

Reimagining and Improving Student Education (RISE)
Negotiated Rulemaking Session 2, November 3 through 7, 2025
7 Proposed Draft Regulations
Section 685.203 Loan Limits

Amend § 685.203 by revising paragraphs (b) (2), (c) (2), (e), (f), (g), and (j); and adding new paragraphs (l) and (m) to read as follows:

§ 685.203 Loan limits.

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(b) * * *

(2) * * *

(iii) In the case of a graduate or professional student for a period of enrollment beginning on or after July 1, 2012, and ending on or before June 30, 2026, the total amount the student may borrow for any academic year of study under the Direct Unsubsidized Loan Program may not exceed \$8,500.

(iv) Loan Limits for Graduate and Professional Students for Periods of Enrollment Beginning On or After July 1, 2026

(A) (1) A graduate student, who is not a professional student, for a period of enrollment beginning on or after July 1, 2026, may borrow up to \$20,500 for any academic year under the Direct Unsubsidized Loan Program.

(2) A professional student, for a period of enrollment beginning on or after July 1, 2026, may borrow up to \$50,000 for any academic year under the Direct Unsubsidized Loan Program.

(B) The limitations in effect on July 1, 2026, for annual loan limits as described in paragraph (b) (2) (iv) (A) of this section shall not be applicable to student borrowers during the period of the student's expected time to credential if-

(1) the student is enrolled in a program of study at an institution as of June 30, 2026; and

(2) a Direct Loan was made prior to July 1, 2026, for such a program of study.

(C) If the student withdraws in accordance with § 668.22 or otherwise ceases to be enrolled in the program of study at any point after receiving the exception under paragraph (b) (2) (iv) (B) of this section, the limitations under paragraph (b) (2) (iv) (A) shall apply.

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(c) * * *

(2) * * *

(v) In the case of a graduate or professional student for a period of enrollment through June 30, 2026, \$12,000.

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(e) * * *

(3) For a graduate or professional student for periods of enrollment beginning before July 1, 2026, \$138,500, including any loans for undergraduate study, minus any Direct Subsidized Loan, Subsidized Federal Stafford Loan, and Federal SLS Program loan amounts.

(4) For a graduate student for a period of enrollment beginning on or after July 1, 2026-

(i) who is not and has never been a professional student at that institution, \$100,000.

(ii) who is or has been a professional student at that institution, \$200,000, minus any amounts such student borrowed as a graduate student.

(5) For a professional student for a period of enrollment beginning on or after July 1, 2026, \$200,000, minus any Direct Subsidized Loan, Subsidized Federal Stafford Loan, and Federal SLS Program loan amounts and any amounts such student borrowed as a graduate student, if applicable.

(6) The limitations for aggregate loan limits described in paragraphs (e) (4) and (e) (5) of this section shall not be applicable to student borrowers during the period of the student's expected time to credential, if-

(i) the student is enrolled in a program of study at an institution as of June 30, 2026; and

(ii) a Direct Loan was made for such program of study prior to July 1, 2026.

(7) If the student withdraws in accordance with § 668.22 or otherwise ceases to be enrolled in the program of study at any point after receiving the exception under paragraph (e) (6) of this section, the limitations under paragraphs (e) (4) or (e) (5) shall apply, as applicable.

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(f) Direct PLUS Loans annual limit.

(1) Annual Limits Before July 1, 2026. The total amount of all Direct PLUS Loans that a parent or parents may borrow on behalf of each dependent student, or that a graduate or professional student may borrow, for any academic year of study for a period of enrollment beginning before July 1, 2026, may not exceed the cost of attendance minus other estimated financial assistance for the student.

(2) Annual Limits On or After July 1, 2026

(i) For periods of enrollment beginning on or after July 1, 2026, the total amount of all Direct PLUS

Loans that all parents may borrow on behalf of each dependent student for any academic year of study may not exceed \$20,000 minus other financial assistance (as defined in Sec. 480(i) of the Act) for the student.

(ii) The limitation for annual loan limits described in paragraph (f)(2)(i) of this section shall not be applicable to parent borrowers, who borrowed a loan on behalf of a dependent student, during the period of the student's expected time to credential, if-

(A) the student is enrolled in a program of study at an institution as of June 30, 2026; and

(B) a Direct Loan was made to the parent borrower for such program of study on behalf of the dependent student, or a Direct Loan was made to the dependent student for such program of study.

(iii) If the student withdraws in accordance with § 668.22 or otherwise ceases to be enrolled in the program of study at any point after receiving the exception under paragraph (f)(2)(ii) of this section, the limitations under paragraph (f)(2)(i) of this section shall apply to the parent borrower of that dependent student.

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(g) Direct PLUS Loans aggregate limit.

(1) Aggregate Limits Before July 1, 2026. The total amount of all Direct PLUS Loans that a parent or parents may borrow on behalf of each dependent student, or that a graduate or professional student may borrow for a period of enrollment beginning before July 1, 2026, for enrollment in an eligible program of study may not exceed the student's cost of attendance minus other estimated financial assistance for that student for the entire period of enrollment.

(2) Aggregate Limits On or After July 1, 2026. For periods of enrollment beginning on or after July 1, 2026, the total amount of all Direct PLUS Loans that all parents may borrow on behalf of each dependent student for enrollment in an eligible program of study may not exceed \$65,000 for the entire period of enrollment, without regard to any amounts repaid, forgiven, canceled, or otherwise discharged on any such loan. Any amount of loan funds that have been returned by the institution, or the borrower will not count against the aggregate loan limit under this paragraph (g) (2).

(3) The limitation for aggregate loan limits described in paragraph (g) (2) of this section shall not be applicable to parent borrowers during the period of the student's expected time to credential, if—

(i) the student is enrolled in a program of study at an institution as of June 30, 2026; and

(ii) a Direct Loan was made to the parent for such program of study on behalf of the dependent student, or a Direct Loan was made to the dependent student for such program of study prior to July 1, 2026.

(4) If the student withdraws in accordance with § 668.22 or otherwise ceases to be enrolled in the program of study at any point after receiving the exception under paragraph (g) (3) of this section, the limitations under paragraph (g) (2) of this section shall apply.

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(j) Maximum loan amounts.

(1) In no case may a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan amount exceed the student's estimated cost of attendance for the period of enrollment for which the loan is intended, less—

(1i) The student's estimated financial assistance for that period; and

(~~2~~ii) In the case of a Direct Subsidized Loan, the borrower's expected family contribution for that period.

(2) Effective July 1, 2026, the lifetime maximum aggregate amount of loans made, insured, or guaranteed under the Act that a student may borrow, excluding Federal PLUS loans or Federal Direct PLUS loans, shall be \$257,500 without regard to any amounts repaid, forgiven, canceled, or otherwise discharged on such loans. Any amount of loan funds that have been returned by the institution, or the borrower, will not count against the lifetime maximum aggregate loan limit in this paragraph (j)(2).

(3) The limitation for lifetime maximum aggregate loan limits described in paragraph (j)(2) of this section shall not be applicable to student borrowers during the period of the student's expected time to credential, if-

(i) the student is enrolled in a program of study at an institution as of June 30, 2026; and

(ii) a Direct Loan was made for such program of study prior to July 1, 2026.

(4) If the student withdraws in accordance with § 668.22 or otherwise ceases to be enrolled in the program of study at any point after receiving the exception under paragraph (j)(3) of this section, the limitations under paragraph (j)(2) of this section shall apply.

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(1) For the purposes of this section, if a student is enrolled in a program that awards both a graduate degree and professional degree, the student shall be considered a professional student if more than 50% of the credit hours in that program count toward the professional degree.

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(m) Additional Rules for Loan Limits.

(1) Less Than Full-Time Enrollment. Notwithstanding any provision of 34 CFR parts 682 or 685, in any case in which a student is enrolled in an eligible program at an

institution on a less than a full-time basis during any academic year, the amount of any Direct Loan that student may borrow for an academic year or its equivalent shall be reduced in direct proportion to the degree to which that student is not so enrolled on a full-time basis, as of the date the institution determined the student's eligibility for the disbursement in accordance with 34 CFR 668.164(b) (3), rounded to the nearest whole percentage point, as follows:

$$\left(\frac{\text{number of credit hours enrolled for academic year}}{\text{number of credit hours considered full time for that academic year for the program of study}} \right) \times 100$$

= reduced annual loan limit percentage

(i) Borrower Who Transfers to Another Institution. If a borrower transfers from one eligible institution to another eligible institution within the same academic year, the transfer institution must calculate the Direct Loan eligibility that student may borrow for the term in which the borrower is enrolled, or its equivalent, in direct proportion to the degree to which that student is not so enrolled on a full-time basis for that term.

(A) The transfer institution shall first determine the amount of the academic year loan limit under this section that the term represents.

(B) The institution shall then determine the borrower's eligibility for a disbursement of a Direct Loan for the term, in accordance with 34 CFR 668.164(b) (3) .

(C) The institution shall then reduce the borrower's Direct Loan amount based on less than full-time enrollment for that term at that institution, as follows:

$$\left(\frac{\text{number of credit hours enrolled for academic year}}{\text{number of credit hours considered full time for that academic year for the program of study}} \right) \times 100$$

= reduced annual loan limit percentage

(2) Institutionally Determined Loan Limits

(i) Beginning on July 1, 2026, an institution may limit the total amount of Direct Subsidized, Unsubsidized, and PLUS loans that a student, or a parent on behalf of such student, may borrow for a program of study for an academic year, as long as any such limit is applied consistently to all students enrolled in that program of study.

(ii) An institution that limits the total amount of Direct Loans for an eligible program under paragraph (1)(2)(i) of this section must document its decision and follow the record retention and examination requirements in 34 CFR 668.24.

(iii) An institution must provide clear and conspicuous information describing any program of study that is subject to the loan limitation and explain the need for such limitation to current and prospective students, including, but not limited to: publication in the institution's course catalog, publication on institution's website(s), and award notifications.

(iv) Prior to taking such action under paragraph (1)(2)(i) of this section, an institution must notify the student who plans to enroll or is enrolled in the program subject to this limitation.

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