Mahoning County Career and Technical Center
MCCTC Adult Career Center

FEDERAL DIRCT LOAN PROGRAM

Loans made by the federal government, called federal student loans, usually offer borrowers lower interest rates and have more flexible repayment options than loans from banks or other private sources. A student who wishes to receive a Federal Direct Loan must complete a Free Application for Federal Student Aid (FAFSA) and must sign a Master Promissory Note (MPN) — a legally binding agreement to repay the loan. Loan recipients are also required to complete loan entrance and loan exit counseling sessions — both are tools to ensure the student understands his/her obligation to repay the loan. Entrance counseling must be completed prior to the student receiving the loan proceeds. Exit counseling must be completed prior to the final loan disbursement or when a student leaves school. Loan counseling can be completed at studentaid.gov.

Loans are either subsidized or unsubsidized. The maximum subsidized and unsubsidized amount is $5,500 (1st year) for dependent students and $9,500 (1st year) for independent students. Maximum loan amounts are prorated for all programs 600-899 hours.

Direct Subsidized Loan

This loan is offered on the basis of need. The Federal Government pays the interest while the borrower is in school, during the grace period and during authorized periods of deferment. Interest is paid by the Department of Education (ED) under these circumstances. Repayment will begin six months after the borrower ceases to be enrolled in the program.

Direct Unsubsidized Loan

This loan is not offered on the basis of need, and interest accrues on the borrower's account during in-school, deferment, grace and repayment periods. The unsubsidized loan is the difference between the cost of attendance and other aid (including subsidized loan) not to exceed limits set by the Federal Government. The borrower has the option of repaying the interest during in-school, deferment or grace periods. Repayment will begin six months after the borrower ceases to be enrolled in the program.

Parent Plus Loans

Plus loans are meant to provide additional funds to dependent students for expenses. Parents may borrow up to the cost of education, minus other aid received by the student. Repayment begins approximately sixty days after final loan disbursement is made. A parent can change the repayment plan at any time by contacting the Loan Servicer. The parent can apply for a Parent PLUS loan by visiting https://studentaid.gov/plus-app/. The parent must also complete a Parent PLUS Loan Master Promissory Note online at this site.

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Interest Rates

For loans disbursed between July 1, 2026 and June 30, 2027:

- Subsidized – 6.39% fixed
- Unsubsidized – 6.39% fixed

Interest rates change every year on July 1. For more information contact the Financial Aid Coordinator or refer to studentaid.gov.

Direct Loan Fees

Direct Subsidized and Direct Unsubsidized Loans with a first disbursement date on or after October 1, 2020 and before October 1, 2026 will have a loan fee of 1.057%.

Code of Conduct for Education Loans

34 CFR 601.2; 34 CFR 601.21; 34 CFR 668.14(b)(27)

The Mahoning County Career & Technical Center maintains a code of conduct for education loans that prohibits a conflict of interest with the responsibilities of an agent of the school with respect to FFELP or private education loans. Further all agents with responsibility for loans at the MCCTC Adult Career Center adhere to the provisions of the code established. The code of conduct for education loans prohibits the following actions / behaviors:

- Revenue-sharing arrangements with any lender
- Receiving gifts from a lender, a guarantor, or a loan servicer
- Contracting arrangement providing financial benefit from any lender or affiliate of a lender
- Directing borrowers to particular lenders, or refusing or delaying loan certifications
- Offers of funds for private loans
- Call center or financial aid office staffing assistance
- Advisory board compensation