

Direct Loan 101 – Master Promissory Notes

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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 StudentAid.gov website or on paper. **Note:** Borrowers have the right to complete and sign a paper MPN. If requested by a borrower, 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 COD System, if no actual disbursements are made, or
- Ten years from the date received by the COD System 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.
- Upon receiving a borrower's notice that no new loans be made under the MPN.

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.

Note: The MPN expiration date referenced here is different from the Office of Management and Budget (OMB) expiration date, which applies to the form itself. Sometimes, the OMB expiration date is in the past. The form continues to valid for use until a new form is in place.

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 website 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">• The expiration date is in the past. Loans may still link to the MPN if the award begin date is before the expiration date.• One or more loans were discharged due to:<ul style="list-style-type: none">○ Death (All MPNs become inactive)○ Unauthorized Signature (MPN linked to the discharged loan only)

Status	What the Status Means
	<ul style="list-style-type: none"> ○ False Certification/Identity Theft (MPN linked to discharged loan only)
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"> ● An endorser is obtained. <ul style="list-style-type: none"> ○ All Direct PLUS MPNs received before the endorser was obtained become inactive. ○ A new Direct PLUS MPN is required for all future loans.

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. See more about active and passive confirmation in the section below.
 - 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.

Active Confirmation	Passive Confirmation
<ul style="list-style-type: none"> • The borrower must take an action and agree to the loan type and amount. • Required for Direct PLUS Loans. • Borrowers must respond and agree to the loans and amounts. • Schools may use their own process or have borrowers complete the Direct PLUS Loan Request via the StudentAid.gov website. • Confirmation must take place before the first actual disbursement is made. 	<ul style="list-style-type: none"> • 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. • May be used for Direct Subsidized/Unsubsidized Loans only. • Confirmation must take place before the first actual disbursement is made.

MPN NOTIFICATIONS

Introduction

Schools are provided MPN data in several electronic files passed to the school from the Central Processing System (CPS) or the COD System. These files include:

- Institutional Student Information Record (ISIR) – multiple message classes; refer to the [Electronic Data Exchange Technical Reference](#) on the IFAP 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 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 website.

ISIR Value	Value Printed on the ISIR
Blank	No data from NSLDS
A	Active MPN
C	All MPNs Closed
E	Inactive/Endorser
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 SAIG. MPN acknowledgements are sent under message class CRPN.

Note: The MPN message class CRPN is award year-specific (for example, CRPN200P indicates award year 2019–20), 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
Loan Type	Yes	Yes	Yes
Award Year	Yes	Yes	Yes
Response Code	Yes	Yes	Yes
eMPN Indicator	Yes	Yes	Yes

Field	Linked MPNs (Electronic and Paper)	Unlinked MPN (Electronic)	Unlinked MPN (Paper)
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.

If...	And...	Then...
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>
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 addition, an MPN acknowledgement (CRPN) is generated and sent to the school in the message class year corresponding to the award.</p>

If...	And...	Then...
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"> • The school listed on the MPN in the message class of the year in which the MPN was completed. • 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. <p>Expiration Date changes occur when:</p> <ul style="list-style-type: none"> • An Actual Disbursement (Disbursement Release Indicator (DRI) = "True") is received within one year of MPN receipt. • A loan linked to the MPN is discharged due to Death, Unauthorized Signature or Identity Theft. • An MPN is closed at the borrower's request.

MPN SEARCHES AND REPORTS

Introduction

Schools may use the [COD website](#) to determine whether or not a borrower has a MPN through the MPN Search page.

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

MPN Searches on COD website

Schools may search for MPNs via the [COD website'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
- By Last name and first name (returns linked MPNs)
- By Last name, first name, and date of birth (returns unlinked MPNs)

MPN Reports

Direct Loan Completed MPN Report - The Direct Loan Completed MPN Report lists MPNs completed for a school during the prior week (Saturday to Friday). It includes 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 is not generated.

The report runs weekly and made available to a school only on the COD Reporting Web site in comma-delimited with headers (CSV) format.

MPN Status Report - The MPN Status Report provides information about MPNs that—

- Became inactive within the last 30 days due to discharge (Death, Unauthorized Signature or Identity Theft)
- Expired (become inactive) within the last 30 days due to a PLUS loan linked with an endorser.
- Expired (become inactive) within the last 30 days and the next 60 days due to the following reasons:

- No award linked within 1 year of date receipt
- No actual disbursement on a linked award within one (1) year of the date receipt
- 10 years passing since the date of receipt
- Closed within the last 30 days

The report is produced weekly and made available to a school on the COD Reporting Web Site in comma-delimited with headers (CSV) format. It will also be sent to a school's SAIG mailbox (using message class MPNSTAOP).

MPN – SCHOOL PROCESSING OPTIONS

Introduction

Direct Loan schools have several options related to MPN processing. These options can be managed and selected on the [COD website'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 StudentAid.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 website'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 website'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 StudentAid.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 StudentAid.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 StudentAid.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:

- Print a blank MPN from the [COD website’s Services page](#) or the [IFAP website](#).
- Direct the borrower to print a blank MPN from the StudentAid.gov website.
- 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. All documents and the shipping package should be clearly marked “For Testing Purposes Only.” Test copies should be mailed to:

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

For schools that usually do not use paper MPNs, but has a borrower who wants a paper MPN, they can use the same options noted above.

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:

U.S. 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:

U.S. 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.