



Jul 29, 2024

U.S. Department of Education
400 Maryland Ave., SW, Room 2C172
Washington, DC 20202

Docket ID ED-2024-SCC-0076

To whom it may concern:

On behalf of the National Association of Student Financial Aid Administrators (NASFAA) and our 3,000 member institutions, we respectfully submit to the U.S. Department of Education (ED) our comments on William D. Ford Federal Direct Loan Program (Direct Loan Program) Promissory Notes (Docket ID ED-2024-SCC-0076).

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 across the country.

The Master Promissory Note (MPN) is a critical document in the federal student loan process, serving as a binding legal agreement between the borrowers and the Department of Education. As such, updates to the MPN are of paramount importance and we thank you for the opportunity to provide input.

While we understand that "Master Promissory Note" is the established legal term for the document governing federal student loans, it is not a universally recognized or easily understood term among borrowers, many of whom are assuming a debt obligation for the first time in their lives. Many students and families are unfamiliar with the concept of a "promissory note," which can lead to confusion and misinterpretation of their loan obligations.

To enhance clarity and accessibility, we suggest that the Department of Education consider adopting the term "Direct Loan Promissory Note/Agreement to Repay" in place of "Master Promissory Note" for the document. The department already uses "agreement to repay" in the context of TEACH Grant paperwork, demonstrating a precedent for this terminology. By adding this extra wording it would further align the language used in student loan documents with more common and comprehensible terms. This change would also help the department improve a

borrower's understanding and engagement in the student loan process, ultimately fostering more informed financial decisions.

We would also suggest using the term "loan origination fees" instead of "loan fees" in the MPN language. The term "origination fee" is commonly used on institutions' financial aid offers and financial aid websites, making it more familiar to borrowers. Using consistent and widely recognized terms helps ensure that borrowers fully understand the fees associated with their loans, reducing confusion and promoting transparency. Aligning the MPN language with the terminology used in other financial aid communications can further improve the overall effectiveness of the document. The inclusion of a link that further explains how the origination fee works could also be effective in reducing confusion and supplying additional information to borrowers.

We are pleased to see that the department has consolidated the "Terms and Conditions" and "Borrowers' Rights and Responsibilities" sections into one comprehensive section. This update greatly enhances clarity and understanding by presenting critical information in a more streamlined and accessible format, reducing the likelihood of confusion or misinterpretation. Additionally, by eliminating duplicative text, the document becomes more efficient and user-friendly, decreasing the likelihood that borrowers will overlook important information.

Related, the department's decision to provide instructions on a question-by-question basis as the borrower completes the document should reduce the risk of misinterpretation, ensuring greater accuracy and comprehension. We applaud this change.

We appreciate the opportunity to comment on this information collection request. If you have any questions regarding these comments, please contact us or NASFAA's Senior Policy Analyst Megan Walter at walterm@nasfaa.org.

Regards,

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