



# Federal Direct Loan Program 8.1.1

Regaining Title IV Eligibility after Inadvertent Overborrowing

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## POLICY STATEMENT

According to 34 CFR 668.32(g)(2), students who have received Title IV loan funds exceeding either their annual or aggregate limits cannot receive additional Title IV funding; however, under 34 CFR 668.35(d), a student who has *inadvertently* exceeded those limits may regain eligibility under certain circumstances. In order to qualify, the student may not be currently in default on any Title IV loan.

Following are the three options available to resolve the inadvertent overborrowing.

### 1. Repay the Excess Loan Amount

The student should contact the servicer of their loan and follow their instructions for repayment. The student must provide, or arrange for the servicer to provide, documentation to NSC confirming repayment of the excess amount. In this case, the inadvertent overborrowing will be considered resolved on the date the servicer received the full payment of the excess amount.

### 2. Reaffirmation of the Excess Loan Amount

The student may “reaffirm” their obligation to repay the excess amount according to the original terms of the Master Promissory Note. A student must contact the servicer of her or his loan and notify them of the overborrowing and their intent to reaffirm. If allowable, the servicer will send the student an agreement to sign and return. Once processed, the servicer will send the student confirmation, which the student must provide to NSC. In this case, the inadvertent overborrowing will be considered resolved on the date the servicer received the signed reaffirmation agreement.

### 3. Loan Consolidation that includes the loan that resulted in the inadvertent overborrowing

If NSLDS indicates the loan(s) that resulted in the inadvertent overborrowing was included in a Direct Consolidation Loan (or, prior to July 1, 2010, into a FFEL Consolidation Loan), the overborrowing is considered to be resolved based on the student’s agreement to repay the consolidation loan.

#### Eligibility effective dates

Federal Pell Grant, Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work-Study (FWS), and Iraq and Afghanistan Service Grant (IASG): student regains eligibility beginning with the current semester

Federal Direct Loan Program: student regains eligibility for the entire academic year

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## REASON FOR POLICY

Required under 34 CFR 668.32(g)(2) and 34 CFR 668.35(d)

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## CONTACTS

| SUBJECT            | CONTACT         | PHONE        | EMAIL  |
|--------------------|-----------------|--------------|--|
| Primary Contact(s) | Anthony Morrone | 702-992-2156 | <a href="mailto:Anthony.Morrone@nsc.edu">Anthony.Morrone@nsc.edu</a> |
| Subject            | Jenna Eastman   | 702-992-2155 | <a href="mailto:Jenna.Eastman@nsc.edu">Jenna.Eastman@nsc.edu</a>     |

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## DEFINITIONS

**Inadvertent overborrowing** – “the inadvertent receipt of loan funds in excess of annual or aggregate loan limits is referred to as ‘inadvertent overborrowing.’ (Note that inadvertent overborrowing is not the same as an overaward where a student’s financial aid package exceeds the student’s financial need or cost of attendance.) Borrowing in excess of annual or aggregate loan limits is not considered to have been inadvertent if there is any evidence that the overborrowing was the result of deliberate action on the part of the institution that determined the borrower’s eligibility for the loan, or on the part of the borrower who received the loan.”  
GEN-13-02

**NSLDS** – National Student Loan Data System

**Servicer** – means either one of the federal loan contractors that manage repayment of federal loans, or the holder or servicer of a commercially held FFEL Program loan

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## HISTORY

Updated 2/14/2018