

# Direct Loan 101 – Master Promissory Notes

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## **Contents**

MPN Basics .....	2
Introduction.....	2
Types.....	2
MPN Linking.....	2
Expiration .....	3
MPN Status .....	3
Multi-year Use.....	4
Single-year use.....	4
Active Confirmation vs. Passive Confirmation .....	5
MPN NOTIFICATIONS.....	5
Introduction.....	5
MPN Information on the ISIR.....	6
MPN RESPONSES.....	6
MPN Message Class.....	7
MPN Message Class Year Designation.....	8
MPN SEARCHES AND REPORTS.....	10
Introduction.....	10
MPN Searches on COD Web site .....	10
MPN Reports.....	10
MPN – SCHOOL PROCESSING OPTIONS.....	12
Introduction.....	12
Electronic .....	12
Paper .....	13
Paper Manifest.....	14

## **Contact Information**

For questions about Direct Loan processing or MPNs, contact the Common Origination and Disbursement (COD) School Relations Center at 800/848-0978. You may also email [CODSupport@ed.gov](mailto:CODSupport@ed.gov).

## **MPN Basics**

### **Introduction**

The Master Promissory Note (MPN) is the legal document used to make one or more Direct Loans for one or more academic years (up to 10 years). By signing an MPN, the borrower is agreeing to repay all loans made under the MPN.

MPNs are not school-specific and may be used across schools. For example, if a student transfers from school A to school B, the previously completed MPN may be used to borrow loans while attending school B. **Note:** Some restrictions apply for single-year schools; see the Single-year Use section below.

### **Types**

There are two types of MPNs:

- Direct Subsidized/Unsubsidized Loan MPN – A student borrower must complete and sign a Direct Subsidized/Unsubsidized Loan MPN before a school can make the first disbursement of a Direct Subsidized or Direct Unsubsidized Loan.
- Direct PLUS Loan MPN – A graduate/professional student borrower or parent borrower must complete and sign a Direct PLUS Loan MPN before a school can make the first disbursement of a Direct PLUS Loan.
  - Parent borrowers must complete and sign a separate MPN for each student for whom they are borrowing.

Borrowers may complete and sign the MPN electronically via the [StudentLoans.gov website](https://studentloans.gov) or on paper. **Note:** Borrowers have the right to complete and sign a paper MPN. If requested, a paper MPN must be provided.

### **MPN Linking**

Linking is the process by which the Common Origination and Disbursement (COD) System associates a loan with an MPN. To link, the COD System will match the Social Security Number, Date of Birth, and the first two characters of the first name (or first two characters of the last name if the first name is blank) on the MPN to those same identifiers in the loan information.

Direct Subsidized/Unsubsidized Loans link to Direct Subsidized/Unsubsidized MPNs.

Direct PLUS Loans link to Direct PLUS Loan MPNs.

For more information about linking, refer to the Implementation Guide of the [COD Technical Reference](#).

## Expiration

MPNs expire:

- One year from the date received by the Department of Education (the Department), if no actual disbursements are made, or
- Ten years from the date received by the Department if at least one actual disbursement occurred on a loan linked to the MPN within the first year. If a loan is partially disbursed before the expiration date, the remaining disbursements of that loan may be made after the expiration date.

A loan will link to an expired MPN, and may be disbursed, if the award begin date is **before** the MPN expiration date.

Except as explained above, a new MPN will be needed for any loan first disbursed **after** the MPN expired.

## MPN Status

The following statuses apply to MPNs:

Status	What the Status Means
Pending (P)	No loans have linked to the MPN and the expiration date is in the future. Loans may link to the MPN.
Active (A) (shown on the COD Web site as Accepted)	A loan has linked to the MPN and the MPN expiration date is in the future. Additional loans may link to the MPN.
Inactive (I)	Any of the following: <ul style="list-style-type: none"><li>• The expiration date is in the past. Loans may still link to the MPN if the award begin date is before the expiration date.</li><li>• For 2011-2012 and prior, an endorser is obtained (Direct PLUS Loans only)<ul style="list-style-type: none"><li>○ All Direct PLUS MPNs received before the endorser was obtained become inactive.</li><li>○ A new Direct PLUS MPN is required for all future loans.</li></ul></li><li>• One or more loans were discharged due to:<ul style="list-style-type: none"><li>○ Death (All MPNs become inactive)</li></ul></li></ul>

Status	What the Status Means
	<ul style="list-style-type: none"> <li>○ Unauthorized Signature (MPN linked to the discharged loan only) or</li> <li>○ False Certification/Identity Theft (MPN linked to discharged loan only)</li> </ul>
Closed (C)	The borrower requested that no new loans be made under the MPN.
Inactive due to the linking of a PLUS Loan with an endorser (E) (Direct PLUS only)	<ul style="list-style-type: none"> <li>• For 2012-2013 and forward, an endorser is obtained. <ul style="list-style-type: none"> <li>○ All Direct PLUS MPNs received before the endorser was obtained become inactive.</li> <li>○ A new Direct PLUS MPN is required for all future loans.</li> </ul> </li> </ul>

### Multi-year Use

Schools that use MPNs to make multiple loans for multiple academic years regardless of the school listed on the MPN are called multi-year schools.

- Only domestic schools may use this option.
- Multi-year schools must have a confirmation process in place for loans made in subsequent academic years.
  - For Direct Subsidized/Unsubsidized Loans, the confirmation process may be active or passive.
  - For Direct PLUS Loans, the confirmation process must be active.
- Multi-year schools may require specific populations of borrowers to complete an MPN every year.
- Borrowers may choose to complete a new MPN each academic year.
- Borrowers may ask that their MPNs be closed. Once closed, no further loans will link to the MPN and a new MPN is required for additional loans.

### Single-year use

Schools that require borrowers to complete a new MPN each academic year are called single-year schools.

- Domestic schools may choose to use this option; foreign schools must use this option.
- The MPN can be used to make multiple loans for the same academic year at the school listed on the MPN.

- The first loan from the school listed on the MPN to link to the MPN establishes the academic year for the MPN.
- Additional loans from the school can link to the MPN only if those loans have the same academic year dates as the first loan.
- Loans from multi-year schools may link to the MPN regardless of the academic year dates associated with the MPN or if the school listed on the MPN is a single-year school.

### **Active Confirmation vs. Passive Confirmation**

The following table lists the characteristics of Active Confirmation and Passive Confirmation.

<b>Active Confirmation</b>	<b>Passive Confirmation</b>
<ul style="list-style-type: none"> <li>• The borrower must take an action and agree to the loan type and amount.</li> <li>• Required for Direct PLUS Loans.</li> <li>• Borrowers must respond and agree to the loans and amounts.</li> <li>• Schools may use their own process or have borrowers complete the Direct PLUS Loan Request via the StudentLoans.gov website.</li> <li>• Confirmation must take place before the first actual disbursement is made.</li> </ul>	<ul style="list-style-type: none"> <li>• The school notifies the borrower of the loan types, amounts and the deadline by which the student must respond to reduce or decline the loans. The borrower only takes action if he/she wishes to reduce or decline the loans.</li> <li>• May be used for Direct Subsidized/Unsubsidized Loans only.</li> <li>• Confirmation must take place before the first actual disbursement is made.</li> </ul>

## **MPN NOTIFICATIONS**

### **Introduction**

Schools are provided Master Promissory Note (MPN) data in several electronic files passed to the school from the Central Processing System (CPS) or the Common Origination and Disbursement (COD) System. These files include:

- Institutional Student Information Record (ISIR) – multiple message classes; refer to the Electronic Data Exchange Technical Reference on the [FSADownload website](#)
- Common Record (Award) Response – multiple message classes; usually COMREC, CRAA, or CRDL
- MPN Response (MPN Acknowledgement) - CRPN

These files allow a school to update its system with MPN information.

## **MPN Information on the ISIR**

The ISIR is produced by the CPS and is sent electronically to schools via the Student Aid Internet Gateway (SAIG).

The ISIR indicates whether or not there is an MPN on file for a particular borrower, the type of MPN, and the MPN status. The Master Promissory Note (MPN) Information section of the ISIR, located at the end of the “Loan Detail” section, is useful in determining whether new or transfer students may have an existing MPN. **Note:** Further research may be needed to determine whether the MPN is still active to link to new loans or has expired.

For more information, see the [ISIR Guide](#) posted to the IFAP Web site.

<b>ISIR Value</b>	<b>Value Printed on the ISIR (from EDEExpress)</b>
Blank	No data from NSLDS
A	Active MPN
C	All MPNs Closed
E	Inactive/Endorser (2012-2013 and forward, Direct PLUS only)
I	All MPNs Inactive
N	No MPN on File

## **MPN RESPONSES**

When the Direct Loan award information is received, the COD System attempts to link the loan to an MPN. The COD System also returns MPN information as part of the Common Record (award) response:

- eMPN Indicator
- MPN Identifier
- MPN Status Code
- MPN Link Indicator
- MPN Expiration Date
- MPN Acknowledgements

The COD System also sends MPN information in a system-generated MPN Response (commonly called an MPN Acknowledgement). More information about the message classes used to return MPN Acknowledgements is provided below.

System-generated MPN responses are triggered by:

- New MPN
- Change in MPN Expiration Date
- Change in MPN Status

The COD System processes MPN acknowledgements each night.

### MPN Message Class

A message class designates the type of information that is included in a given data file sent via the Student Aid Internet Gateway (SAIG). MPN acknowledgements are sent under message class CRPN.

**Note:** The MPN message class CRPN is award-year specific (for example, CRPN16OP indicates award year 2015-2016), however, the MPNs **are not** award-year specific.

An MPN Acknowledgement is sent to the school listed on the MPN when -

- An MPN is received (but is not linked to a loan)
- The expiration date or status changes for an MPN. In this case, the MPN acknowledgement is also sent to **any** schools associated with the MPN. A school is associated with an MPN when it is listed on the MPN or has a loan with an amount greater than zero linked to the MPN.

The MPN Acknowledgement contains the following fields:

Field	Linked MPNs (Electronic and Paper)	Unlinked MPN (Electronic)	Unlinked MPN (Paper)
Student Last Name	Yes	Yes	No
Student First Name	Yes	Yes	First two letters
Student Middle Initial	Yes	Yes	No
Borrower Last Name (Parent PLUS)	Yes	Yes	No
Borrower First Name	Yes	Yes	First two letters
Borrower Middle Initial	Yes	Yes	No



<b>Field</b>	<b>Linked MPNs (Electronic and Paper)</b>	<b>Unlinked MPN (Electronic)</b>	<b>Unlinked MPN (Paper)</b>
Loan Type	Yes	Yes	Yes
Award Year	Yes	Yes	Yes
Response Code	Yes	Yes	Yes
eMPN Indicator	Yes	Yes	Yes
MPN Identifier	Yes	Yes	Yes
MPN Status Code	Yes	Yes	Yes
MPN Expiration Date	Yes	Yes	Yes
Financial Award Number	Yes	No	No
Financial Award ID	Yes	No	No

### **MPN Message Class Year Designation**

MPNs are not award year-specific and may be used for loans across award years. Loans are processed using the software in effect for a specific award year. As a result, MPN acknowledgements may be returned in different message class “years.” The following table explains which message class year will be used for the MPN acknowledgement.

<b>If...</b>	<b>And...</b>	<b>Then...</b>
MPN is processed	No award is on file	MPN acknowledgement is generated and sent in the most current message class year (to the school specified on the MPN).
MPN is processed	Award is on file	<p>MPN acknowledgement is generated and sent in the message class year corresponding to the award.</p> <p>If the school listed on the MPN is different than the school associated with the award, two separate MPN acknowledgements are generated.</p> <p>The school listed in the MPN will receive the MPN acknowledgement in current message class year.</p> <p>The school associated with the award will receive the MPN acknowledgement in the message class year corresponding to the award.</p>

If...	And...	Then...
Award is processed	MPN is on file	<p>MPN information is returned to the school in the Common Record Response for the award (for example: COMREC, CRAA, or CRDL). The message class year will correspond to the year that was used to submit the award.</p> <p>In some cases, an MPN acknowledgement (CRPN) may also be generated and sent to the school. If so, the message class year will correspond to the award.</p>
MPN Expiration Date changes	N/A	<p>MPN information is returned to all schools that are associated with the MPN. The responses will be sent to</p> <ul style="list-style-type: none"> <li>• The school listed on the MPN in the message class of the year in which the MPN was completed.</li> <li>• Any school with an award linked to the MPN that has an award amount and disbursement amounts greater than \$0 in the message class year corresponding to the award.</li> </ul> <p>Expiration Date changes occur when:</p> <ul style="list-style-type: none"> <li>• An Actual Disbursement (Disbursement Release Indicator (DRI) = "True") is received within one year of MPN receipt.</li> <li>• A loan linked to the MPN is discharged due to Death, Unauthorized Signature or Identity Theft.</li> <li>• An MPN is closed at the borrower's request.</li> </ul>

## **MPN SEARCHES AND REPORTS**

### **Introduction**

Schools may use the [Common Origination and Disbursement \(COD\) Web Site](#) to determine whether or not a borrower has a Master Promissory Note (MPN) through the MPN Search page.

In addition, several MPN reports are available on the [COD Web Site](#) and/or sent to schools via the Student Aid Internet Gateway (SAIG). Additional information about the reports is found in [Volume VI, Section 8 of the COD Technical Reference: COD Reports](#).

### **MPN Searches on COD Web site**

Schools may search for MPNs via the [COD Web Site's](#) MPN Search Screen. Searches may be done:

- By date range (returns MPNs within range on which the school is listed)
- For a specific borrower
- By MPN ID
- By Social Security Number

### **MPN Reports**

**Direct Loan MPN Report** - The Direct Loan MPN Report lists MPNs completed for a school during the prior week (Saturday to Friday). It will include all MPNs on the report regardless of MPN source (electronic or paper). If there are no new MPNs submitted within the reporting period for a given school, the report will not be generated.

The report will run weekly and made available to a school only via its Direct Loan newsbox on the COD Reporting Web site in CSV (comma-delimited) format.

**Direct Loan MPN Discharge Report** - The Direct Loan MPN Discharge Report lists MPNs that have become inactive within the last 30 days due to discharges for Death, Unauthorized Signature, or False Certification/Identity Theft.

This report is available through a school's SAIG Mailbox and via the school's Direct Loan newsbox on the COD Reporting Web site.

**Direct Loan Expired MPN Report** - The Direct Loan Expired MPN Report lists MPNs that have expired within the last 30 days due to any of the following reasons:

- No actual disbursements have occurred for loans linked to the MPN within one year of the date of receipt of the MPN.

- 10 years have passed since the date of receipt of the MPN.
- A Direct PLUS Loan linked with an endorser.

This report is available through a school's SAIG Mailbox and via the school's Direct Loan newsbox on the COD Reporting website.

**Direct Loan MPNs Due to Expire Report** - The Direct Loan Due to Expire MPN Report lists MPNs that will expire within the next 60 days due to any of the following reasons:

- No actual disbursements have occurred for loans linked to the MPN within one year of the date of receipt of the MPN.
- 10 years have passed since the date of receipt of the MPN.

This report is available through a school's SAIG Mailbox and via the school's Direct Loan newsbox on the COD Reporting website.

## **MPN – SCHOOL PROCESSING OPTIONS**

### **Introduction**

Direct Loan schools have several options related to Master Promissory Note (MPN) processing. These options can be managed and selected on the [COD Web Site's](#) School Options Information page. **Note:** Only certain authorized users at a school may be able to change the options on the page.

### ***Electronic***

Borrowers complete an MPN electronically via the [StudentLoans.gov website](#).

Domestic schools may choose whether to allow their borrowers to complete the MPN electronically. Electronic processing is the default value, but this option may be updated on the [COD Web Site's](#) School Option Information page.

Foreign schools must allow their borrowers to complete the MPN electronically.

Borrowers have the right to complete a paper MPN. (See more information about paper processing below.)

Schools participating in the electronic MPN process may set the following options on the [COD Web Site's](#) School Option Information page:

- eMPN Participation (Domestic Schools Only) – Determines whether or not borrowers may select the school when completing the MPN via the [StudentLoans.gov website](#).
  - “Y” is participating.
  - “N” is not participating.
- Loan Origination Record (LOR) Required to complete eMPN –
  - If set to “Y,” the borrower may **not** select the school when completing the MPN on the [StudentLoans.gov website](#) unless a loan for the specified school with an amount greater than zero is on the COD System.
  - If set to “N,” the borrower may select the school when completing the MPN on the [StudentLoans.gov website](#) with or without a loan on the COD System.
- eMPN Message –
  - Schools may enter a specific message that will be included in the confirmation email that is sent to a parent or student borrower once he or she has completed the MPN electronically. **Note:** The email will be sent if the borrower has an email address on file.

## ***Paper***

Schools that choose to use only paper MPNs may:

- Order blank MPNs (with or without data labels) via the [FSAPubs website](#). Schools must complete the school section of the form.
- Produce or program the entire form. Schools that create their own MPN must submit a copy of the school-produced version to Federal Student Aid for testing to ensure that it can be processed.
- A school-produced MPN that is submitted for testing should contain only test data, and the shipping package should be clearly identified as being for testing purposes only. Test copies should be mailed to:

Department of Education  
ATTN: MPN Testing Only  
P.O. Box 9002  
Niagara Falls, NY 14302

For schools that usually do not use paper MPNs, but have a borrower that wants a paper MPN, they can:

- Keep a small stock of paper MPNs on hand for exception processing.
- Direct the borrower to print a blank MPN from the [StudentLoans.gov website](#).
- Print a blank MPN from the [COD Web Site's Services](#) page.

Signed paper MPNs and an MPN manifest (see below) must be sent to the Department of Education for acceptance and processing. See [Volume II, Section 1 of the COD Technical Reference: Implementation Guide](#) for further information.

MPNs sent via regular mail should be mailed to the following address:

Department of Education  
P.O. Box 9002  
Niagara Falls, NY 14302

MPNs sent via overnight, express, or certified mail should be mailed to the following address:

Department of Education  
2429 Military Road, Suite 200  
Niagara Falls, NY 14304

### ***Paper Manifest***

Paper MPNs sent for processing must include a manifest that lists the borrower's name and MPN ID for each MPN in the shipment. The manifest also provides a certification to be signed by an official at the school. Complete details about the manifest can be found in [Volume VI, Section 7 of the COD Technical Reference: Print Specifications and Forms](#).