



# REED COLLEGE

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## 2009–10 William D. Ford Federal Direct Stafford Loan Information and Application Instructions

There are two types of Direct Stafford Loans: subsidized and unsubsidized. “Subsidized” means that the government pays the interest on your loan during in-school, grace, or deferment periods. “Unsubsidized” means that you are always responsible for the interest, even while in school. While in school, you have the option of paying the interest or having it accrue and added to the principal of your loan.

### Eligibility

To qualify for a subsidized Direct Stafford Loan, you must demonstrate financial need as determined by the FAFSA. You do not have to demonstrate need for an unsubsidized Direct Stafford Loan (although you are still required to file a FAFSA).

### The amount you can borrow

The maximum amounts that students can borrow are listed below. The amount a particular student can borrow may be less depending on his or her cost of attendance and other financial aid. If you would like to borrow more than the amount recommended on your award announcement, please contact the financial aid office. Loans are processed for the full academic year and are disbursed equally—half at the beginning of fall semester and half at the beginning of spring semester.

### Interest rate, fees, and repayment

For 2009–10, the interest rate for undergraduate subsidized Direct Stafford Loans is fixed at 5.6%. All other Direct Stafford Loans have a fixed interest rate of 6.8%. All Direct Stafford loans have an origination fee of 1.5%; however, a 1% rebate is added back to each disbursement for a net origination fee of 0.5%. This rebate is retained by the borrower if the initial 12 required payments are made on time. In addition, the interest rate is reduced by .25% for borrowers who enroll in electronic debit repayment. Repayment begins automatically six months after you graduate or if you fall below half-time enrollment. Deferments are available for half-time or greater enrollment, unemployment, and economic hardship.

### Application Instructions

1. Sign a Direct Stafford Loan Master Promissory Note (MPN) at <http://dlenote.ed.gov>.
2. Complete and return the Direct Stafford Loan confirmation form to the financial aid office.
3. Complete Direct Stafford Loan entrance counseling at [http://web.reed.edu/financialaid/loan\\_counseling.html](http://web.reed.edu/financialaid/loan_counseling.html).

Dependent students	Base loan amount (subsidized and/or unsubsidized)	Additional unsubsidized loan amount	Total loan amount
Freshman	\$3,500	\$2,000	\$5,500
Sophomore	\$4,500	\$2,000	\$6,500
Junior or Senior	\$5,500	\$2,000	\$7,500

Independent students and dependent students whose parents have been denied a Direct Parent PLUS Loan	Base amount (subsidized and/or unsubsidized)	Additional unsubsidized loan amount	Total loan amount
Freshman	\$3,500	\$6,000	\$9,500
Sophomore	\$4,500	\$6,000	\$10,500
Junior or Senior	\$5,500	\$7,000	\$12,500