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CENTER FOR ADVANCED LEGAL STUDIES

Institutional Loan Limits and Funding-Based Enrollment Limits Policy

Effective Date: July 1, 2026

Applies To: Center for Advanced Legal Studies ("CALs"), including all Title IV eligible programs offered under Career Research Associates, Inc. dba Center for Advanced Legal Studies.

I. Purpose

Center for Advanced Legal Studies is committed to helping students obtain paralegal and legal business education through funding plans that are responsible, transparent, and consistent with federal student aid requirements. This policy establishes institutional annual loan limits for CALS programs and class-start enrollment limits based on student funding options, including the treatment of students receiving veterans education benefits.

This policy is intended to:

1. Limit unnecessary student loan borrowing;
2. Reduce the likelihood that students borrow federal loan funds for indirect or living expenses when such borrowing is not necessary to complete the program;
3. Support responsible student debt management and repayment outcomes;
4. Maintain consistent and documented Title IV packaging practices;
5. Support institutional compliance with the 90/10 revenue requirement applicable to proprietary institutions;
6. Recognize and accommodate students using VA Education Benefits without imposing a funding-based enrollment cap on those students; and
7. Establish transparent enrollment procedures for class starts when funding source limitations are necessary.

II. Legal and Regulatory Authority

Effective July 1, 2026, federal regulations permit an institution to limit the total amount of Direct Subsidized Loans and Direct Unsubsidized Loans that a student may borrow for a program of study for an academic year, provided that the limit is applied consistently to all students enrolled in that program of study.

Institutions that establish such limits must document the decision, retain supporting records, provide clear and conspicuous information to current and prospective students, publish the limitation in appropriate institutional materials including the catalog, website, and award notifications, and notify students before applying the limitation.

In addition, the U.S. Department of Education has stated in its 90/10 Frequently Asked Questions that an institution may set enrollment limits for the number of students it will admit for a class start based on funding source, including Title IV, HEA funds or other Federal education funds, unless the institution's Program Participation Agreement provides otherwise.

This policy separately addresses students whose funding plans include VA Education Benefits. CALS will not impose a funding-based enrollment cap on VA Benefit Students solely because they use VA Education Benefits, Title IV funds, or a combination of VA Education Benefits and Title IV funds. However, for class-start allocation purposes,

seats taken by VA Benefit Students will be charged against the same allocation used to determine the number of non-VA Category C students who may be admitted for the applicable class start.

III. Definitions

Academic Year means the Title IV academic year used by CALS for the student's program and aid packaging.

Direct Loans means Direct Subsidized Loans and Direct Unsubsidized Loans processed by CALS for an eligible student.

Direct Costs / Direct Cost of Attendance Component means institutional charges and required educational costs charged or administered by CALS, including tuition, required fees, books, required course materials, and other required program-related charges included by CALS in the student's direct cost component of the cost of attendance. Direct Costs do not include indirect living expenses unless expressly identified by CALS as an institutional charge.

Indirect Costs / Living Expenses means non-institutional cost of attendance components such as housing, food, transportation, personal expenses, and other living expenses that may be included in the Title IV cost of attendance but are not institutional charges owed directly to CALS.

Class Start means an individual program start date or cohort start date established by CALS.

Funding Option Category means the student's documented funding arrangement for the applicable class start, as described in this policy.

Title IV Funding means federal student aid funds authorized under Title IV of the Higher Education Act, including Pell Grants and Direct Loans.

Federal Education Assistance Funds means Title IV funds and other educational assistance funds provided by a federal agency that are required to be treated as federal funds for 90/10 purposes.

VA Education Benefits means veterans education benefits or other educational assistance administered by or through the U.S. Department of Veterans Affairs, or another veterans education benefit program accepted by CALS, whether paid directly to CALS or paid to or on behalf of the student.

VA Benefit Student means a student whose documented funding plan includes VA Education Benefits. For purposes of this policy, this term may include an eligible veteran, servicemember, spouse, dependent, or other beneficiary using VA Education Benefits.

IV. Institutional Annual Direct Loan Limits

Beginning July 1, 2026, CALS will limit the annual amount of Direct Loans certified for students enrolled in the following programs as follows:

CALS Program	Institutional Annual Direct Loan Limit
Paralegal Certificate Program	\$9,500 per academic year
Associate of Applied Science Degree Program	\$9,500 per academic year
Bachelor of Arts in Law and Business Degree Program	\$10,500 per academic year

These institutional limits apply to the combined total of Direct Subsidized Loans and Direct Unsubsidized Loans certified by CALS for the applicable academic year.

A student's actual loan eligibility may be lower than the institutional annual limit based on federal annual loan limits, aggregate loan limits, dependency status, grade level, remaining eligibility, enrollment status, remaining period of study, cost of attendance, other financial assistance, satisfactory academic progress, or any other applicable federal requirement.

CALS will never certify a Direct Loan amount that exceeds the lesser of:

1. The applicable CALS institutional annual loan limit;
2. The student's remaining eligibility under federal annual and aggregate loan limits;
3. The student's cost of attendance minus other financial assistance;
4. The student's requested loan amount; or
5. Any other applicable federal, state, institutional, or program-specific limitation.

V. Rationale for Institutional Loan Limits

CALS has adopted institutional annual Direct Loan limits to promote responsible borrowing and to reduce student reliance on loans for expenses that are not necessary to pay direct educational costs. CALS programs are designed to prepare students for paralegal, legal support, and law-related business careers through focused, career-oriented education. CALS has determined that the annual loan limits established in this policy are appropriate to help students fund direct educational costs while reducing unnecessary debt burden.

CALS encourages students to borrow only what they need. Students may use personal payments, employer payments, private scholarships, third-party payments, payment plans, VA Education Benefits, or other non-federal sources to reduce or eliminate the need for federal student loan borrowing.

VI. Student Notification and Disclosure

CALS will provide clear and conspicuous notice of institutional annual Direct Loan limits and funding-based enrollment procedures through one or more of the following:

1. CALS catalog;
2. CALS website;
3. Admissions disclosures;
4. Financial aid award notifications;
5. Enrollment documents;
6. Student financing plan documents;
7. Financial aid counseling communications;
8. Veterans benefit and school certifying official communications, when applicable; and
9. Other appropriate student communications.

Prior to applying an institutional loan limit to a student who plans to enroll or who is enrolled in a covered program, CALS will notify the student that the program is subject to an institutional annual Direct Loan limit and will explain the reason for the limitation.

VII. Funding-Based Enrollment Limits

CALS may establish enrollment limits for each class start based on student funding options when necessary to manage institutional compliance, support responsible borrowing, and satisfy 90/10 requirements. Enrollment limits will be established on an individual class-start basis and may change from one class start to another based on institutional 90/10 projections, student demand, funding mix, program capacity, VA Benefit Student enrollment, and compliance considerations.

A. Funding Option Categories

For each class start, CALS will classify applicants into one of the following funding option categories based on their documented funding plan.

Category A - 100% Direct Payment Students

Students funding their education 100% through direct payments are not subject to the funding-based enrollment cap.

Direct payment arrangements may include:

1. Payment in full;
2. Monthly direct payments to CALS;
3. Extended payment arrangements through TFC Credit Corporation, if approved and accepted by CALS;
4. Employer payments;
5. Third-party payments from non-federal sources;
6. Private scholarship payments; or
7. Any other non-federal payment source accepted by CALS.

Students in this category do not rely on Title IV funds to satisfy institutional charges for the applicable class start.

Category B - 15% Down Payment or Monthly Non-Federal Payment Plan with Title IV Limited to Remaining Direct Costs

Students who either pay at least 15% down from non-federal funds or enter into a CALS-approved monthly payment plan requiring payments of at least \$150 per month from CALS-approved non-federal payment sources, and who rely on Title IV grants and loans only for the remaining direct cost of attendance, are not subject to the funding-based enrollment cap.

To qualify for Category B, the student must:

1. Satisfy one of the following non-federal payment commitments: (a) pay at least 15% of the applicable direct program cost or otherwise satisfy the 15% down payment requirement through a CALS-approved non-federal payment source; or (b) enter into a CALS-approved monthly payment plan under which the student commits to pay at least \$150 per month from CALS-approved non-federal payment sources;
2. Remain current and in good standing on any required monthly payment plan while enrolled;
3. Use Title IV grants and loans only up to the remaining direct cost of attendance;
4. Not request or receive Title IV loan funds for indirect costs or living expenses;
5. Complete all required financial aid and payment plan documentation by CALS deadlines; and
6. Acknowledge that failure to remain current and in good standing on a required monthly payment plan may result in removal from Category B and reclassification to Category C, unless the student qualifies as Category D.

A Category B student remains subject to the institutional annual Direct Loan limits in this policy. The \$150 monthly payment plan option is intended to provide students with greater financial flexibility while still requiring a meaningful non-federal payment commitment that is roughly equivalent to paying 15% down over time.

A Category B student who qualifies based on a monthly payment plan must remain current and in good standing on that payment plan while enrolled. Failure to remain current and in good standing will be treated as a change in funding plan and may result in reclassification to Category C and the consequences applicable to students who move from Category B to Category C.

Category C - Title IV Funding for Direct Costs and Additional Living Expenses

Students who are unable to pay toward their education as they attend and who need to rely on Title IV funding for direct educational costs and/or additional living expenses are subject to a funding-based enrollment limit, unless they are classified as Category D based on the use of VA Education Benefits.

A student will be classified in Category C if the student's funding plan requires or requests Title IV loan funds beyond the direct cost component of attendance, including funds intended to create or increase a student credit balance for indirect or living expenses, and the student is not a VA Benefit Student.

Category C students are limited to the number of available Category C seats remaining after any Category D seats have been allocated for the applicable class start.

Category D - VA Benefit Students

Students whose documented funding plan includes VA Education Benefits are classified as Category D for funding-based enrollment purposes.

Category D students are not subject to a funding-based enrollment cap based solely on their use of VA Education Benefits, Title IV funds, or a combination of VA Education Benefits and Title IV funds. This includes Category D students who use Title IV funds for direct costs and/or additional living expenses.

For class-start allocation purposes, seats taken by Category D students will be allocated from the same class-start allocation otherwise available to Category C students. As a result, each Category D enrollment may reduce the number of non-VA Category C students who may be admitted for that specific class start.

If the number of Category D students equals or exceeds the class-start allocation that would otherwise be available for Category C students, CALS may continue to enroll otherwise eligible Category D students without regard to the Category C cap; however, CALS may admit no additional non-VA Category C students for that class start unless institutional leadership approves a prospective class-start adjustment consistent with this policy and applicable compliance requirements.

B. Class-Start Enrollment Cap and VA Allocation

For each class start, non-VA Category C students are limited to no more than 40% of the total number of students enrolled for that class start, reduced by the number of Category D students enrolled for that same class start. Category D students are not capped, but their seats are charged against the same allocation used to determine the number of available non-VA Category C seats.

For purposes of calculating the cap and allocation:

1. The denominator is the total number of students enrolled in the class start as of the official enrollment count date established by CALS.
2. The initial Category C allocation is 40% of the total number of students enrolled in the class start.
3. CALS will round down to the nearest whole student if the 40% calculation results in a fraction.
4. Category D students will be counted first against the initial Category C allocation for class-start allocation purposes.
5. The number of available non-VA Category C seats equals the initial Category C allocation minus the number of Category D students, but may not be less than zero.
6. If the number of Category D students exceeds the initial Category C allocation, Category D students may still enroll if otherwise eligible and if space is available; however, no additional non-VA Category C students may be admitted for that class start unless CALS approves a prospective adjustment.
7. CALS may use projected enrollment counts during the admissions cycle but must review the final funding mix before or as of the official enrollment count date.
8. CALS may establish a lower non-VA Category C cap for a particular class start if necessary to satisfy 90/10 projections or other compliance requirements.

Example 1: If CALS enrolls 25 students in a class start, the initial 40% allocation is 10 seats. If 3 students are Category D VA Benefit Students, then no more than 7 non-VA Category C students may be admitted for that class start.

Example 2: If CALS enrolls 25 students in a class start and 10 or more students are Category D VA Benefit Students, Category D students are not capped, but CALS may admit no additional non-VA Category C students for that class start unless a prospective adjustment is approved consistent with this policy.

VIII. Admissions and Enrollment Procedures

A. Funding Plan Review

Before a student is cleared for enrollment, CALS will determine the student's anticipated funding option category based on documentation available at the time of enrollment.

The admissions, financial aid, business office, and school certifying official functions will review, as applicable:

1. Student payment elections;
2. Down payment documentation or CALS-approved monthly payment plan commitment, payment source, payment status, and good-standing status;
3. TFC Credit Corporation payment arrangement status, when applicable;
4. Employer or third-party payment documentation;
5. FAFSA and Title IV eligibility information;
6. Estimated Pell Grant eligibility;
7. VA Education Benefit documentation, certification status, and expected funding, when applicable;
8. Requested Direct Loan amounts;
9. Whether the student requests Title IV funds for living expenses or other indirect costs;
10. Outstanding requirements that could affect funding; and
11. Any other information needed to confirm the student's funding plan.

B. Classification

CALS will classify each applicant or enrolled student as Category A, Category B, Category C, or Category D.

A student who qualifies as a VA Benefit Student will be classified as Category D, even if the student also uses Title IV grants or loans or requests Title IV loan funds for indirect costs or living expenses.

Classification will be based on the student's documented funding plan, not on protected status, demographic characteristics, disability, age, race, color, religion, national origin, sex, veteran or military status alone, marital status, or any other legally protected characteristic. A student's use of VA Education Benefits is considered only for funding-plan classification and class-start allocation purposes under this policy.

C. Category Changes

A student's funding category may be changed if the student changes the funding plan before or after enrollment.

Examples of changes include:

1. A Category C student pays the required 15% down payment or enters into a CALS-approved monthly payment plan requiring at least \$150 per month from non-federal sources, remains current and in good standing, and limits Title IV funding to remaining direct costs, becoming Category B;
2. A Category B student later requests Title IV loan funds for living expenses or fails to remain current and in good standing on a required monthly payment plan, becoming Category C unless the student qualifies as Category D;
3. A Category A student cancels a direct payment plan and requests Title IV funds, requiring reclassification;
4. A student obtains employer sponsorship or private scholarship funding that changes the student's reliance on Title IV funds;

5. A student begins using VA Education Benefits, becoming Category D for funding-based enrollment purposes; or
6. A Category D student stops using VA Education Benefits and continues to request Title IV funds beyond direct costs, becoming Category C.

If a currently enrolled student classified as Category A or Category B changes to Category C and does not qualify as Category D, such change will be considered a violation of the terms of the student's enrollment under this policy. In such cases, the student will be permitted to complete the current session but will be administratively withdrawn at the end of that session and required to reapply and reenroll under the Category C classification. The student is hereby advised that this process may result in delays in the resumption of their studies and that they will be subject to the same enrollment limitations, including class-start capacity restrictions, as new incoming students.

For a Category B student whose eligibility is based on the CALS-approved monthly payment plan option, failure to remain current and in good standing on the required monthly payment plan is considered a funding-plan change. CALS may provide notice and a reasonable opportunity to cure the payment-plan deficiency consistent with institutional procedures; however, if the deficiency is not cured, CALS may remove the student from Category B and treat the student as Category C for continued enrollment and class-start allocation purposes.

If a student changes from Category A or Category B to Category C after the available non-VA Category C allocation has been reached, CALS may require the student to select a different funding option, defer to a later class start, or otherwise resolve the funding plan consistent with this policy.

If a student changes to Category D based on the use of VA Education Benefits, the student will not be denied continued enrollment solely because the Category C allocation has been reached; however, the Category D seat will be charged against the Category C allocation for that class start and may reduce or eliminate remaining non-VA Category C availability.

D. Waitlist Procedure

If the available non-VA Category C enrollment allocation has been reached for a class start, CALS may place additional Category C applicants on a waitlist. Category D students will not be placed on a funding-based waitlist solely because of their use of VA Education Benefits or a combination of VA Education Benefits and Title IV funds, although they remain subject to ordinary program capacity, admissions, eligibility, and documentation requirements.

Waitlisted non-VA Category C students may be offered the following options:

1. Enroll in the same class start using a Category A funding plan;
2. Enroll in the same class start using a Category B funding plan;
3. Remain on the waitlist in case a non-VA Category C seat becomes available;
4. Defer to a later class start; or
5. Decline enrollment.

CALS will apply waitlist procedures consistently and will document the date and time of classification, student communications, VA Benefit Student allocation, non-VA Category C seat availability, and any student election.

IX. Financial Aid Packaging Procedures

A. Application of Institutional Annual Loan Limits

For each student packaged on or after July 1, 2026, CALS will apply the applicable institutional annual Direct Loan limit based on the student's program of study.

The financial aid office will package aid in the following order, unless federal rules or student circumstances require otherwise:

1. Determine the student's program, academic year, enrollment status, and payment period structure;

2. Determine the student's cost of attendance;
3. Identify direct costs and indirect costs;
4. Apply grants, scholarships, VA Education Benefits, employer payments, third-party payments, student payments, and other estimated financial assistance;
5. Determine remaining direct costs;
6. Determine the student's federal annual and aggregate Direct Loan eligibility;
7. Apply the CALS institutional annual Direct Loan limit;
8. Ensure that total Direct Loans do not exceed the lesser of applicable federal limits, CALS institutional limits, remaining cost of attendance, or the student's requested amount;
9. Confirm whether the student is receiving VA Education Benefits;
10. Confirm whether the student is requesting Title IV loan funds for indirect costs or living expenses;
11. Confirm the student's funding option category; and
12. Issue the award notification and required disclosures.

B. Loans for Living Expenses

CALS will counsel students that federal student loans must be repaid with interest and should be limited to amounts necessary to complete the student's program. Students are encouraged not to borrow for living expenses unless necessary.

Students who request Title IV loans for living expenses or other indirect costs will be classified as Category C for enrollment-limit purposes unless they are classified as Category D based on the use of VA Education Benefits. Category D students may use VA Education Benefits and Title IV funds, including Title IV funds for indirect or living expenses if otherwise eligible, without being subject to the Category C enrollment cap; however, their seats will be allocated from the Category C allocation for that class start.

C. Student Request to Borrow Less

Students may always request to borrow less than the amount for which they are eligible. CALS will honor student requests to reduce or cancel loans in accordance with federal requirements and institutional procedures.

X. Documentation and Record Retention

CALS will document the basis for the institutional annual Direct Loan limits and funding-based enrollment limits. Documentation may include:

1. Approved institutional policy;
2. Program cost information;
3. Student borrowing patterns;
4. Student repayment and debt management considerations;
5. Cohort default rate considerations;
6. 90/10 projections;
7. Class-start funding mix reports;
8. Internal approvals;
9. Student disclosures;
10. Student award notifications;
11. Student funding category classifications, including Category B payment-plan classifications and Category D classifications;

12. Category B non-federal payment documentation, including 15% down payment records, monthly payment plan commitments, payment sources, payment status, good-standing records, notices, cure opportunities, and reclassification records;
13. VA Education Benefit documentation and school certifying official records, when applicable;
14. Student requests to borrow less;
15. Waitlist records;
16. Exceptions based on correction of classification error; and
17. Any other records required under federal record retention rules.

CALS will retain records in accordance with 34 CFR 668.24 and any other applicable federal, state, accreditor, veterans education benefit, or institutional record retention requirement.

XI. Annual and Class-Start Review

CALS will review this policy at least annually and may review it before each class start.

The review may consider:

1. Current and projected 90/10 performance;
2. Program tuition and fee levels;
3. Student borrowing patterns;
4. Student loan repayment outcomes;
5. Cohort default rate indicators;
6. Student completion and placement outcomes;
7. Class-start enrollment demand;
8. Availability and performance of non-federal payment options, including Category B monthly payment plans;
9. VA Benefit Student enrollment and the effect of Category D allocations on non-VA Category C availability;
10. Changes in federal law, regulation, or Department of Education guidance;
11. Changes to veterans education benefit requirements or related agency guidance;
12. Changes to CALS's Program Participation Agreement; and
13. Operational experience implementing the policy.

CALS may adjust enrollment limits or procedures prospectively as needed. Any change to institutional annual Direct Loan limits must be documented, approved, disclosed, and communicated to affected students before implementation.

XII. Student Communications

CALS will use plain-language student communications explaining:

1. The applicable institutional annual Direct Loan limit;
2. The student's estimated direct costs;
3. The difference between direct costs and indirect living expenses;
4. The student's funding option category;
5. Whether the student is subject to a class-start funding-based enrollment cap;
6. That Category D VA Benefit Students are not subject to the non-VA Category C enrollment cap, but their seats may reduce the number of available non-VA Category C seats for that class start;
7. Available alternatives, including direct payment plans, CALS-approved Category B monthly payment plans of at least \$150 per month, TFC Credit Corporation payment arrangements, employer payments, VA Education Benefits, scholarships, or later class starts;

8. The student's ability to borrow less than the amount offered; and
9. The importance of borrowing responsibly.

XIII. No Guarantee of Enrollment or Financing

Admission to CALS does not guarantee that a student will be cleared for a particular class start if the student's funding option category is subject to an enrollment cap that has been reached.

Category D VA Benefit Students are not subject to a funding-based enrollment cap solely because they use VA Education Benefits, Title IV funds, or both. However, Category D students remain subject to ordinary admissions requirements, program capacity limits, documentation requirements, academic eligibility, VA benefit processing requirements, and all other applicable institutional, federal, state, accreditor, and veterans education benefit requirements.

Likewise, financial aid eligibility does not guarantee that CALS will certify loans up to the full federal maximum. CALS will certify Direct Loans only in accordance with applicable federal requirements and this institutional policy.

XIV. Non-Discrimination and Consistent Application

CALS will apply this policy consistently to students within the same program of study and class start. Funding-based enrollment limits are based on documented funding option category, VA Benefit Student allocation, and 90/10 compliance considerations, not on any protected characteristic.

CALS will not deny, delay, or limit a VA Benefit Student's enrollment solely because the student uses VA Education Benefits or combines VA Education Benefits with Title IV funds, subject to ordinary program capacity, admissions, eligibility, documentation, and compliance requirements.

CALS will not use this policy to discourage eligible students from applying for federal student aid or VA Education Benefits. CALS will provide accurate information about available funding options and will permit students to select any available funding option for which they qualify, subject to class-start capacity and the limits established in this policy.

XV. Responsibility

The following offices are responsible for implementation:

Financial Aid Office: Applies institutional annual loan limits, packages aid, issues award notifications, counsels students, and documents loan-limit decisions.

Admissions Office: Communicates funding options, coordinates funding-plan documentation, tracks class-start enrollment capacity, and informs applicants when a funding-based enrollment cap has been reached.

Business Office: Confirms student payments, payment plans, TFC Credit Corporation arrangements, employer payments, VA Education Benefit payments when received by CALS, third-party payments, and account balances.

School Certifying Official / Veterans Benefit Function: Confirms VA Education Benefit documentation, coordinates applicable certifications or institutional records, and communicates VA Benefit Student status to the appropriate admissions, financial aid, business office, and compliance personnel.

Compliance Office / Senior Administration: Reviews 90/10 projections, approves class-start enrollment limits, monitors Category C and Category D allocations, monitors compliance, reviews disclosures, and maintains policy documentation.

Institutional Leadership: Approves changes to institutional annual Direct Loan limits and funding-based enrollment limit methodology.

XVI. Effective Date and Implementation

This policy is effective July 1, 2026. It applies to Direct Loans certified by CALS on or after the effective date and to class starts beginning on or after the effective date, unless federal law, regulation, Department of Education guidance, veterans education benefit requirements, or CALS's Program Participation Agreement requires a different implementation approach.

CALS will publish this policy or a student-facing summary in the catalog and on the institutional website and will incorporate the policy into admissions, financial aid, veterans benefit, and student account procedures.