



**2010 – 2011 FEDERAL DIRECT LOAN PROGRAM INFORMATION SHEET**

**LOAN INFORMATION**

A Federal Direct Loan is a low-interest loan that is obtained through the Department of Education. These loans are insured and guaranteed by the federal government.

The school is responsible for determining your financial aid eligibility and is required to collect certain documentation to verify this information.

There are two types of Federal Direct loans. One is Subsidized and the other is Unsubsidized. A Subsidized loan is a need based loan that the government pays the interest on while the student is in school at least ½ time. The student becomes responsible for the interest six months after graduation, six months after leaving school or six months after dropping below half-time.

For students who do not qualify in whole or in part for the subsidized loan, an unsubsidized loan is available. Unsubsidized loans accumulate interest while the student is in school and interest rates are 6.8%. The student is not required to pay the interest while in school but the interest can be capitalized upon graduation or exiting school.

Borrowers will be charged a fixed interest rate for subsidized Stafford loans and for unsubsidized Stafford loans. Since interest rates, repayment periods, etc. change frequently, continuing borrowers are advised to refer to their disclosure statements or contact the Department of Education for precise information regarding previous loans.

Interest Rates for Subsidized Direct loans:

<b>DATE</b>	<b>RATE</b>
July 1, 2007 and before July 1, 2008	6.80%
July 1, 2008 and before July 1, 2009	6.00%
July 1, 2009 and before July 1, 2010	5.60%
July 1, 2010 and before July 1, 2011	4.50%
July 1, 2011 and before July 1, 2012	3.40%
July 1, 2012	6.80%

# Direct Loan Limits 2010-11

## Annual Stafford Loan Limits

	Annual Base Sub/Unsub	Annual Additional Unsub	Annual Total Sub+Unsub
<b>Dependent Students (excluding students whose parent cannot borrow PLUS)</b>			
First Year Undergraduate	\$3,500	\$2,000	\$5,500
Second Year Undergraduate	\$4,500	\$2,000	\$6,500
Third-Year & beyond Undergraduate	\$5,500	\$2,000	\$7,500
Teacher Credential, Second Bachelors & Prerequisite Grad/Professional students	\$5,500	\$0	\$5,500
PBAC Certificate Programs at least 1 Year in Length	\$5,500	\$0	\$5,500
<b>Independent Students &amp; Dependent Students whose parent cannot borrow PLUS</b>			
First Year Undergraduate	\$3,500	\$6,000	\$9,500
Second Year Undergraduate	\$4,500	\$6,000	\$10,500
Third-Year & beyond Undergraduate	\$5,500	\$7,000	\$12,500
Teacher Credential, Second Bachelors & Prerequisite Grad/Professional students	\$5,500	\$7,000	\$12,500
Certificate Programs at least 1 Year in Length	\$5,500	\$7,000	\$12,500
Graduate & Professional Students	\$8,500	\$12,000	\$20,500
<b>Aggregate Stafford Loan Limits</b>			
	Subsidized	Unsubsidized	Sub+Unsub
<b>Dependent Students (excluding students whose parent cannot borrow PLUS) Including Undergraduate, 2nd BA, Credential, Certificate &amp; Prerequisite Grad/Professionals</b>	\$23,000	\$31,000	\$31,000
<b>Independent Students &amp; Dependent students whose parent cannot borrow PLUS Including Undergraduate, 2nd BA, Credential, Certificate &amp; Prerequisite Grad/Professionals</b>	\$23,000	\$57,500	\$57,500
<b>Graduate &amp; Professional Students</b>	\$65,500	\$138,500	\$138,500

### PROCESSING STEPS:

1. Complete FAFSA or Renewal FAFSA either on line or by mail
2. Respond to Fresno State's email Document Request Letter or paper Document Request Letter promptly to complete your file.

3. Receive and review your email Award Notification
4. Attend Entrance Counseling Workshop [Direct Loan Information Page](#).
5. Follow the instructions in the Award Notification to accept or decline loans using the Student Portal. Loan information will be transmitted by Fresno State to the Department of Education.
6. You must e-sign your Master Promissory Note using your FAFSA pin #. Once the e-signature is in place the school will be notified.

### **ENTRANCE COUNSELING WORKSHOPS:**

Workshop attendance is required of all borrowers in order for our institution to comply with federal regulations. Completion is mandatory if you wish to apply for either the subsidized or unsubsidized Federal Direct Loan. The purpose of this workshop is to assist you in becoming an educated borrower, more aware of your rights and responsibilities, and better able to make wise borrowing choices. Grad Plus Loan students need to attend an entrance counseling workshop even if they attended a Stafford entrance counseling workshop.

### **MASTER PROMISSORY NOTE:**

A promissory note is a legal document that you will sign promising to repay your loan and agreeing to the terms and conditions of the loan. A [Master Promissory Note \(MPN\)](#) is a contract between you and the Department of Education. We use the MPN as a serial note here at Fresno State, so you will only have to sign a single note while attending school. An MPN is signed the first time a student borrows and is generally good for up to ten years.

### **RECEIVING YOUR DIRECT LOAN FUNDS:**

Funds for Federal Direct Loans will be electronically transferred to your student account. Academic year loans will be disbursed in two installments: one during the first half of the loan period and the second at the beginning of the spring semester. Single semester loans will be disbursed in one disbursement. First time freshmen who accept a Direct loan have their first disbursement delayed until 30 days after the beginning of the semester. If the 30 day delay occurs during census week the first disbursement will be the week before census. Funds will be released only after enrollment and Satisfactory Academic Progress have been verified. Once the semester has begun, funds transferred to Student Financial Services that do not have a “hold”, will be mailed.

Disclosure statements regarding loan amounts, deducted fees, and funds transferred will be sent to students by the lender. All eligible funds must be disbursed within 3 business days of receipt, or they will be returned. Additional disbursement information will be included with your award notification.

If the student borrower wishes to cancel all or a portion of a loan, he or she must inform the financial aid office. The financial aid office must honor the request if we receive the request before the start of the payment period, or if we receive the request within 14 days after it sent the notice to the borrower. If the financial aid office receives a student’s request for cancellation after these dates, the financial aid office may, but is not required to, honor the request. Regardless of when the request is received, the financial aid office must inform the student of the outcome of the request. When acting upon a loan cancellation request, the financial aid office must return the loan proceeds and/or cancel the loan as appropriate. The financial aid office is not responsible for returning any portion of a loan that was disbursed to a student or parent directly before the request for cancellation was received.