the published length of a student's academic program. After a student has received subsidized loans for 150% of the published length of their academic program:

1. The student may not receive any additional subsidized loans, and
2. The student will lose the subsidy on all subsidized loans received from July 1, 2013 onward, unless they transfer to a longer program that has a greater time limitation.

**BASIC GUIDELINES**

<table>
<thead>
<tr>
<th>Program Length</th>
<th>Time Limitation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-year Certificate of Achievement Program</td>
<td>1½ years of subsidized loan eligibility</td>
</tr>
<tr>
<td>2-year Associate's Degree</td>
<td>3 years of subsidized loan eligibility</td>
</tr>
<tr>
<td>4-year Bachelor's Degree</td>
<td>6 years of subsidized loan eligibility</td>
</tr>
</tbody>
</table>

The federal 150% rule does not provide any provisions for appeal. There are no extenuating circumstances.

Reminder: Subsidized Direct Loans are loans for which the federal government pays the student borrower’s interest while the student is enrolled in college at least half-time. There is a 6-month grace period before repayment begins for student borrowers when they are no longer enrolled at least half-time or if the loan is in deferment status. However, student borrowers are responsible for the interest that accrues during the grace period. You do not have to begin repayment until the end of the grace period (unless you choose to) but the interest will be added (capitalized) to the principal amount of your loan when the grace period ends.

**LENGTH OF PROGRAMS**

Because the Maximum Eligibility Period is based on the published length of a student’s current academic program, this means that your Maximum Eligibility Period can change if you change programs. Also, if you receive Direct Subsidized Loans for one academic program and then change to another program, the Direct Subsidized Loans you received for the earlier major will count against your new Maximum Eligibility Period.

**WHAT IS AN ACADEMIC PROGRAM?**

When you enroll at Butte College, you select an educational goal. Eligibility for financial aid requires one of the following goals: Associate’s Degree, Transfer objective, or Certificate of Achievement. Your academic program includes both the educational goal and your major (such as Associate Degree in Child Development or Certificate of Achievement in Automotive Technology). See Basic Guidelines at left for standard academic program lengths.

**1ST-TIME BORROWERS ONLY**

The 150% regulation is in effect for first-time subsidized student loan borrowers who borrow after July 1, 2013. Students who previously borrowed a subsidized student loan prior to July 1, 2013, are not impacted by this policy unless they have repaid their loans. According to the new regulation, students are considered new borrowers when past student loans have been repaid.

**SUMMARY OF NEW LOAN ELIGIBILITY COMPONENTS**

**Maximum Eligibility Period** - 150% of the published length of the academic program in which the student borrower is currently enrolled.

**Subsidized Usage Period** - Period of time for which a borrower received a Direct Subsidized Loan.

**Remaining Eligibility Period** - Difference between the Maximum Eligibility Period and the total of all Subsidized Usage Periods.

**ELIGIBILITY WHEN CHANGING PROGRAMS**

The maximum time to receive subsidized loans is based on the length of the academic program in which the student is enrolled. Remaining subsidized eligibility is calculated by subtracting from “Maximum Eligibility Period” the time the student has already received subsidized loans.

Remaining subsidized eligibility is calculated by subtracting from maximum eligibility the time the student has already received subsidized loans.

**Example 1.** Borrower enrolls in a 2-year Associate’s Degree program and receives 3 years of subsidized loans.

- Borrower transfers to 4-year program (which has 6 years of eligibility)
- Borrower has 3 years of remaining subsidized loan eligibility, (6-3=3 yrs)
- No loss of interest subsidy because borrower transferred to a longer program (and still has student deferment).

**Example 2.** Borrower enrolls in a 4-year Bachelor’s Degree program, receives 3 years of subsidized loans, and completes the program.

- Borrower enrolls in a 2-year AA/AS program.
- Borrower has no remaining subsidized loan eligibility (has used all 3 yrs).
- Borrower does not lose interest subsidy because borrower completed the earlier program.

**Example 3.** Borrower enrolls in a 4-year Bachelor’s Degree program, receives 3 years of subsidized loans, and does not complete the program.

- Borrower transfers to a 2-year AA/AS program.
- Borrower has no remaining subsidized loan eligibility.
- Borrower loses interest subsidy because of enrollment in a shorter program, even with no additional loans.

**Example 4.** Borrower enrolls in a 1-year Certificate program, receives 1.5 years of subsidized loans, and changes to a 2-year AA/AS Degree program.

- Borrower has 1.5 years remaining subsidized eligibility (3-1.5=1.5 yrs)