NASFAA
NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

June 8, 2026

Carolyn Rose
U.S. Department of Education
Federal Student Aid
400 Maryland Avenue SW
Washington, DC 20202

Dear Ms. Carolyn Rose,

On behalf of the National Association of Student Financial Aid Administrators (NASFAA) and our 3,000 member institutions, we respectfully submit the following comments in response to the U.S. Department of Education's Federal Register Notice ED-2026-SCC-1222-0003 proposing revised Master Promissory Notes (MPNs) to implement the One Big Beautiful Bill Act (OBBBA).

NASFAA represents nearly 29,000 financial aid professionals who serve 16 million students each year at colleges and universities in all sectors throughout the country. NASFAA member institutions serve nine out of every 10 undergraduates in the United States.

Master Promissory Notes represent a legal commitment to repay federal loans, making them among the most consequential documents a federal student loan borrower may sign. Therefore, they must include accurate, necessary, and complete information. The department's proposals to revise the multiple forms to reflect changes enacted by the One Big Beautiful Bill Act present both an opportunity and a responsibility to provide disclosures that genuinely inform borrowers' decisions. NASFAA offers the following comments in that spirit.

Universal Comments (All MPNs)

We find the proposed new disclaimer stating the Department of Education "does not guarantee or endorse the quality of academic programs provided by schools that participate in federal student financial aid programs" inappropriate to be included on the Master Promissory Note, a legal contract for a federal loan, not a consumer disclosure vehicle for institutional quality. Further, this broad disclaimer is of limited value to borrowers without accompanying guidance directing them to reliable resources for evaluating the quality and outcomes of a particular institution or program. We would encourage the Department to remove it entirely.

Additionally, we have concerns that this language could have a chilling effect on borrower defense to repayment (BDR) applications. A student who has signed a document stating that the Department makes no quality guarantees may reasonably, and incorrectly, conclude that they

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have no recourse if their school defrauds them. When ED has not yet identified a 'bad actor', it is critical that borrowers retain the ability and confidence to pursue BDR.

If the Department believes borrowers benefit from information about school quality before borrowing, we recommend instead directing borrowers to the College Scorecard or comparable resources, with language such as: "Before borrowing, we encourage you to research your school's outcomes at collegescorecard.ed.gov."

While we understand the intent behind adding the explicit prohibitions on the use of federal loan funds to the MPN, we are not persuaded that the MPN is the appropriate vehicle for that disclosure. There are many disclosures and reminders that could, in theory, be provided to a borrower at the time of borrowing, but not all of them belong in the MPN itself. Adding a prescriptive list of prohibited expenses to the MPN conflates the functions of a promissory note and a consumer education document, and risks cluttering this legal instrument that borrowers rely on for clarity about repayment obligations. We urge ED to remove this language from the MPN and instead address use-of-funds guidance through entrance counseling or other appropriate disclosure mechanisms.

We welcome the Department's proposal to add a disclosure in the MPNs notifying existing IBR plan borrowers that unpaid accrued interest will be capitalized when they receive a new loan on or after July 1, 2026. The MPN may be one of the few places borrowers may encounter this information before it affects them, making accurate, prominent disclosure essential. This is particularly true for borrowers signing a new MPN rather than using a serial MPN, who may be returning to borrowing after a significant gap and are unlikely to be aware of the rule. Critically, the MPN signing moment is one of the last points at which a borrower can decline the loan, making it an ideal and important juncture for this warning.

We urge the Department to ensure the disclosure accurately reflects the full scope of IBR's capitalization rules. As currently drafted, the disclaimer implies that capitalization occurs only when a borrower leaves IBR after receiving a new loan on or after July 1, 2026. It is our understanding that capitalization is triggered any time a borrower leaves IBR, for any reason, including voluntary plan changes and failure to recertify income. The disclosure should reflect this. We suggest the following revised language: "If your existing loans are in repayment under the Income Based Repayment (IBR) Plan, we will capitalize any unpaid interest that has accrued if those loans leave the IBR Plan for any reason, including when leaving is required as a result of receiving a new loan on or after July 1, 2026."

We would propose that the Department revise the language describing the basis for lifetime loan limits. The current draft states that lifetime limits apply "regardless of amounts paid or forgiven," but the governing regulations also include loans that have been canceled (other than amounts returned by the student or school) or discharged. Omitting these categories from the MPN presents borrowers with an incomplete picture of how lifetime limits are calculated. The Department should use language that mirrors the regulatory text in full.

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Related, we suggest a minor edit to the enrollment-based loan limit provision. The proposed draft states that annual loan limits are "adjusted downward proportionally based upon your level of enrollment" and references "the chart" without further specification. Because these MPNs are multi-page documents, the Department should consider revising this to read "the chart shown below" to ensure borrowers can readily locate the relevant information.

Direct PLUS Loan MPN

We suggest that the Department include a disclosure to the Parent PLUS MPN alerting borrowers that taking a new PLUS loan will affect their access to existing loan repayment plans, specifically that borrowers currently in an income-driven repayment plan for prior loans will lose that access upon receiving a new loan after July 1, 2026. We recognize that many affected borrowers will not complete a new MPN, as those with a serial MPN on file will continue borrowing without triggering a new signing. However, borrowing gaps are common among Parent PLUS borrowers, who are more likely than other borrowers to have gone a decade or more between loans or to lack a serial MPN entirely. For those borrowers, the MPN signing is a critical opportunity to ensure they understand that new borrowing triggers changes to their existing loan terms. Adding explicit disclosure language to the PLUS MPN will not reach everyone, but it will capture at least some borrowers who might otherwise be caught off guard.

Section 7 of the PLUS MPN requires borrowers to repay all eligible Direct Loans under the same repayment plan and directs borrowers to Item 14 for information on repayment plans. This appears to be a drafting error as Item 14 addresses information borrowers must report after receiving a loan, while repayment plan information appears in Item 15. The cross-reference should be corrected to direct borrowers to Item 15.

Additionally, Section 15 should be expanded to clearly explain the consequences of taking out a new PLUS loan on or after July 1, 2026, including repayment plan requirements. As currently drafted, the MPN does not adequately convey that borrowing a new PLUS loan will restrict all of a borrower's Direct Loans, including any previously existing loans, to the Tiered Standard Plan, eliminating access to the Repayment Assistance Plan for any loan. Borrowers pursuing Public Service Loan Forgiveness should be specifically warned because the Tiered Standard Plan does not qualify for PSLF, and taking out a new PLUS loan on or after July 1, 2026, can effectively cut off a borrower's path to PSLF on all of their loans, including loans for which they may have already made years of qualifying payments. The Department has published plain-language guidance explaining these consequences on studentaid.gov[1], and Section 15 of the MPN should incorporate equivalent information so that borrowers receive this critical warning at the point of borrowing, not only if they happen to seek it out elsewhere.

We appreciate the Department's efforts to update the MPN forms to reflect the statutory changes enacted by OBBBA. We urge the Department to remove the program quality disclaimer, strengthen disclosures around IBR capitalization triggers, and add explicit language warning

[1] https://studentaid.gov/announcements-events/big-updates as accessed on May 20, 2026

Parent PLUS borrowers about the repayment plan and PSLF consequences of new borrowing on or after July 1, 2026. We believe these changes are achievable within the current MPN framework and would meaningfully improve the information borrowers receive before they borrow federal loans.

We appreciate the opportunity to comment on the U.S. Department of Education's Federal Register Notice ED-2026-SCC-1222-0003 proposed revisions to the Master Promissory Notes. If you have any questions regarding these comments, please contact us or NASFAA's Senior Policy Analyst, Megan Walter, walterm@nasfaa.org.

Regards,

Melanie Storey
President and CEO, NASFAA

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