

Bureau of Health Professions

Date: April 18, 2005

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

Subject: Clarification on Issuing Master Promissory Notes to  
HPSL, PCL, LDS, and NSL Borrowers

Campus-Based Policy Memorandum 2005-1

Please forward this memorandum to the financial aid administrators and fiscal officers responsible for administering the above referenced Department of Health and Human Services (HHS), Health Resources and Services Administration (HRSA), Bureau of Health Professions (BHPR), Division of Health Careers Diversity and Development (DHCDD) loan programs.

A Master Promissory Note (MPN) was approved and introduced to the Financial Aid Community with an implementation date effective July 1, 2004. Policy Memorandum 2004-02 was released regarding Guidelines for MPN issuance.

Schools have the option of using the MPN in one of two ways. It may be used annually as a single-year promissory note or as a multi-year master promissory note. The latter process allows the borrower and school to complete one MPN for all loans under the subject program and to use the MPN for subsequent year disbursements.

The following is offered to assist with questions regarding the "Schedule of Advances" section on the MPN.

If the school chooses to use the MPN as a single award-year promissory note, the borrower must sign an MPN for each award year.

If the school chooses to use the MPN as a multi-year promissory note, the school is granted authority to remove the entire "Schedule of Advances" section. The following portion of the first paragraph should also be removed: "**and endorsed in the Schedule of Advances below**".

The MPN may be reformatted to meet the school's need; however, the school may not make changes to, deletions from, or additions to the prescribed language on the MPN unless approved by the HHS.

If using the MPN as a multi-year promissory note, the school must provide disclosure of loan terms to the borrower as described in the Student Financial Aid Guidelines (<http://bhpr.hrsa.gov/dsa/sfag/>) under Disclosure Requirements.

Your continued diligence in administering and managing all of the HHS campus-based loan programs is appreciated.

Henry Lopez, Jr.  
Director  
Division of Health Careers Diversity and Development