Federal Direct Loan Proration Policy

Federal regulations require schools to prorate the Federal Direct Loan amounts for graduating undergraduate students when their final period of enrollment is less than a full academic year. The loan limit proration determines the maximum loan amount that a student may borrow for the final term of study based on the degree they are earning.

Lamar University must prorate the Federal Direct Stafford Loan amount for an undergraduate student who enrolls in only one semester as an undergraduate during the academic year and will graduate during the same academic year. The proration is based on a ratio of the number of hours enrolled during the semester divided by twenty-four credit hours multiplied by the applicable annual loan limit. This proration is performed separately by each Subsidized and Unsubsidized Federal Direct Loan awarded.

Note: Loan proration impacts undergraduate students applying for graduation who are receiving Federal Direct Subsidized and Unsubsidized Loans. It does not apply to Graduate or Professional students.

This affects students enrolled for only one final semester in an academic year: either fall-only, spring-only, or summer-only. This will not affect students who are enrolled in fall and spring semesters and graduate at the end of the spring semester.

Students are typically awarded on a Fall/Spring basis at the beginning of the award year and must notify the Office of Scholarships and Financial Aid (OSFA) that they will be graduating prior to the loan origination. If the loan is originated for Fall/Spring and then the students notifies the Office of Financial Aid of graduation plans, Spring aid and all subsequent aid will be cancelled. The student will remain a Fall/Spring student, however Spring aid will be cancelled because at the time of loan origination per all information available, and good faith, the student was indicated as a Fall/Spring student.

The following process will be conducted to locate students that are graduating before loan origination is processed:

Before originating loans, the OSFA will run a report to identify students that have an expected graduation of Fall for the year requested. Once a student graduation date is
verified, the Graduating SR/PB Enrollment Verification form (GRDPB) will be placed on the students account to confirm they will indeed graduate and indicate the number of hours they will be enrolled. The proration is based on the number of hours the student is enrolled in. After OSFA is notified and adjustments are made, OSFA will adjust the student’s budget to Fall Only and any awards and subsequent aid will be cancelled.

Note: Proration will also occur if the student notifies OSFA before loan origination by statement, email, etc.