

June 2007

DLB-07-12

Subject: Revised Master Promissory Note Addendum and Revised Plain Language Disclosure for Direct Subsidized Loans and Direct Unsubsidized Loans

Dear Partner:

In May 2006, we provided an Addendum to the Direct Subsidized Loan/Direct Unsubsidized Loan Master Promissory Note (Direct Subsidized Loan/Direct Unsubsidized Loan MPN Addendum) and a revised Plain Language Disclosure for Direct Subsidized Loans and Direct Unsubsidized Loans (Direct Subsidized Loan/Direct Unsubsidized Loan PLD) to inform borrowers of the changes made to the terms of Direct Subsidized Loans and Direct Unsubsidized Loans by the Higher Education Reconciliation Act of 2005 (the HERA), P.L. 109-171. However, the Direct Subsidized Loan/Direct Unsubsidized Loan MPN Addendum and revised Direct Subsidized Loan/Direct Unsubsidized Loan PLD that we issued last year did not cover the HERA change that increased certain annual loan limits, since that change was not going to take effect until July 1, 2007.

We are now providing a revised Direct Subsidized Loan/Direct Unsubsidized Loan MPN Addendum and further revised Direct Subsidized Loan/Direct Unsubsidized Loan PLD (both attached to this bulletin) that explain the increased loan limits effective for loans first disbursed on or after July 1, 2007. The revised documents also include the following additional minor changes:

- **MPN Addendum and PLD** – The description of the Extended Repayment Plan (Item 5 in the MPN Addendum; Item 13 in the PLD) has been revised to more clearly explain the terms of this repayment option.
- **PLD Only** – In Item 7 (Interest), a sentence has been added to clarify that some loans with a variable interest rate have an interest rate that is lower during in-school, grace, and deferment periods, and higher during repayment and forbearance periods.
- **PLD Only** – To more clearly identify this document, the title has been changed so that the words “Plain Language Disclosure” appear first.

Both revised documents include a revision date in the lower right corner to clearly distinguish the revised documents from the previous versions. The revision date on both documents is “02-16-2007.”

Both revised documents *apply to Direct Subsidized Loans and Direct Unsubsidized Loans only and replace the previous versions of these documents.* The previous versions should be discarded once a school begins using the revised versions.

Note: Revised versions of the Direct PLUS Loan MPN and associated documents are currently being cleared through the Office of Management and Budget and will be provided at a later date, along with guidance on the transition to the revised Direct PLUS Loan MPN documents.

Implementation of Revised MPN Addendum and Revised PLD for Direct Subsidized Loans and Direct Unsubsidized Loans

Revised Direct Subsidized Loan/Direct Unsubsidized Loan MPN Addendum

We are in the process of printing the revised Direct Subsidized Loan/Direct Unsubsidized Loan MPN Addendum and making the necessary modifications to the [Direct Loan Electronic MPN Web site](#).

- We expect that the revised paper MPN Addendum will be available for schools to order in bulk from the [FSA Pubs Web site](#) on or about July 1, 2007. A Word version of the revised MPN Addendum will be available on the [Direct Loan Web site](#) on July 1, 2007.
- Beginning June 30, 2007, we will replace the current MPN Addendum with the revised version during Step 5 of the electronic MPN completion process on the [Direct Loan Electronic MPN Web site](#). Additional information about this system modification is available in a [June 15, 2007 Electronic Announcement posted on the Information for Financial Aid Professionals \(IFAP\) Web site](#).
- Beginning June 30, 2007, we will include a revised MPN Addendum in paper Subsidized/Unsubsidized MPN packages under the following circumstances:
 - When the school has opted to have the Common Origination and Disbursement (COD) System print MPNs; or
 - When the school has not opted to have the COD System print MPNs, but includes a Promissory Note Print code of “S”, “R”, “Z”, or “V” in the award.

Schools must begin using the revised Direct Subsidized Loan/Direct Unsubsidized Loan MPN Addendum as follows:

- A school that wants to program and produce the MPN Addendum must begin using the revised MPN Addendum as soon as it is able to make the necessary programming changes.
- A school that wants to order paper copies of the MPN Addendum from us must begin using the revised version as soon as possible after it is available for order and delivery.
- A school that has its borrowers complete MPNs electronically is not required to provide the MPN Addendum to borrowers. (As a reminder, a school may not require its students to complete an MPN electronically.)

Of course, any school may choose to print the attached Direct Subsidized Loan/Direct Unsubsidized Loan MPN Addendum for distribution to its borrowers.

Revised Direct Subsidized Loan/Direct Unsubsidized Loan PLD

We are in the process of printing the revised Direct Subsidized Loan/Direct Unsubsidized Loan PLD and making the necessary modifications to the COD System.

- We expect that the revised paper PLD will be available for schools to order in bulk from the [FSA Pubs Web site](#) on or about July 1, 2007.
- Beginning July 1, 2007, a Word version of the revised PLD will be available on the [Direct Loan Web site](#).

- Beginning June 30, 2007, we will include a PLD in paper Subsidized/Unsubsidized Disclosure Statement packages under the following circumstances:
 - When the school has opted to have the COD System print Disclosure Statements; or
 - When the school has not opted to have the COD System print Disclosure Statements, but includes a Disclosure Statement print code of “Y” or “R” in the award.

A school that provides the Subsidized/Unsubsidized Disclosure Statement to borrowers must begin using the revised Direct Subsidized Loan/Direct Unsubsidized Loan PLD for borrowers who are receiving second or subsequent loans under a previously signed MPN as follows:

- A school that wants to order paper copies of the PLD from us must begin using the revised version as soon as possible after it is available for order and delivery.
- A school that wants to print the Word version of the PLD must begin using the revised version as soon as possible.

If you have questions about the information contained in this bulletin, please contact the COD School Relations Center at 800/848-0978 or by e-mail at CODSupport@acs-inc.com.

Thank you for your ongoing partnership in the Direct Loan Program.

Sincerely,

Bill Leith
Acting General Manager, Application, Operations and Delivery Services

Attachments/Enclosures:

Direct Subsidized Loan/Direct Unsubsidized Loan MPN Addendum (Revised 02-16-2007) in Microsoft Word Format

Direct Subsidized Loan/Direct Unsubsidized Loan Plain Language Disclosure (Revised 02-16-2007) in Microsoft Word Format