

Master Promissory Note (MPN)
Direct Subsidized Loans and Direct Unsubsidized Loans
William D. Ford Federal Direct Loan Program

OMB No. 1845-0007
Form Under Review
Exp. Date XX/XX/XXXX

WARNING: Any person who knowingly makes a false statement or misrepresentation on this form or any accompanying document is subject to penalties that may include fines, imprisonment, or both, under the U.S. Criminal Code and 20 U.S.C. 1097.

GENERAL INSTRUCTIONS AND INFORMATION

Type or print using blue or black ink. Do not use pencil. Enter all dates as month-day-year (mm-dd-yyyy). Use only numbers. Example: January 31, 2024 = 01-31-2024.

Follow the instructions in italics within each section of the MPN.

Throughout the MPN, the words "we," "us," "our," and "ED" refer to the U.S. Department of Education and our servicers.

BORROWER INFORMATION

Enter your first name, then your middle name and last name, followed by a name suffix if you have one (for example, Jr. or Sr.). If you do not have a middle name or suffix, enter N/A.

1. First Name: _____

Middle Name: _____

Last Name: _____ Name Suffix: _____

Enter your nine-digit Social Security Number.

2. Social Security Number: _____

Enter your date of birth in mm-dd-yyyy format (for example, enter June 25, 2006 as 06-25-2006).

3. Date of Birth: _____

Enter the two-letter abbreviation for the state that issued your current driver's license, followed by your driver's license number. If you do not have a driver's license, enter N/A.

4. Driver's License State and Number: _____

Enter your preferred email address for receiving communications. We may use your email address to communicate with you. If you do not have an email address or do not wish to provide one, enter N/A.

5. Email Address: _____

Enter the area code and phone number at which you can most easily be reached. If you do not have a phone, enter N/A.

6. Phone Number: _____

If you have an alternate phone number where you can be reached, enter the area code and phone number. If you do not have an alternate phone number, enter N/A.

7. Alternate Phone Number: _____

*Enter your **permanent address** (number, street, apartment number, or rural route number and box number, then city, state, zip code). If your mailing address is different from your permanent address, you must list **both** addresses (see the instructions for Item 9). A temporary school address is not acceptable. If you do not have a stable permanent address, provide an address where you can reliably receive mail.*

8. Permanent Address:

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If you have a mailing address that is different from your permanent address, enter your **mailing address** (number, street, apartment number, or rural route number and box number, then city, state, zip code).

9. Mailing Address (if different from permanent address):

REFERENCE INFORMATION

Enter the requested information (middle name and name suffix are optional) for two adults with different addresses who have known you for at least three years and who will be able to help us contact you in the future if we are unable to reach you. References are used only for this purpose. References are not used to determine your eligibility for a loan and they are never required to repay your loan.

Reference 1 should be a close family member. Providing an email address for a reference is optional. If you provide an email address for a reference, we may use it to communicate with the reference. If a reference does not have a telephone number or email address, or does not wish to provide an email address, enter N/A.

10. Reference 1

First Name: _____

Middle Name: _____

Last Name: _____ Name Suffix: _____

Relationship to You: _____

Permanent Address:

Phone Number: _____ Email Address: _____

11. Reference 2

First Name: _____

Middle Name: _____

Last Name: _____ Name Suffix: _____

Relationship to You: _____

Permanent Address:

Phone Number: _____ Email Address: _____

SCHOOL INFORMATION (TO BE COMPLETED BY THE SCHOOL)

The school that determines your eligibility to receive the loan will complete this section.

12. School Name and Address:

13. School Code/Branch: _____

14. Identification Number: _____

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REQUEST, CERTIFICATIONS, AUTHORIZATIONS, UNDERSTANDINGS, PROMISES, AND SIGNATURE

Carefully read Items 15 through 22. **This is a legally binding contract.**

Sign your full legal name (in blue or black ink) in Item 24 and enter the date you signed this MPN in Item 24.

- 15.** I request a total amount of Direct Subsidized Loans and/or Direct Unsubsidized Loans under this MPN that cannot be more than the maximum amounts I am eligible to receive, as determined under federal law and explained in the MPN Terms and Conditions/Borrower's Rights and Responsibilities (Terms/BRR) section of this MPN.
- 16.** Under penalty of perjury, I certify that:
- A.** The information I provide on this MPN and that I may update in the future is true, complete, and correct to the best of my knowledge and belief.
 - B.** I will use the loan money I receive only to pay for my authorized educational expenses for attendance at the school that determined I was eligible to receive the loan, and I will immediately repay any loan money that is not used for that purpose.
 - C.** If I owe an overpayment on a Federal Perkins Loan or on a grant made under the federal student aid programs (as defined in the Terms/BRR), I have made satisfactory arrangements to repay the amount owed.
 - D.** If I am in default on a federal student loan, I have made satisfactory repayment arrangements with the loan holder to repay the amount owed.
 - E.** If I have been convicted of a crime involving fraud in obtaining federal student aid funds, or if I have pled *nolo contendere* (no contest) or guilty to such a crime, I have fully repaid the fraudulently obtained funds.
- 17.** For each Direct Subsidized Loan and Direct Unsubsidized Loan I receive under this MPN, I authorize:
- A.** My schools, the U.S. Department of Education (ED), and their agents and contractors to release information about my loan to the references I provide and to my immediate family members unless I submit written directions otherwise or as otherwise permitted by law.
 - B.** My schools, ED, and their agents and contractors to contact me regarding my loan request or my loan, including repayment of my loan, at any cellular telephone number I provide now or in the future using automated dialing equipment or artificial or prerecorded voice or text messages.
- 18.** I understand that:
- A.** My school will notify me of the type of loan and loan amount that I am eligible to borrow.
 - B.** My school is authorized to credit my loan money to my account at the school and to pay to ED any refund that may be due up to the full amount of the loan.
 - C.** Within certain timeframes that are explained in Item 10 of the Terms/BRR, I may cancel a loan or request a lower amount by contacting my school, or by refusing to accept or returning all or a portion of a loan disbursement that is made to me.
 - D.** More than one loan may be made to me under this MPN for the same or different periods of enrollment.
 - E.** I have the option of paying the interest that accrues on my loans during grace, in-school, deferment (including in-school deferment), forbearance, and certain other periods, but if I do not do so, ED may add unpaid interest that accrues on my loans to the principal balance of those loans as explained in Item 7 of the Terms/BRR. This is called "capitalization." Capitalization will increase the principal amount owed on the loan and the total amount of interest I must pay.

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- F. ED has the authority to verify information reported on this MPN with other federal agencies and to report information about my loan status to persons and organizations permitted by law to receive that information.
- G. I have a right to receive an exact copy of this MPN.
19. I promise to pay to ED the full amount of all loans that I receive under this MPN in accordance with the terms of the MPN, plus interest and any other charges and fees that I may be required to pay under the terms of the MPN.
20. If I do not make a payment on a loan made under this MPN when it is due, I promise to pay reasonable costs, including but not limited to attorney fees, court costs, and other fees.
21. I promise that I will not sign this MPN before reading the entire MPN, even if I am told not to read it, or told that I am not required to read it.
22. By signing this MPN, whether electronically or on a paper copy, I certify that I have read, understand, and agree to the terms and conditions of the MPN, including the Request, Certifications, Authorizations, Understandings, Promises, and Signature, and the Terms/BRR.

I UNDERSTAND THAT I MAY RECEIVE ONE OR MORE LOANS UNDER THIS MPN, AND THAT I MUST REPAY ALL LOANS I RECEIVE UNDER THIS MPN.

23. Borrower's Signature: _____

24. Today's Date (mm-dd-yyyy): _____

MPN TERMS AND CONDITIONS/BORROWER'S RIGHTS AND RESPONSIBILITIES (TERMS/BRR)

This section describes the terms and conditions of the loans that you may receive under this MPN and explains your rights and responsibilities with respect to those loans. You may request a copy of the Terms/BRR at any time by contacting your loan servicer. You may also obtain a complete copy of the MPN that you signed on StudentAid.gov.

The words "we," "us," "our," and "ED" refer to the U.S. Department of Education or our servicers (see Item 2 in this section for information on servicers). The word "loan" refers to one or more loans made under the MPN.

The term "federal student aid" refers to aid awarded under the following programs:

- the Federal Pell Grant Program;
- the Federal Supplemental Educational Opportunity Grant (FSEOG) Program;
- the Federal Work-Study (FWS) Program;
- the Leveraging Educational Assistance Partnership Grant Program;
- the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program;
- the William D. Ford Federal Direct Loan (Direct Loan) Program;
- the Federal Family Education Loan (FFEL) Program (loans are no longer made under this program); and
- the Federal Perkins Loan Program (loans are no longer made under this program).

1. LAWS THAT APPLY TO THIS MPN AND OTHER LEGAL INFORMATION

The terms and conditions of loans made under this MPN are determined by the Higher Education Act of 1965, as amended (the HEA), and other federal laws and regulations. We refer to these laws and regulations as "the Act" throughout this section of the MPN. Under applicable state law, you may have certain borrower rights, remedies, and defenses in addition to those stated in this MPN, unless federal law takes precedence over a state law.

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Any notice we are required to send you related to a loan made under this MPN (even if you do not receive the notice) will be effective if it is sent by first-class mail to the most recent address that we have for you, sent by electronic means to an email address you have provided, or sent by any other method of notification that is permitted or required by the Act. You must immediately notify your servicer of a change in your contact information or status (see Item 13 in this section).

If we do not enforce a term of this MPN, we continue to have the right to enforce that term or any other term in the future. No term of this MPN may be modified or waived, unless we do so in writing. If any term of this MPN is determined to be unenforceable, the remaining terms remain in effect.

NOTE: Amendments to the Act may change the terms of this MPN. Any amendment to the Act that changes the terms of this MPN will be applied to your loans in accordance with the effective date of the amendment. Depending on the effective date of the amendment, amendments to the Act may modify or remove a benefit that existed at the time that you signed this MPN.

2. THE WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM

The Direct Loan Program (formally known as the William D. Ford Federal Direct Loan Program) includes the following types of loans (known collectively as "Direct Loans"):

- Direct Subsidized Loans (formally known as Federal Direct Stafford/Ford Loans)
- Direct Unsubsidized Loans (formally known as Federal Direct Unsubsidized Stafford/Ford Loans)
- Direct PLUS Loans (formally known as Federal Direct PLUS Loans)
- Direct Consolidation Loans (formally known as Federal Direct Consolidation Loans)

Direct Loans are made by ED. We contract with servicers to process Direct Loan payments, deferment and forbearance requests, and other transactions, and to answer questions about Direct Loans. We will provide you with information about how to contact us or our servicers after your school notifies us that the first disbursement of your loan has been made. It is important to keep in contact with your servicer.

If we transfer one or all of your loans to a new servicer, we will notify you of who your new servicer is, how to contact your new servicer, and when your loans will be transferred. A transfer of the servicing of your loan does not affect any of your rights and responsibilities under that loan. You can find the name of your servicer by visiting [Who's My Student Loan Servicer? | Federal Student Aid](#).

3. DIRECT SUBSIDIZED LOANS AND DIRECT UNSUBSIDIZED LOANS

This MPN is used to make Direct Subsidized Loans and Direct Unsubsidized Loans. These loan types are made to students to help pay for the cost of education beyond high school.

Direct Subsidized Loans are available only to undergraduate students. Direct Unsubsidized Loans are available to both undergraduate students and graduate or professional students.

To receive a Direct Subsidized Loan, you must have financial need. We do not charge interest on Direct Subsidized Loans while you are in school on at least a half-time basis, during the grace period, during deferment periods, and during some periods under certain repayment plans.

You can receive a Direct Unsubsidized Loan without showing that you have financial need. With limited exceptions, we charge interest on Direct Unsubsidized Loans during all periods.

For more information on when we charge interest on Direct Subsidized Loans and Direct Unsubsidized Loans, see Item 7 in this section.

4. USE OF THE MPN TO MAKE MORE THAN ONE LOAN

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You may receive more than one loan under this MPN over a period of up to 10 years to pay for your educational costs, as long as the school you are attending is authorized to use the MPN in this way and chooses to do so. At any school, you can receive more than one loan for the same academic year under this MPN.

If your school is not authorized to use the MPN for multiple loans or chooses not to do so, or if you do not want to receive more than one loan under this MPN, you must sign a new MPN each time you receive a loan for a new academic year. If you do not want to receive more than one loan under this MPN, you must notify your school or your servicer in writing.

If the school you are attending is authorized to use the MPN for multiple loans and chooses to do so, no additional loans will be made under this MPN after the earliest of the following dates:

- The date we or your school receive your written notice that you do not want to receive any additional loans under the MPN;
- One year after the date you sign the MPN or the date we receive the MPN, if no loan disbursements have been made under the MPN; or
- Ten years after the date you sign the MPN or the date we receive the MPN.

Each loan you receive under this MPN is separately enforceable. At or before the time of the first disbursement of each loan, we will send you a disclosure statement that tells you the amount of the loan and additional terms of the loan. Any disclosure statement we send to you in connection with a loan made under this MPN is considered to be part of the MPN. You can also find information about the amount of your loan and the disbursement dates by logging in to your federal student account at [Log In | Federal Student Aid](#).

5. AMOUNT YOU MAY BORROW

Direct Subsidized Loans and Direct Unsubsidized Loans have **annual loan limits** (the maximum loan amount you can borrow each academic year) and **aggregate loan limits** (the maximum loan amount you can borrow for undergraduate and graduate or professional study). The annual and aggregate limits vary depending on your academic level (first-year, second-year, etc.) and if you are an undergraduate student, whether you are a dependent or independent student.

The charts that follow show the annual and aggregate loan limits for Direct Subsidized Loans and Direct Unsubsidized Loans. The actual amount you are eligible to borrow for an academic year may be less than the maximum annual amounts shown in the charts.

If you are enrolled in a program that is less than a full academic year in length, or if the remaining portion of the program you are enrolled in is less than a full academic year in length, the annual loan limits may be lower than those shown in the chart.

If you are enrolled in certain graduate level health professions programs, you may qualify for higher annual and aggregate limits on Direct Unsubsidized Loans.

Your school will determine the actual loan amount you are eligible to receive based on your academic level, dependency status, and other factors such as:

- Your cost of attendance;
- Your available resources to help pay for postsecondary education, based on the information reported on your Free Application for Federal Student Aid (FAFSA) form;
- Other financial aid you receive; and
- Your remaining eligibility under the annual or aggregate loan limits.

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The amount of Direct Subsidized Loans and Direct Unsubsidized Loans you are eligible to receive may increase or decrease based on changes in your financial circumstances. Your school will notify you of any changes in your eligibility.

ANNUAL LOAN LIMITS

Dependent Undergraduate Students (unless your parent is unable to obtain a Direct PLUS Loan)

First Year Total	\$5,500 (not more than \$3,500 can be subsidized)
Second Year Total	\$6,500 (not more than \$4,500 can be subsidized)
Third Year & Beyond (Total Each Year)	\$7,500 (not more than \$5,500 can be subsidized)

Independent Undergraduate Students (and dependent students, if your parent is unable to obtain a Direct PLUS Loan)

First Year Total	\$9,500 (not more than \$3,500 can be subsidized)
Second Year Total	\$10,500 (not more than \$4,500 can be subsidized)
Third Year & Beyond (Total Each Year)	\$12,500 (not more than \$5,500 can be subsidized)

Graduate and Professional Students

Total Amount (Each Year)	\$20,500 (unsubsidized only)
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AGGREGATE LOAN LIMITS

Dependent Undergraduate Students (unless your parent is unable to obtain a Direct PLUS Loan)

Total Amount Cumulative	\$31,000 (not more than \$23,000 can be subsidized)
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Independent Undergraduate Students (and dependent students, if your parent is unable to obtain a Direct PLUS Loan)

Total Amount Cumulative	\$57,500 (not more than \$23,000 can be subsidized)
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Graduate and Professional Students

Total Amount Cumulative	\$138,500 (not more than \$65,500 can be subsidized; includes subsidized and unsubsidized loans received for undergraduate study)
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6. INTEREST RATE

Unless we notify you in writing that a different rate will apply, the interest rate for any loan you receive under this MPN is a fixed rate (meaning that the rate for each loan you receive will never change). The rate is determined each year according to a formula specified in the Act. When the rate is calculated, it applies to all Direct Subsidized Loans and Direct Unsubsidized Loans that have a first disbursement date during the period beginning on July 1 of one year and ending on June 30 of the following year. If you receive more than one loan under this MPN, each loan may have a different fixed interest rate, depending on when the loan is first disbursed, and whether you are an undergraduate student or a graduate or professional student when the loan is made.

The interest rate for any loan you receive under this MPN cannot be more than the maximum rate set by the Act. The maximum interest rate for Direct Subsidized Loans and Direct Unsubsidized Loans made to undergraduate

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students is 8.25%. The maximum interest rate for Direct Unsubsidized Loans made to graduate or professional students is 9.5%. We will notify you of the interest rate for each loan you receive in a disclosure statement that we send to you.

Servicemembers Civil Relief Act

If you are in military service, you may qualify for a lower interest rate on your loans.

Under the Servicemembers Civil Relief Act, the interest rate on loans you received before you began your military service may be limited to 6% during your military service. We will determine if you are eligible for this benefit based on information from the U.S. Department of Defense. If you are eligible and have qualifying loans with an interest rate greater than 6%, we will automatically reduce the interest rate on those loans to 6% during your military service. If you think you qualify for the 6% interest rate but have not received it, contact your servicer.

Interest rate reduction for automatic withdrawal of payments

You will receive a 0.25% reduction in the interest rate on your loan if you choose to repay the loan under the automatic withdrawal option. Under the automatic withdrawal option, we automatically deduct your monthly loan payment from your checking or savings account. In addition to lowering your interest rate, automatic withdrawal ensures that your payments are made on time. We will provide you with information about the automatic withdrawal option.

7. PERIODS WHEN WE CHARGE INTEREST

We do not charge interest on Direct Subsidized Loans during certain periods, but we generally charge interest on Direct Unsubsidized Loans during all periods, as explained below.

Direct Subsidized Loans

We **charge interest** on Direct Subsidized Loans—

- During most periods when you are repaying your loans; and
- During forbearance periods.

We **do not charge interest** on Direct Subsidized Loans—

- While you are enrolled in school at least half-time;
- During your 6-month grace period;
- During deferment periods;
- During some periods of repayment under the SAVE and IBR plans (see Item 15 in this section for information on repayment plans); and
- During periods of active duty military service that qualify you for the no accrual of interest benefit for active duty service members (see below).

Direct Unsubsidized Loans

We **charge interest** on Direct Unsubsidized Loans, starting on the date of the first disbursement—

- While you are enrolled in school at least half-time;
- During your 6-month grace period;
- During most periods when you are repaying your loans;
- During most deferment periods; and
- During forbearance periods.

You will pay more interest on a Direct Unsubsidized Loan than on a Direct Subsidized Loan.

We **do not charge** interest on Direct Unsubsidized Loans—

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- During some periods of repayment under the SAVE Plan;
- During periods of active duty military service that qualify you for the no accrual of interest benefit for active duty service members (see below); and
- During periods of deferment for cancer treatment (see Item 19 in this section).

No accrual of interest benefit for active duty service members

We do not charge interest on any type of Direct Loan Program loan first disbursed on or after October 1, 2008 during periods while you are on qualifying active military duty in an area of hostilities where your service qualifies you for special pay (for up to 60 months).

Interest capitalization

The term “interest capitalization” refers to the addition of unpaid interest that has accrued on a loan to the loan’s principal balance. Capitalization increases the principal amount of the loan and interest is then charged on the higher principal balance. This increases the total amount of interest that you will pay. We capitalize unpaid interest on Direct Subsidized Loans and Direct Unsubsidized Loans **only** under the following conditions:

- If you do not pay the interest as it accrues on a Direct Unsubsidized Loan during a period of deferment, we will capitalize the accrued interest at the end of the deferment period.
- If you are repaying your loans under the IBR Plan, we will capitalize any unpaid interest that has accrued if we determine that you no longer qualify to make payments that are based on your income, or if you leave the IBR Plan.

In all other cases, if you do not pay the interest that accrues during periods when we charge interest on Direct Subsidized Loans and Direct Unsubsidized Loans (as described above), the interest will continue to accrue, but it will not be capitalized.

The chart below shows how interest capitalization would increase your loan principal balance if you don’t pay the interest that accrues on Direct Unsubsidized Loans during a 12-month deferment period. The example illustrated in the chart assumes that you had a principal balance of \$30,000 in Direct Unsubsidized Loans at the start of the deferment period, and that the interest rate on your loans is 6%.

If you pay the interest as it accrues...	If you do not pay the interest and it is capitalized...
\$30,000 (loan principal amount owed at beginning of deferment)	\$30,000 (loan principal amount owed at beginning of deferment)
\$1,800 (interest for 12 months at an annual interest rate of 6%; paid as accrued)	\$1,800 (interest for 12 months at an annual interest rate of 6%; unpaid and capitalized)
\$30,000 (loan principal amount to be repaid at end of deferment)	\$31,800 (loan principal amount to be repaid at end of deferment)

Federal income tax deduction for student loan interest payments

You may be able to claim a federal income tax deduction for interest payments you make on Direct Loans. For further information, refer to IRS Publication 970, available at <https://irs.gov/publications/p970>.

8. LOAN FEE (ORIGINATION FEE)

For each Direct Subsidized Loan or Direct Unsubsidized Loan you receive under this MPN, we charge a loan fee (sometimes called an “origination fee”) that is a percentage of the amount you initially borrowed. The loan fee will be subtracted from each disbursement (see Item 11 in this section) of your loan. This means that the actual disbursement amount you receive will be less than the disbursement amount you must repay. However, you are required to pay the full amount of the loan, including the amount that was taken for the loan fee.

The amount of the loan fee may be different for different loans you receive under the MPN, depending on when the loans are first disbursed. The specific loan fee you are charged will be shown on a disclosure statement that we will send to you.

9. LATE CHARGES AND OTHER COSTS

If you do not make your full monthly loan payment within 30 days after it is due, we may require you to pay a late charge. This charge will not be more than 6% of each late payment. If you default on your loan, we may also require you to pay other charges and fees involved in collecting your loan, as permitted by the Act.

10. YOUR RIGHT TO CANCEL ALL OR PART OF A LOAN

Before your loan money is disbursed, you may cancel all or part of your loan at any time by notifying your school. After your loan money is disbursed, there are two ways to cancel all or part of your loan:

- **Within certain timeframes you may notify your school that you want to cancel all or part of your loan.**

The timeframes for notifying your school are different depending on whether your school requires you to confirm in writing the types and amounts of loans you want to receive. These timeframes range from 14 days to 30 days after your school notifies you of your right to cancel all or part of your loan. Your school will tell you the specific cancellation timeframe that applies to you. If you tell the school that you want to cancel all or part of your loan within the applicable timeframe, your school is required to process your cancellation request.

If you ask your school to cancel all or part of your loan outside the applicable timeframe, your school may process your cancellation request, but it is not required to do so.

- **You may return all or part of your loan to us.** Within 120 days of the date your school disbursed your loan money, you may cancel all or part of your loan by returning all or part of the loan money to us. Contact your servicer for instructions on how and where to return your loan money.

These timeframes and the procedures for cancelling all or part of your loan will also be explained in a notice that will be sent to you at the time of each loan disbursement.

You do not have to pay interest or the loan fee on the part of your loan that is cancelled or returned within the timeframes described above. We will adjust your loan amount to eliminate any interest and loan fee that applies to the amount of the loan that is cancelled or returned.

11. HOW YOU WILL RECEIVE YOUR LOAN MONEY

Generally, your school will disburse (pay out) your loan money in more than one installment according to a schedule that your school determines. Each installment is called a disbursement.

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If your school uses academic terms (for example, semesters or quarters), it will usually make a loan disbursement at the beginning of each academic term.

If your school does not use academic terms or does not have academic terms that meet certain requirements, it will generally pay out your loan in at least two disbursements, one at the beginning of the period of study for which you are receiving the loan, and one at the midpoint of that period of study. Your school determines the schedule for disbursing your loan money in accordance with the Act.

In most cases, if the Direct Subsidized Loan or Direct Unsubsidized Loan that you are receiving is your first student loan under the Direct Loan Program, you must complete entrance counseling before your school can make the first disbursement of your loan. Your school will tell you if entrance counseling is required, and will provide instructions for completing entrance counseling.

Your school may disburse your loan money by crediting it to your account at the school to pay for tuition and fees, food and housing, and other authorized charges, or may give some or all of it to you directly by check or other means. We will notify you in writing each time the school disburses part of your loan money.

If your school credits your loan money to your school account and the amount credited is more than the amount of your tuition and fees, food and housing, and other authorized charges, the excess amount is called a credit balance. Unless you authorize your school to hold the credit balance for you, your school must give you the credit balance within 14 days after the credit balance occurred or 14 days after classes began, whichever is later.

12. USE OF YOUR LOAN MONEY

You may use the loan money you receive only to pay for your authorized educational expenses for attendance at the school that determined you were eligible to receive the loan. Authorized expenses include the following:

- Tuition
- Housing
- Food
- Institutional fees
- Books
- Supplies
- Equipment
- Dependent care expenses
- Transportation
- Commuting expenses
- Rental or purchase of a personal computer
- Loan fees
- Other documented, authorized costs

13. INFORMATION YOU MUST REPORT TO US AFTER YOU RECEIVE YOUR LOAN

You must notify your servicer and/or the financial aid office at your school about certain changes.

While you are still in school, you must notify your school's financial aid office if you:

- Change your address or phone number;
- Change your name (for example, maiden name to married name);
- Do not enroll at least half-time for the period of study that your loan is intended to pay for;
- Do not enroll at the school that determined you were eligible to receive your loan;
- Stop attending school or drop below half-time enrollment;

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- Transfer from one school to another school; or
- Graduate.

At any time after you receive your loan, you must notify your servicer if you:

- Change your address or phone number;
- Change your name (for example, maiden name to married name); or
- Have any other change in status that would affect your loan (for example, if you receive a deferment while you are unemployed, but you find a job and therefore no longer meet the eligibility requirements for the deferment).

14. GRACE PERIOD

You do not need to begin making payments on your loan until 6 months after you stop attending school or drop below half-time enrollment. This 6-month period is called your grace period.

If you are a member of a reserve component of the U.S. Armed Forces and you are called to active duty for more than 30 days while you are enrolled in school on at least a half-time basis or during your grace period, the period of your active duty service and the time necessary for you to re-enroll in school after your active duty ends (up to a maximum of three years) are not counted as part of your grace period. Your loan servicer can provide more information about this benefit.

15. REPAYING YOUR LOAN

You must repay each loan you receive under the MPN in monthly installments during a repayment period that begins on the day immediately following your 6-month grace period on the loan. We will notify you of the date your first payment is due.

You must make payments on your loan even if you do not receive a bill or repayment notice. If you are temporarily unable to make your loan payments, you can request a deferment or forbearance that allows you to temporarily stop making payments, or to temporarily make a smaller payment amount (see Item 19 in this section). In some cases, we may grant you a forbearance without a request.

You must repay the principal amount of your loan, plus any interest charged on the loan in accordance with the Act. The principal amount that you owe, and are required to repay, is the total of all loan disbursements that are made (except for any disbursements that you reduce or cancel), plus any unpaid interest that is capitalized and added to the principal balance, as authorized under the Act (see Item 7 in this section for information on interest capitalization).

You have a choice of several repayment plans, including income-driven repayment plans that determine your required monthly payment amount based on your income and family size. You must generally repay all of your Direct Loans under the same repayment plan.

There are two types of repayment plans: **fixed payment repayment plans** and **income-driven repayment plans**. We will ask you to choose a repayment plan before your loans enter repayment. If you do not choose a repayment plan, we will place you on the Standard Repayment Plan, which may require you to make a higher monthly payment than other repayment plans.

If you choose a repayment plan that reduces your monthly payment amount by extending the period of time you have to repay your loans or by basing your payment on your income, you will likely pay more in interest over time than you would pay on another repayment plan.

FIXED PAYMENT REPAYMENT PLANS

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Under a fixed payment repayment plan, your required monthly payment amount is based on the loan amount that you owe, the interest rate on your loans, and the length of the repayment period. The three fixed-payment repayment plans described below are available to all Direct Subsidized Loan and Direct Unsubsidized Loan borrowers.

Standard Repayment Plan

Under the Standard Repayment Plan, you will make fixed monthly payments and repay your loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment. Your payments must be at least \$50 a month, and will be more, if necessary, to repay the loan within the required time period.

Graduated Repayment Plan

Under the Graduated Repayment Plan, you will make lower payments at first, and your payments will gradually increase over time. You will repay your loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment. Your scheduled monthly payment must at least be equal to the amount of interest that accrues each month. No single scheduled payment will be more than three times greater than any other payment.

Extended Repayment Plan

You are eligible for the Extended Repayment Plan only if:

- You have an outstanding balance on Direct Loans that exceeds \$30,000, and
- You did not have an outstanding balance on a Direct Loan as of October 7, 1998 or on the date you obtained a Direct Loan on or after October 7, 1998.

Under this plan, you will repay your loan in full over a period not to exceed 25 years (not including periods of deferment or forbearance) from the date the loan entered repayment. You may choose to make fixed monthly payments or graduated monthly payments that start out lower and gradually increase over time. If you make fixed monthly payments, your payments must be at least \$50 a month and will be more, if necessary, to repay the loan within the required time period. If you make graduated payments, your scheduled monthly payment must at least be equal to the amount of interest that accrues each month. No single scheduled payment under the graduated option will be more than three times greater than any other payment.

INCOME DRIVEN REPAYMENT (IDR) PLANS

Under an IDR plan, your required monthly payment amount is based on your income and family size, instead of being based on your loan debt, interest rate, and repayment period, as under a fixed payment repayment plan. Changes in your income or family size will result in changes to your monthly payment amount.

If you choose an IDR plan, you must

- Authorize us to obtain tax information from the Internal Revenue Service showing your income and family size; or
- Provide other documentation of your income and family size.

We use this information to calculate your initial IDR plan monthly payment amount, and to recalculate your payment each year based on your income and family size at the time.

Your required monthly payment amount under an IDR plan is generally a percentage of your annual discretionary income, divided by 12. Your annual discretionary income is the amount of your adjusted gross income that exceeds

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a specified percentage of the federal poverty guideline amount for your family size and state of residence. This percentage varies depending on the IDR plan you choose.

If you are married and file a joint federal income tax return with your spouse, your monthly payment is generally based on the combined income of you and your spouse. However, in this circumstance your monthly payment under the SAVE Plan or the IBR Plan will be reduced if your spouse also has federal student loans.

If you are married and file a separate tax return from your spouse, only your income will be used to determine your monthly payment amount.

Under an IDR plan, any remaining loan balance will be forgiven after you have satisfied a certain number of qualifying monthly payments or the equivalent over a specified number of years. Depending on the plan and other factors, you generally qualify for forgiveness of any remaining loan balance after you have satisfied either 240 qualifying monthly payments or the equivalent over a period of at least 20 years, or 300 qualifying monthly payments or the equivalent over a period of at least 25 years. You may have to pay federal and/or state income taxes on the loan amount that is forgiven.

The two IDR plans described below are available to most Direct Subsidized Loan and Direct Unsubsidized Loan borrowers.

Saving on a Valuable Education Plan (SAVE Plan)

Under the SAVE Plan, your monthly payment amount will be a percentage of your discretionary income ranging from 5% to 10%, depending on whether you are repaying only undergraduate loans (loans you received for undergraduate study), only non-undergraduate loans (any loans other than loans you received for undergraduate study), or a mix of loans in both categories.

Income-Based Repayment Plan (IBR Plan)

To initially qualify for the IBR Plan, the monthly amount you would be required to pay under this plan (based on your income and family size) must be less than the amount you would have to pay under the Standard Repayment Plan.

Your monthly payment under the IBR Plan is generally 10% of your discretionary income (if you are a new borrower) or 15% of your discretionary income (if you are not a new borrower), but it will never be more than the Standard Repayment Plan amount. You are considered a new borrower for the IBR Plan if you had no outstanding balance on a Direct Loan or a FFEL Program loan as of July 1, 2014, or if you had no outstanding balance on a Direct Loan or a FFEL Program loan at the time you received a Direct Loan after July 1, 2014.

ADDITIONAL REPAYMENT INFORMATION

Additional IDR plans available to some borrowers

Two additional IDR plans, the Pay As You Earn Repayment Plan (PAYE Plan) and the Income-Contingent Repayment Plan (ICR Plan) may be available if you are currently repaying Direct Loans under one of those plans. Your loan servicer can tell you whether you qualify for one of these plans and provide more information about the plans. You can also find detailed information about all of the Direct Loan repayment plans at [Repayment Plans | Federal Student Aid](#).

Alternative repayment plan option

If you can show to our satisfaction that the terms and conditions of the repayment plans described above are not adequate to meet your exceptional circumstances, we may provide you with an alternative repayment plan.

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Payment adjustments

Under each plan, the number of payments or your payment amount may need to be adjusted to reflect capitalized interest and/or new loans made to you. We may also adjust payment dates on your loans or may grant you a forbearance (see Item 19 in this section) to eliminate a past delinquency that remains even though you are making your scheduled monthly payments.

Loan Simulator

You can use the Loan Simulator at StudentAid.gov/Loan-Simulator to estimate your monthly and total payment amounts under all of the repayment plans. The Loan Simulator is for informational purposes only. We will make the official determination of your eligibility and payment amount.

Changing repayment plans

Generally, you may change from your current repayment plan to any other repayment plan you qualify for at any time after you have begun repaying your loan.

How payments are applied

Unless you are required to pay late charges or other costs, when you make a payment on your loan we apply the payment first to outstanding interest. If the payment amount is more than the amount of outstanding interest, we apply the remainder of your payment to your loan principal.

If you are required to pay late charges or other costs, we apply your payment differently depending on your repayment plan. If you are repaying under any repayment plan other than the IBR Plan, we apply your payment first to late charges and other costs, then to outstanding interest, and then to loan principal. If you are repaying under the IBR Plan, we apply your payment first to outstanding interest, then to late charges and other costs, and then to loan principal.

Prepaying your loans

You can prepay your loans (that is, make loan payments before they are due or pay more than the amount due in a month) at any time without penalty. We apply any prepayments in accordance with the Act. Your servicer can provide more information about how prepayments are applied.

Notification of repayment in full or loan forgiveness

Depending on the repayment plan you choose, you may be required to repay your loan in full within a specified repayment period, or any remaining balance of your loan may be forgiven after you have satisfied a certain number of qualifying monthly payments or the equivalent over a certain number of years.

When you have repaid a loan in full or qualify for forgiveness of your remaining loan balance, your servicer will send you a notice telling you that you have paid off your loan or that the remaining balance will be forgiven. You should keep this notice in a safe place. You may fully repay or receive forgiveness on different loans made under this MPN at different times.

16. DEFAULTING ON YOUR LOAN

You will be considered in default on your loan if:

- You do not make your monthly loan payments for a total of at least 270 days;
- You do not comply with other terms of the loan, and we determine that you do not intend to repay your loan; or
- We accelerate your loan (see Item 17 in this section) and you do not pay the amount due.

If you default:

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- We will require you to immediately repay the entire unpaid amount of your loan (this is called "acceleration").
- We may sue you, take all or part of your federal and state tax refunds and other federal or state payments as authorized by law, and/or administratively garnish your wages so that your employer is required to send us part of your salary to pay off your loan.
- You may have to pay court costs, attorney fees, and other costs in addition to the amount of your loan.
- You will lose eligibility for other federal student financial aid and for assistance under most federal benefit programs.
- You will lose eligibility for loan deferments, forbearances, and all repayment plans except for the IBR Plan.
- We will report your default to nationwide consumer reporting agencies (see Item 18 in this section). This will harm your credit history and may make it difficult for you to obtain credit cards, home or car loans, or other forms of consumer credit.

17. CONDITIONS WHEN WE MAY REQUIRE YOU TO IMMEDIATELY REPAY THE FULL AMOUNT OF YOUR LOAN

We may require you to immediately repay the entire unpaid amount of your loan (this is called "acceleration") if you:

- Receive loan money, but do not begin attendance in any classes at the school that determined you were eligible to receive the loan;
- Use your loan money to pay for anything other than expenses related to your education at the school that determined you were eligible to receive the loan;
- Make a false statement that causes you to receive a loan that you are not eligible to receive; or
- Default on your loan (see Item 16 in this section).

18. INFORMATION WE REPORT ABOUT YOUR LOAN

We will report information about your loan to nationwide consumer reporting agencies (commonly known as "credit bureaus") and to the National Student Loan Data System (NSLDS) on a regular basis. This information will include the disbursement dates, amount, and repayment status of your loan (for example, whether you are current or delinquent in making payments). The information in NSLDS will also identify the servicer of your loan. Your loan will be identified as an education loan. Schools may access information in NSLDS for specific purposes that we authorize.

If you default on a loan, we will report this to nationwide consumer reporting agencies. We will notify you at least 30 days in advance that we plan to report default information to a consumer reporting agency unless you resume making payments on the loan within 30 days of the date of the notice. You will be given a chance to ask for a review of the debt before we report a default.

If a consumer reporting agency contacts us regarding objections you have raised about the accuracy or completeness of any information we have reported, we are required to provide the agency with a prompt response. We respond to objections submitted to consumer reporting agencies using the methods established by those agencies.

19. DEFERMENT AND FORBEARANCE (POSTPONING PAYMENTS)

General

If you meet certain requirements, you may receive a **deferment** that allows you to temporarily stop making payments on your loan. If you cannot make your scheduled loan payments, but do not qualify for a deferment, we may give you a **forbearance**. A forbearance allows you to temporarily stop making payments on your loan, temporarily make smaller payments, or extend the time for making payments.

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Deferment

You may receive a deferment:

- While you are enrolled at least half-time at an eligible school;
- While you are in a full-time course of study in a graduate fellowship program;
- While you are in an approved full-time rehabilitation program for individuals with disabilities;
- While you are unemployed and seeking work (for a maximum of three years);
- While you are experiencing an economic hardship, including serving in the Peace Corps (for a maximum of three years);
- While you are serving on active duty or performing qualifying National Guard duty during a war or other military operation or national emergency and for an additional 180-day period following the demobilization date for your qualifying service;
- For a maximum of 13 months following your active duty service, if you are a current or retired member of the National Guard or reserve component of the U.S. Armed Forces and you are called or ordered to active duty while you are enrolled at least half-time at an eligible school or during your grace period; or
- For Direct Loans that were first disbursed on or after September 28, 2018, or for Direct Loans first disbursed before that date that entered repayment on or before September 28, 2018, while you are receiving treatment for cancer and for an additional 6 months after your treatment has ended.

In most cases, you will automatically receive a deferment based on your enrollment in school on at least a half-time basis based on information that we receive from the school you are attending.

If we process a deferment based on information received from your school, you will be notified of the deferment and will have the option of canceling the deferment and continuing to make payments on your loan.

For all other deferments, you must submit a deferment request to your servicer, along with documentation of your eligibility for the deferment. For a deferment based on active duty military service or National Guard duty, a representative acting on your behalf may submit the deferment request.

Forbearance

We may give you a forbearance if you are temporarily unable to make your scheduled loan payments for reasons including, but not limited to, financial hardship and illness.

You may also receive a forbearance if:

- You are serving in a qualifying medical or dental internship or residency program;
- The total amount you owe each month for all of your federal student loans is 20% or more of your total monthly gross income (for a maximum of three years);
- You are serving in an AmeriCorps position;
- You are performing service that would qualify you for loan forgiveness under the Teacher Loan Forgiveness program (see Item 20 in this section);
- You qualify for partial repayment of your loans under a student loan repayment program administered by the Department of Defense; or
- You are called to active duty in the U.S. Armed Forces.

To request a forbearance, contact your servicer.

Under certain circumstances, we may also give you a forbearance without requiring you to submit a request or documentation (for example, while we are determining your eligibility for a loan discharge, or during periods when you are affected by a local or national emergency).

20. LOAN FORGIVENESS AND DISCHARGE

General

If you meet certain conditions as described below, you will not be required to repay some or all of your loans. This is called “loan forgiveness” if you qualify based on your employment, and “loan discharge” if you qualify under other conditions.

To request loan forgiveness based on one of the conditions described below (except for discharge due to death or bankruptcy), you must generally complete a loan forgiveness or discharge application and send it to your servicer. Your servicer can tell you how to apply.

We do not guarantee the quality of the academic programs provided by schools that participate in federal student financial aid programs. You cannot have your loan discharged solely because you do not complete the education paid for with your loan, are unable to obtain employment in the field of study for which your school provided training, or are dissatisfied with, or do not receive, the education you paid for with your loan.

Public Service Loan Forgiveness

Under the Public Service Loan Forgiveness (PSLF) Program, we will forgive the remaining balance due on your Direct Loans after you have satisfied the equivalent of 120 qualifying monthly payments (after October 1, 2007) on those loans while you are employed full-time by a qualifying public service employer or serving in a full-time Peace Corps or AmeriCorps position. The required 120 payments do not have to be consecutive.

You can learn more about the eligibility requirements for the PSLF Program at [Public Service Loan Forgiveness | Federal Student Aid](#) or by contacting your servicer.

Teacher Loan Forgiveness

We may forgive a portion of eligible student loans you received under the Direct Loan Program if you teach full time for five consecutive years in certain low-income elementary or secondary schools, or for certain low-income educational service agencies, and meet certain other qualifications.

Eligible teachers of math, science, or special education may receive up to \$17,500 in loan forgiveness. Other teachers may receive up to \$5,000 in loan forgiveness.

Death discharge

We will discharge your loan if you die. A family member must contact your servicer, and we must receive acceptable documentation (as defined in the Act) of your death.

Total and permanent disability discharge

To receive a discharge based on total and permanent disability, you must be considered totally and permanently disabled (as defined in the Act) based on a qualifying disability determination by the U.S. Department of Veterans Affairs (VA) or the Social Security Administration (SSA), or a certification from an authorized medical professional.

We work with the VA and the SSA to identify Direct Loan borrowers who qualify for total and permanent disability discharge and may notify you that you qualify for discharge without an application based on information we receive from one of those agencies.

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Bankruptcy discharge

You will not be required to repay your loan if your loan is discharged in bankruptcy after you have proven to the bankruptcy court that repaying the loan would cause undue hardship.

School closure, false certification, identity theft, and unpaid refund discharge

We may also discharge all or a portion of your loan if:

- You did not complete your program of study because your school closed while you were enrolled, or you withdrew from the school not more than 180 days before it closed;
- Your eligibility to receive a loan was falsely certified by the school;
- A loan in your name was falsely certified as a result of a crime of identity theft; or
- The school did not pay a refund of your loan money that it was required to pay under the Act.

Borrower defense to repayment discharge

We may discharge all or a portion of your loan based on certain conduct committed by the school where you received your loan. Conduct by the school that may qualify you for a borrower defense to repayment discharge includes, but is not limited to, making untruthful or misleading statements concerning the school's educational programs or financial charges, or the employment outcomes of the school's graduates, or engaging in aggressive or deceptive recruitment tactics. For more information about borrower defense to repayment discharge, visit [Borrower Defense Loan Discharge | Federal Student Aid](#) or contact your servicer.

21. LOAN CONSOLIDATION

A Direct Consolidation Loan Program is available that allows you to combine one or more of your eligible federal education loans into a new loan with a single monthly payment, and may allow you to extend the period of time that you have to repay your loans. This may make it easier for you to repay your loans.

If you have loans that were made under the FFEL Program, consolidating those loans into the Direct Loan Program can make them eligible for benefits that are only available for Direct Loans, such as Public Service Loan Forgiveness and certain repayment plans.

Although consolidation can provide certain benefits, it can also cause you to lose benefits on the loans that you consolidate. Contact your servicer for more information about loan consolidation and for help determining whether consolidation is a good option for you.

END OF TERMS/BRR

IMPORTANT NOTICES

GRAMM-LEACH-BLILEY ACT NOTICE

The Gramm-Leach-Bliley Act (Public Law 106-102) requires that lenders provide certain information to their customers regarding the collection and use of nonpublic personal information.

We disclose nonpublic personal information to third parties only as necessary to process and service your loan and as permitted by the Privacy Act of 1974. See the Privacy Act Notice below. We do not sell or otherwise make available any information about you to any third parties for marketing purposes.

We protect the security and confidentiality of nonpublic personal information by implementing the following policies and practices. All physical access to the sites where nonpublic personal information is maintained is controlled and monitored by security personnel. Our computer systems offer a high degree of resistance to tampering and circumvention. These systems limit data access to our staff and contract staff on a "need-to-know" basis, and control individual users' ability to access and alter records within the systems. All users of these systems are given a unique user ID with personal identifiers. All interactions by individual users with the systems are recorded.

PRIVACY ACT STATEMENT

Authority: Title IV of the Higher Education Act of 1965, as amended (HEA) (20 U.S.C. 1070 et seq.), authorizes the Department of Education (Department) to ask the questions set forth in this Direct Subsidized Loan and Direct Unsubsidized Loan Master Promissory Note, including collecting your Social Security Number (SSN) (20 U.S.C. 1091(a)(4) and 31 U.S.C. 7701(b)). The collection of your SSN is authorized by Executive Order 9397, as amended by Executive Order 13478 (November 18, 2008). Participating in the William D. Ford Federal Direct Loan (Direct Loan) Program and giving us your SSN are voluntary, but you must provide the requested information, including your SSN, to participate.

Purpose: We use the information provided on this form to process a borrower's Direct Subsidized Loan and Direct Unsubsidized Loan Master Promissory Note. The principal purposes for collecting the information on this form, including your SSN, are to verify your identity, to determine your eligibility to receive a loan or a benefit on a loan (such as a deferment, forbearance, discharge, or forgiveness) under the Direct Loan Program, to permit the servicing of your loan(s), and, if it becomes necessary, to locate you and your spouse and to collect and report on your loan(s) if your loan(s) become delinquent or in default. We also use your SSN as an account identifier and to permit you to access your account information electronically.

Routine Uses: The information provided on this form will only be disclosed outside of the Department with prior written consent or as otherwise allowed by the Privacy Act of 1974, as amended (Privacy Act) (5 U.S.C. 552a). The Privacy Act's requirement for prior written consent has an exception for disclosure, without consent, for "routine uses" that the Department publishes in our System of Records Notices (SORNs). The Department may disclose, without consent, the information provided on this form pursuant to the routine uses identified in the "Common Origination and Disbursement System (COD)" (18-11-02) SORN, which is available on the Department's "Privacy Act System of Record Notice Issuances (SORN)" webpage located at <https://www2.ed.gov/notices/ed-pia.html>.

These routine uses include the following:

- To assist with the determination of program eligibility and benefits, the Department may disclose records to institutions of higher education, financial institutions, third-party servicers, and Federal, State, Tribal, or local agencies;
- To maintain data that supports the existence of a legal obligation to repay funds disbursed under title IV,

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HEA programs, including documentation such as promissory notes and other agreements, the Department may disclose records to institutions of higher education, third-party servicers, and Federal agencies;

- To assist individuals, institutions of higher education, third-party servicers, or software vendors with questions about title IV, HEA program funds, disclosures may be made to institutions of higher education, software vendors, third-party servicers, and Federal, State, or local agencies.

Effects of Not Providing Information: Providing information on this Direct Subsidized Loan and Direct Unsubsidized Loan Master Promissory Note, including an aid recipient's SSN, is voluntary; however, if not enough information is provided on this form to process, the request may be delayed or denied.

FINANCIAL PRIVACY ACT NOTICE

Under the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401-3421), ED will have access to financial records in your student loan file maintained in compliance with the administration of the Direct Loan Program, and also to the financial records of any account at a financial institution used to disburse Direct Loan funds to you.

PAPERWORK REDUCTION NOTICE

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless the collection displays a valid OMB control number. The valid OMB control number for this information collection is 1845-0007. Public reporting burden for this collection of information is estimated to average 30 minutes (0.5 hours) per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The obligation to respond to this collection is required to obtain a benefit in accordance with 34 CFR 685.201.

If you have comments or concerns regarding the status of your individual submission of this form, write to:

U.S. Department of Education
Federal Student Aid Information Center
4255 W HWY 90
Monticello, KY 42633