SOR Examples

Under the new rules, annual loan limits are based on a student's enrollment intensity across the academic year rather than simply being awarded the full annual loan limit.

For undergraduate students:

- Full-time for the academic year = 24 credits (12 Fall + 12 Spring).
- A student completing fewer than 24 credits may have a reduced annual loan limit.
- Schools must review enrollment and adjust remaining eligibility when students reduce enrollment.

Example 1 – Undergraduate Student Drops Classes Before Fall Disbursement

Dependent freshman annual loan limit: **$5,500**

Initial enrollment:

- Fall: 12 credits
- Spring: 12 credits (assumed)
- Total: 24 credits

Before fall disbursement, student drops to:

- Fall: 9 credits
- Spring: 12 credits (assumed)
- Total: 21 credits

SOR Formula and Result

Enrollment intensity:

21 ÷ 24 = 88% (rounded up from 87.5)

Reduced annual loan limit:

$5,500 × 88% = $4,840

Because the reduction occurred **before disbursement**, the loan is adjusted before funds are released. The student receives a reduced annual loan amount, which is split between Fall and Spring. Since 43% of the student's 21 credit hours will be in the fall and 57% will be in the spring, 43% of the new annual amount will be awarded in the fall and the remaining 57% will be awarded for spring.

Effect on Spring Eligibility

- Spring disbursement is calculated from the reduced annual limit.
- Student loses approximately $660 in annual direct loan eligibility.
- No additional direct loan spring borrowing is available unless enrollment increases:

  If the student were to take 15 hours in the spring, that in addition to the 9 from fall would give them 24 credit hours for the academic year and would therefore allow them to borrow the remainder of $5,500 (full-time annual amount) as opposed to the reduced annual amount of $4,840

Example 2 – Undergraduate Student Drops Classes After Fall Disbursement

Dependent freshman annual loan limit: **$5,500**

Initial enrollment:

- Fall: 12 credits
- Spring: 12 credits (assumed)

Student receives Fall disbursement based on full-time enrollment.

After disbursement, the student withdraws from 3 credits and finishes Fall at 9 credits.

SOR Formula and Result

The Fall disbursement remains valid because the student was eligible when it was disbursed. However, the school must recalculate the student's annual loan eligibility under the Schedule of Reductions.

Annual eligibility becomes:

21 ÷ 24 = 88% (rounded up from 87.5)

Reduced annual loan limit:

$5,500 × 88% = $4,840

Maximum remaining Spring eligibility would be approximately **$2,090** (remainder of the new annual limit of **$4,840** after **$2,750** Fall disbursement) rather than the originally planned **$2,750**. The Spring loan is reduced to keep the student within the revised annual limit.

Again, student may take additional 3 credits in spring, for 15 total, to increase annual enrollment to 24 total credit hours and then receive full $2,750 for Spring semester.

Example 3 – Graduate Student Drops Classes After Fall Disbursement

Graduate student annual loan limit: **$20,500** in Direct Unsubsidized Loan

Initial enrollment:

- Fall: 6 credits
- Spring: 6 credits (assumed)

Student receives Fall disbursement based on full-time enrollment: $10,250.

After disbursement, the student withdraws from 3 credits and finishes Fall at 3 credits.

SOR Formula and Result

The Fall disbursement remains valid because the student was eligible when it was disbursed. However, the school must recalculate the student's annual loan eligibility under the Schedule of Reductions.

Annual eligibility becomes:

9 ÷ 12 = 75%

Reduced annual loan limit:

$20,500 × 75% = $ 15,375

Maximum remaining Spring eligibility would be approximately **$5,125** (remainder of the new annual limit of **$15,375** after **$10,250** Fall disbursement) rather than the originally planned **$10,250**. The Spring loan is reduced to keep the student within the revised annual limit.

Again, student may take additional 3 credits in spring, for 9 total, to increase annual enrollment to 15 total credit hours and then receive full $10,250 for Spring semester.

SOR and Graduate PLUS Loans

Legacy* graduate student annual loan limit: **$20,500** Unsub and remaining Cost of Attendance (COA) in Graduate PLUS (example: student with $30,000 COA would have $9,500 in Grad PLUS eligibility)

Graduate PLUS Loans are also subject to SOR. In the aforementioned scenario, where the student's annual Unsub was reduced to $15,375, we would take the $29,875 In-State COA and subtract the $15,375 which would result in a gap of $14,500 gap. Due to SOR, student would not be eligible to borrow the full $14,500 only 75% of the amount, which would be $10,875. This amount would be split proportionally based on proportion of hours in each semester.

Fall 3 credits = $3,625 Spring 6 credits = $7,250

*Legacy graduate students are students who borrowed Federal Direct Loans for their current program of study that disbursed prior to July 1st, 2026 and continue to meet the Legacy requirements.

Example 4 – Common Graduate Scenario

Many graduate students enroll in 3 credits per semester due specific program schedules or balancing course load with day-to-day life.

In these scenarios, we will calculate the SOR prior to disbursement and adjust the student's annual loan amount based upon an enrollment intensity of 50% (6/12 credit hours).

The annual Unsub amount becomes $10,250, which is split between the fall and spring.