Marion Technical College

Office of Financial Aid

FEDERAL DIRECT LOAN AWARDING & DISBURSEMENT POLICY

Purpose

The purpose of this policy is to establish a consistent methodology for awarding Federal Direct Loans while ensuring compliance with federal regulations, institutional practices, and Schedule of Reduction (SOR) requirements.

General Eligibility

Students must meet all federal and institutional eligibility requirements for Federal Direct Loan funding.

To be eligible for a Federal Direct Loan, a student must:

• Be enrolled in an eligible program of study
• Be enrolled at least half-time (minimum six credit hours) at the time of disbursement
• Have a valid FAFSA on file for the applicable academic year
• Maintain satisfactory academic progress in accordance with institutional policy (AP431)
• Not have exceeded applicable federal annual loan limits
• Not have exceeded applicable federal aggregate loan limits
• Not be in default on a federal student loan
• Not owe an overpayment on a Federal Pell Grant or other federal student aid program unless satisfactory repayment arrangements have been made
• Complete all required federal loan documents, including Entrance Counseling and the Master Promissory Note
• Meet all other federal student aid eligibility requirements established by law, regulation, and guidance

Eligibility will be reviewed at the time of awarding and again prior to each loan disbursement. Students who become ineligible after a loan has been awarded may have future disbursements reduced or canceled.

Loan Request Requirement

Federal Direct Loans are not prepackaged at Marion Technical College (MTC). Students seeking Federal Direct Loan funding must submit a loan request to the Office of Financial Aid. The request should identify all semesters within the academic year for which the student plans to enroll at least half-time (minimum six credit hours). The loan request form can be found on the 'Student Loans' tab in the Financial Aid section at www.mtc.edu.

Academic Year with Summer Trailer

The institution operates on a summer trailer academic year. Summer is considered the ending term of the academic year for purposes of awarding Federal Direct Loans, annual loan limits, and Schedule of Reduction calculations. If summer is required for a program of study, it will be factored into the denominator of the SOR calculation.

Loan Period

The loan period will generally encompass all semesters identified by the student on the annual loan request for which the student indicates planned enrollment of at least six credit hours.

Award Determination

Federal Direct Loan awards will be determined using the following hierarchy:

1. Federal annual loan limits (based on grade level**, dependency status, and pre-OBBBA eligibility, as applicable)
2. Federal aggregate loan limits
3. Cost of Attendance limitations
4. Student-requested amount
5. Schedule of Reduction calculations

Loan awards may not exceed the lowest applicable amount determined through the above review.

** Student's grade level will be determined at the time the loan request is received. Academic grade level is uniformly defined for all students as:

- 0-30 earned credits = Year 1
- 31-60+ earned credits = year 2
- 61 or more earned credits = Years 3 and 4 (BSN only).

Enrollment Assumptions

Loan eligibility will be calculated using actual registered credit hours whenever registration has been completed.

For future semesters identified by the student on the annual loan request for which registration has not yet occurred, enrollment of twelve credit hours will be assumed for awarding purposes.

Enrollment assumptions used during awarding do not guarantee future eligibility. Students must satisfy all federal and institutional eligibility requirements at the time of each disbursement.

Schedule of Reduction (SOR)

MTC utilizes Schedule of Reduction calculations based upon a minimum annual enrollment expectation of twenty-four credit hours per federal regulations as outlined in the One Big Beautiful Bill Act (OBBBA), Pub.L. No 119-21, Sec. 81001 (2025).

For Schedule of Reduction calculations, annual enrollment shall be determined using:

• Actual registered credit hours; plus
• Twelve assumed credit hours for each future semester identified on the student's annual loan request for which registration has not yet occurred.

When a student's projected annual enrollment is less than twenty-four credit hours and the student's otherwise eligible loan amount exceeds the applicable Schedule of Reduction maximum, the student shall receive the lesser of:

• The Schedule of Reduction prorated annual loan amount; or
• The student's requested loan amount.

Examples of SOR Proration

Annual Credits	Annual Loan Eligibility	SOR Maximum
24+	$5,500	$5,500
18	$5,500	$4,125
12	$5,500	$2,750
6	$5,500	$1,375

Awarding and Disbursement

The awarding of a Federal Direct Loan does not guarantee disbursement.

Students must be enrolled at least half-time in an eligible program and satisfy all federal and institutional eligibility requirements at the time of each disbursement.

Eligibility Reviews

Loan eligibility will be reviewed:

• At the time the loan request is received; and
• Prior to each disbursement

Eligibility reviews may include evaluation of:

• Enrollment status
• Cost of Attendance eligibility
• Annual loan limits
• Aggregate loan limits
• Schedule of Reduction calculations
• Any other applicable federal or institutional eligibility requirements

Adjustments and Reductions

Changes in enrollment, Cost of Attendance, federal eligibility, aggregate loan limits, or Schedule of Reduction calculations may result in reductions to previously awarded loan amounts.

If a student does not enroll in a future semester included in the original loan request, any undisbursed loan funds associated with that enrollment assumption may be reduced or canceled.

Eligibility reviews conducted after the initial award determination are intended to confirm continued eligibility and identify necessary adjustments or reductions. If a reduction is required due to a withdraw or non-attendance situation after disbursement in the current term, loan eligibility in the subsequent period of enrollment(s) will be reduced, then the SOR will be applied per the federal guidelines to determine any remaining loan eligibility. If a reduction is required due actual credit hours enrolled in future semesters; the adjustment will be made to the subsequent semester(s), then SOR will be applied per the federal guidelines.

Acceptance of Loan Awards

Federal Direct Loan awards are not considered finalized until the student affirmatively accepts the loan through the MyMTC Self-Service portal.

Students are responsible for reviewing and accepting awarded loan funds in a timely manner. Acceptance of a loan award authorizes the institution to process the loan in accordance with federal regulations and institutional procedures. Loan awards that remain unaccepted will not be disbursed.

Loan awards that remain unaccepted at the conclusion of the semester for which the funds were intended will be canceled by the Financial Aid Office. Any remaining eligibility within the same loan period may be reconsidered based on the student's enrollment, Cost of Attendance, annual and aggregate loan limits, Schedule of Reduction calculations, and all other applicable federal and institutional eligibility requirements.

Administrative Corrections

The Financial Aid Office reserves the right to adjust, reduce, cancel, or correct loan awards at any time to resolve administrative, system, processing, or regulatory errors or to maintain compliance with federal regulations and institutional policy.

Documentation

The Financial Aid Office will maintain documentation supporting loan eligibility determinations, Schedule of Reduction calculations, enrollment assumptions, and any subsequent award adjustments.

Policy Revisions

This policy may be revised as necessary to reflect changes in federal regulations, Department of Education guidance, institutional practices, or Schedule of Reduction requirements.