

Master Promissory Notes - MPN Basics

Definition 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.

Formats Borrowers may complete and sign the MPN:

- Electronically via the [StudentLoans.gov Web site](https://studentloans.gov)
- Via paper

Note: Borrowers have the right to complete and sign a paper MPN. If requested, a paper MPN must be provided.

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.
- 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.

Status

The following statuses apply to MPNs:

Status	Reason
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">• The expiration date is in the past. Loans may still link to the MPN if the award begin date is before the expiration date.• For 2011-2012 and prior, an endorser is obtained (Direct PLUS Loans only)<ul style="list-style-type: none">○ All Direct PLUS MPNs received before

	<p>the endorser was obtained become inactive.</p> <ul style="list-style-type: none"> ○ A new Direct PLUS MPN is required for all future loans. • 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) or ○ 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)	<p>For 2012-2013 and forward, an endorser is obtained.</p> <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.
 - For Direct PLUS Loans, the confirmation process must be active.
 - See the confirmation sections below for further information.
- 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.
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**Active
Confirmation**

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 [StudentLoans.gov Web site](https://studentloans.gov).
 - Confirmation must take place before the first actual disbursement is made.
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**Passive
Confirmation**

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.
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