

# FEDERAL DIRECT LOANS

FINANCIAL AID AND VETERAN SERVICES • 1108 FREMONT STREET, SSC 103 • STEVENS POINT, WI 54481-3987 • WWW.UWSP.EDU/FINAID

You may have been offered a Federal Direct Loan which you should **accept, reduce, or decline**. The initial loan amount is based on full-time enrollment (12 or more credits for undergraduate, 9 or more credits for graduate) and may be reduced should your enrollment status differ from full-time. A minimum of half-time enrollment (6 credits for undergraduate, 5 credits for graduate) is required for Federal Direct Loans to be disbursed to your student account.

There are two types of Federal Direct Loans – Subsidized and Unsubsidized. The Federal Subsidized Direct Loan is awarded to students with financial need, as determined by the FAFSA, and no interest is charged while attending at least half-time. The Federal Unsubsidized Direct Loan begins to accrue interest upon disbursement. Keep in mind that all loan amounts are *divided equally* among the terms you attend. Loan amounts are also based on grade level and may be increased as you advance in school. If you initially decline the Federal Direct Loans, they may be reinstated at a later point during the enrollment period by request.

Federal Direct Loans are part of the William D. Ford Federal Direct Loan Program. The lender is the U.S. Federal Government and loans are serviced by companies designated by the Department of Education. You are not required to make payments until six months after the following circumstances: graduation, no longer attending school, or enrolling less than half-time. Interest and fees are subject to change annually on all Federal Direct Loans. For all loans disbursed between July 1, 2025 – June 30, 2026, the interest rate for both Subsidized and Unsubsidized Direct Loans for undergraduate students is **6.39%**. The interest rate for Unsubsidized Direct Loans for graduate students is **7.94%**. Interest rates are updated each year on July 1. There is a **1.057% origination fee** that is assessed each time the loan is disbursed; origination fees are updated each year on October 1. Please visit [StudentAid.gov](http://StudentAid.gov) for the most up to date fees. The borrower will be sent a disclosure statement from the Direct Loan Servicing Center regarding the loan amount along with the anticipated disbursement dates.

## Steps to Receiving Federal Direct Loan(s):

- 1. Accept, Reduce or Decline Your Offer:** Log in to [acesSPoint.uwsp.edu](http://acesSPoint.uwsp.edu), and go to the Financial Aid tile. Using the edit button on the upper left of the screen, select one of the three options: 1) **Accept** the loan as originally offered, 2) **Reduce** the loan amount by entering in the lesser desired amount next to the original figure (this can only be done after accepting the loan offer in full) or, 3) **Decline** the full loan amount by entering a zero and it will be removed from your offer.
- 2. Entrance Counseling:** Go to [StudentAid.gov](http://StudentAid.gov). Completion of this step requires the student's User ID that was used when completing the original online Free Application for Federal Student Aid (FAFSA).  
Federal law requires that all first-time loan borrowers complete entrance counseling prior to loan disbursement. It is important that you have a full understanding of the rights and responsibilities you will incur before you receive your loan(s). If you do not have online access, please contact our office for assistance in completing entrance counseling for your loan(s).
- 3. Master Promissory Note (MPN):** Go to [StudentAid.gov](http://StudentAid.gov). Completion of this step requires the student's User ID that was used when completing the online Free Application for Federal Student Aid (FAFSA).  
First-time loan borrowers must complete the Master Promissory Note (MPN) prior to loan disbursement. This is a legal document in which you promise to repay your loan(s) and any accrued interest and fees to the U.S. Department of Education.  
**Please note:** Our office will not start receiving completed Direct Loan files from [StudentAid.gov](http://StudentAid.gov) until August.



University of Wisconsin  
**Stevens Point**

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The following chart shows the annual and aggregate limits for Subsidized and Unsubsidized Federal Direct Loans. If you are advancing in grade level, you may contact our office to determine your eligibility for a greater loan amount.

Year in School	<b>Dependent Students</b> <i>(except students whose parents are unable to obtain a PLUS Loan)</i>	<b>Independent Students</b> <i>(and dependent undergraduate students whose parents are unable to obtain a PLUS Loan)</i>
<b>First Year (0-29 credits)</b> Undergraduate Annual Loan Limit	\$5,500—No more than \$3,500 may be in Subsidized Direct Loans.	\$9,500—No more than \$3,500 may be in Subsidized Direct Loans.
<b>Second Year (30-59 credits)</b> Undergraduate Annual Loan Limit	\$6,500—No more than \$4,500 may be in Subsidized Direct Loans.	\$10,500—No more than \$4,500 may be in Subsidized Direct Loans.
<b>Third Year &amp; Above (60+ credits)</b> Undergraduate Annual Loan Limit	\$7,500—No more than \$5,500 may be in Subsidized Direct Loans.	\$12,500—No more than \$5,500 may be in Subsidized Direct Loans.
<b>Graduate or Professional</b> Annual Loan Limit	Not Applicable (all graduate and professional students are considered independent)	\$20,500 (Unsubsidized Direct Loan only)
<b>Total Subsidized and Unsubsidized</b> Aggregate Loan Limits	\$31,000—No more than \$23,000 may be in Subsidized Direct Loans.	\$57,500 for undergraduates No more than \$23,000 may be in Subsidized Direct Loans. \$138,500 for graduate or professional students. The graduate aggregate limit includes all federal loans received for undergraduate study.