

BUREAU OF HEALTH PROFESSIONS

Date: June 15, 2004

To: Schools Participating in the Health Professions Student Loan (HPSL), Primary Care Loan (PCL), Loan for Disadvantaged Students (LDS), and Nursing Student Loan (NSL) Programs

Subject: Guidelines for Issuing Master Promissory Notes to HPSL, PCL, LDS, and NSL Program Borrowers

Request: Please forward to financial aid, financial management, health profession school deans and others responsible for administering subject loan programs

The following information is provided to assist in the administration of the Health Professions Student Loan (HPSL)/Primary Care Loan (PCL), Loans for Disadvantaged Students (LDS) and the Nursing Student Loan (NSL) programs. This Policy Memorandum and attachments provide guidelines for issuing and administering Master Promissory Notes and replaces the previous promissory note in use prior to the issuance of this Policy Memorandum. This Policy Memorandum provides guidance to schools for administration of the above programs. Schools continue to have responsibility for the administration of these programs (i.e., following school business procedures and current standards). **The MPN may be used for awards beginning July 1, 2004.**

Please note, this guidance does not replace the policy direction provided under current policy guidance for **Electronic Promissory Notes with Electronic Signature** currently found at http://bhpr.hrsa.gov/dsa/school_docs/index.htm. This Policy Memorandum should be used in conjunction with the e-signature guidelines as appropriate to the financial aid administration standards of your school.

Background Information

Schools are required to issue promissory notes for the repayment of HPSL, PCL, LDS, and NSL funds as provided for under Section 722 and related sections of the PHS Act. Currently, schools may only issue one-year promissory notes. With the issuance of this Policy Memorandum, schools may now issue multi-year promissory notes. This policy change is in response to school requests to improve the efficiency of the financial aid and related processes.

Master Promissory Note Guidelines

Attached are specific guidelines for use by schools administering financial assistance in the HPSL, PCL, LDS and NSL programs. The use of the MPN will not change the current loan process of determining eligibility, obtaining a signed promissory note, disbursing the loan, or collecting on the loan.

The school may use the MPN in one of two ways. First, schools may continue to require a borrower to sign a promissory note on an annual basis. This is in keeping with current practices. Should the schools choose to enter into Multi-year Notes, the MPN may be used as a multi-year document. This will allow the borrower and school to complete one MPN for all loans under the subject program and continue to use this Note for subsequent year disbursements. Please note that schools are not required to use the multi-year feature of the MPN. A school may decide if it wants all or some of its borrowers to continue to complete and sign a new promissory note for each year.

No subsequent loans may be made under a MPN after the earliest of the following dates:

- The date the school receives the borrower's written notice that no further loans may be made under the MPN; or
- The date of withdrawal from the school by the borrower.

Also, individual borrowers always have the option of signing a new MPN. The borrower must notify the school in writing of their intention to no longer have loans made under the multi-year MPN.

Confirmation of the MPN is extremely important. The school must develop and document a confirmation process to ensure that the borrower wants subsequent loans. The confirmation may be part of the required notices and disclosures that already exist or a separate step.

Please review your Student Financial Aid Guidelines for guidance on these programs.

If you have any questions regarding this Policy Memorandum, please contact Audrey Darden Willis, Senior Public Health Analyst on 301-443-9353 or via e-mail at adarden-willis@hrsa.gov or Debra Beals, Branch Chief, Campus Based Programs on 301-443-3955 or via e-mail at dbeals@hrsa.gov.

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Attachment

- 1 - Frequently Asked Questions
- 2 – Master Promissory Notes

**HEALTH PROFESSIONS SCHOOL
FREQUENTLY ASKED QUESTIONS
MASTER PROMISSORY NOTE
HPSL, PCL, LDS AND NSL PROGRAMS**

1. WHAT IS THE MASTER PROMISSORY NOTE (MPN)? WHEN CAN SCHOOLS START USING THE MPN?

Master Promissory Note (MPN) replaces the previous promissory note guidance in use prior to the issuance of Policy Memorandum 2004-2. If the school and borrower choose, it allows a school to enter into one note with a student(s) for his/her health professions academic career at the school. The MPN may be used for awards beginning July 1, 2004.

2. WHAT IS THE DIFFERENCE BETWEEN THE PROMISSORY NOTE WE HAVE BEEN USING FOR THE HPSL, PCL, LDS, AND NSL PROGRAMS AND THIS MASTER PROMISSORY NOTE (MPN)?

OLD PROMISSORY NOTES (PN)	NEW MASTER PROMISSORY NOTE (MPN)
	Replaces old Promissory Notes; effective July 1, 2004; MPN presented in larger print size
PN could only be used on annual basis	Provides option for MPN to be used for one or multiple years; additional text added to MPN to reflect optional use for multiple years
No citations available	Provides legislative, regulatory or other citation for each MPN requirement for easy reference
Limited "Notice" to Borrower	"Notice" expanded to include multiple year use of MPN
Not Available	Adds "School Entrance Date" and "School Exit Date"
PN signed annually at "Schedule of Advances" and end document	Borrower signature recommended annually or once for multiple year use at "Schedule of Advances", end of MPN to show agreement with terms and conditions of MPN, initials to show agreement with use of MPN as multiple year document and agreement with "school entrance date" and school exit date"
Borrower identifying information limited to signature	Borrower information expanded to include recommended borrower address, SSN #, date of birth (not required)
Seal recommended	Seal not needed, however, schools may choose to require a seal

PN provides guidance to schools, PN is not an OMB approved form	MPN provides guidance to schools; MPN is not an OMB approved form

3. WHY SHOULD MY SCHOOL USE THE MPN?

The new MPN guidelines provide schools with a tool to improve the efficiency of the financial aid and related processes. These guidelines allow the borrower and the school to complete one MPN for all loans under the subject program.

4. HOW SHOULD MT SCHOOL USE THIS MPN?

This form is being presented as guidance only. Schools may develop their own form and instructions; however, that form should, at minimum, contain the content provided in this guidance. Since the MPN is being given only as guidance, OMB approval is not required.

Schools continue to have lead on administration of this guidance (e.g., format, add more content as needed).

5. CAN MY SCHOOL USE THE OLD PROMISSORY NOTE AND THE NEW MPN FORMS?

This is not recommended. The new guidance (Policy Memorandum 2004-2) should be used effective July 1, 2004. The new guidance includes edits and updates that should be used for new awards. The new Master Promissory Note may be used as a single or multi-year note, while the old promissory note can not..

6. CAN MY SCHOOL STILL REQUIRE THE BORROWER TO SIGN THE MASTER PROMISSORY NOTE ON AN ANNUAL BASIS?

Yes, it is left to the discretion of the school and the borrower. This is only guidance.

7. CAN WE USE THE MPN AS PART OF OUR SCHOOLS ELECTRONIC SIGNATURE (E-SIGNATURE) PROGRAM?

There are no changes to current e-signature policies (see http://bhpr.hrsa.gov/dsa/school_docs/index.htm). Schools may use the MPN as part of their local e-signature program.

DHCDD is working with the Department of Education on the possible expanded use their e-signature program to our Campus Based programs. We will keep schools informed as activities develop.

Attachment 2

The Master Promissory Notes can be found on the “Forms for Campus Based Programs” web page: http://bhpr.hrsa.gov/dsa/school_docs/index.htm