

LOAN TERMS AND RESPONSIBILITIES

Master Promissory Note

Disclosure of Loan Terms

This MPN applies to both subsidized and unsubsidized Federal Stafford Loans described in the Interest section below. I agree that the lender may sell or assign this MPN and/or my loans and acknowledge that any loan may be assigned independently of any other loan to which this MPN applies. I agree that each loan is separately enforceable based on a true and exact copy of this MPN. Loans disbursed under this MPN are subject to the annual and aggregate loan limits specified in the Higher Education Act of 1965, as amended, 20 U.S.C. 1070, et seq., and applicable U.S. Department of Education regulations (collectively referred

to as the "Act"). Under this MPN, the principal amount that I owe, and am required to repay, will be the sum of all disbursements issued (unless I reduce or cancel any disbursements as provided below).

My lender will determine whether to make any loan under this MPN after my loan eligibility is determined by the school where I am enrolled on at least a half-time basis. At or before the time of the first disbursement for each loan, a disclosure statement will be sent to me identifying the amount of the loan and additional terms of the loan. Important additional information is also disclosed in the Borrower's Rights and Responsibilities Statement accompanying this MPN. The Borrower's Rights and Responsibilities Statement and any disclosure statement I receive in connection with any loan under this MPN are hereby incorporated into this MPN.

I may request additional loan funds for my educational costs (up to the annual and aggregate loan limits). If my school determines that I am eligible for any additional or adjusted loan amount, my school may certify such amount. My eligibility for subsidized and/or unsubsidized loans may change based on changes in my financial circumstances. My school will notify me of any changes in my eligibility. I will be notified of any changes or additions to my subsidized and/or unsubsidized loans in a separate disclosure statement.

Loan Cancellation

I may pay back all or a part of a disbursement within timeframes set by the Act, as explained in the Borrower's Rights and Responsibilities Statement or other disclosure statement I receive at or before disbursement. In such case, the origination fee and guarantee fee will be reduced or eliminated in proportion to the amount of the disbursement returned within those timeframes. I will not have to pay interest charges if I return the full loan amount as provided in the Act.

Interest

Unless my lender notifies me in writing of a lower rate(s), the rate(s) of interest for my loans are those specified in the Act. The interest rate information is presented in the Borrower's Rights and Responsibilities Statement accompanying this MPN. The interest rate is presented in a disclosure statement that is issued to me. Interest accrues on the unpaid principal balance of each loan from the date of disbursement by the lender until the loan is paid in full. I agree to pay all interest charges on my subsidized Federal Stafford Loans except interest payable by the federal government under the Act. I agree to pay all interest charges on my unsubsidized Federal Stafford Loans. If I fail to make required payments of interest before the beginning or resumption of principal repayment, or during a period of deferment or forbearance, I agree that the lender may capitalize such interest as provided under the Act. There is no federal interest subsidy on unsubsidized loans, so the total amount of interest I am required to repay on unsubsidized loans will be higher than on subsidized loans.

Origination Fee and Guarantee Fee

For each subsidized and unsubsidized loan, the federal government charges an origination fee equal to the amount required by the Act. The guaranty agency(ies) that guarantee(s) my loan(s) (in each case, the "guarantor") may charge a per loan guarantee fee not to exceed a maximum amount specified in the Act. I will pay these fees, as identified in the disclosure statement, which will be deducted proportionately from each disbursement of my loans. I understand the origination and guarantee fees may be refundable only to the extent permitted by the Act.

Late Charges and Collection Costs

The lender may collect from me: **(i)** a late charge for each late installment payment if I fail to make any part of a required installment payment within 15 days after it becomes due, and **(ii)** any other charges and fees that are permitted by the Act for the collection of my loans. If I default on any loans, I will pay reasonable collection fees and costs, plus court costs and attorney fees.

Repayment

I must repay the full amount of the loans made under this MPN and accrued interest. Federal Stafford Loans have a repayment grace period, which will be disclosed in my disclosure statement. I will repay the principal of each loan in periodic installments during a repayment period that begins on the day immediately following the end of the applicable grace period. Payments submitted by me or on my behalf (exclusive of refunds) may be applied first to charges and collection costs that are due, then to accrued interest that has not been capitalized, and finally to the

principal amount. I understand that the school's certification of my loan eligibility determines whether my loans must be repaid as subsidized and/or unsubsidized loans.

The lender will provide me with a repayment schedule that identifies my payment amounts and due dates. Except as otherwise provided in the Act, the minimum annual payment required on all my FFELP loans is \$600 or the amount of interest due and payable, whichever is larger. My lender must provide me with a choice of repayment plans consistent with the provisions of the Act. If I am unable to make my scheduled loan payments, the lender may allow me to reduce my payment amount, to extend the time for making payments, or to temporarily stop making payments as long as I intend to repay my loan. Allowing me to temporarily delay or reduce loan payments is called forbearance. The lender may align payment dates on my loans or grant me a forbearance to eliminate a delinquency that persists even though I am making scheduled payments.

I may prepay all or any part of the unpaid balance on my loans at any time without penalty. If I do not specify which loans I am prepaying, the lender will determine how to apply the prepayment in accordance with the Act. Upon repayment in full of each loan under this MPN, I agree to accept written notification of such loan payoff in place of receiving the original MPN.

Acceleration and Default

At the option of the lender, the entire unpaid balance of the applicable loan(s) made under this MPN will become immediately due and payable, (this is called "acceleration"), upon the occurrence of any one of the following events:

(i) I fail to enroll as at least a half-time student at the school that certified my loan eligibility, **(ii)** I fail to use the proceeds of the loan solely for educational expenses, **(iii)** I make a false representation(s) that results in my receiving a loan for which I am not eligible, or **(iv)** I default on the loan. The following events shall constitute a default on my loan: **(i)** I fail to pay the entire unpaid balance of the applicable loans after the lender has exercised its option under items (i), (ii), or (iii) in the preceding paragraph; **(ii)** I fail to make installment payments when due, provided my failure has persisted for at least 270 days for payments due monthly or 330 days for payments due less frequently than monthly; or **(iii)** I fail to comply with other terms of the loans, and the lender or guarantor reasonably concludes I no longer intend

to honor my repayment obligation. If I default, the guarantor may purchase my loans and capitalize all then-outstanding interest into a new principal balance, and collection fees will become immediately due and payable. If I default, the default will be reported to all national

credit bureaus and will significantly and adversely affect my credit history. I acknowledge that a default shall have additional adverse consequences to me as disclosed in the Borrower's Rights and Responsibilities Statement. Following default, the loans may be subject to income-contingent repayment (including potential collection of amounts in excess of the principal and interest) in accordance with the Act.

Governing Law and Notices

The terms of this MPN will be interpreted in accordance with the applicable federal statutes and regulations, and the guarantor's policies. Applicable state law, except as preempted by federal law, may provide for certain borrower rights, remedies, and defenses in addition to those stated in this MPN.

If a particular loan under this MPN is made by the school, or if the proceeds of a particular loan made under this MPN are used to pay tuition and charges of a for-profit school that refers loan applicants to the lender, or that is affiliated with the lender by common control, contract, or business arrangement, any lender holding such loan is subject to all claims and defenses that I could assert against the school with respect to such loan. My recovery under this provision shall not exceed the amount I paid on such loan. If I reside in the state in which the principal office of the guarantor is located, the guarantor may sue to enforce the applicable loans in the county in which the guarantor's office is located. However, if I object to being sued there and I mail a written objection to the guarantor that is postmarked no later than 30 days after I am served with the suit, the guarantor will either have the court transfer the suit to the county in which I live or will dismiss the lawsuit.

Any notice required to be given to me will be effective if sent by first class mail to the latest address the lender has for me or by electronic means to an electronic address that I have provided. I will immediately notify the lender of any change of address or status as specified in the Borrower's Rights and Responsibilities Statement. Failure by the lender to enforce or insist on compliance with any term on this MPN shall not be a waiver of any right of the lender. No provision of this MPN may be modified or waived except in writing. If any provision of this MPN is determined to be unenforceable, the remaining provisions shall remain in force.

Notice About Subsequent Loans Made Under This Master Promissory Note

This Master Promissory Note authorizes the lender to disburse multiple loans during the multi-year term of this MPN upon my request and upon the school's certification of my loan eligibility. Subsequent loans may be made under this MPN for the same or subsequent periods of

enrollment only at schools designated by the Secretary of the U.S. Department of Education.

I understand that no subsequent loans will be made under this MPN after the earliest of the following dates: **(i)** the date my lender receives my written notice that no further loans may be disbursed under the MPN; **(ii)** one year after the date of my signature on this MPN if no disbursement is made during such twelve month period; or **(iii)** ten years after the date of my signature on this MPN or the date the lender receives this MPN. Any amendment to the Act governs the terms of any loans disbursed on or after the effective date of such amendment, and such amended terms are hereby incorporated into this MPN.

Addendum to the Federal Stafford Loan Master Promissory Note Federal Family Education Loan Program

The Higher Education Reconciliation Act of 2005 (HERA) changed some of the terms of Federal Stafford Loans made under the Federal Family Education Loan Program (FFELP). As a result, certain terms of the loan(s) you receive under the accompanying Federal Stafford Loan Master Promissory Note (MPN) differ from the terms in the MPN and Borrower's Rights and Responsibilities Statement. This Addendum describes the changes made to the loan terms by the HERA. Your loan is subject to those changes. The changes set forth in this Addendum are incorporated into and made a part of the accompanying MPN that you sign and the Borrower's Rights and Responsibilities Statement.

• **MPN: Borrower Certifications and Authorizations.** *Effective for MPNs signed on or after July 1, 2006,* by signing your MPN, you are certifying, under penalty of perjury, that if you have been convicted of, or have pled *nolo contendere* or guilty to, a crime involving fraud in obtaining federal student assistance under Title IV of the Higher Education Act of 1965, as amended, you have completed the repayment of such funds to the U.S. Department of Education, or to the loan holder in the case of a Title IV federal student loan.

• **MPN: Borrower Certifications and Authorizations, Item 14E.** The first part of this item is revised to read as follows: "I request and authorize my lender to: **(i)** during the in-school and grace periods of any loans made under this Master Promissory Note, defer and align the repayment of principal on all of my FFELP loans, except for Federal PLUS Loans and Federal Consolidation Loans, that are in repayment status; and **(ii)**..."

• **Borrower's Rights and Responsibilities Statement: Item 4, Maximum Program Loan Amounts.** *Effective for loans first disbursed on or after July 1, 2007,* the annual loan maximums for certain categories of students in the chart titled "Federal Stafford Loan Maximums" are revised to read as follows:

DEPENDENT UNDERGRADUATES Subsidized Total

(Subsidized and Unsubsidized)

First Year \$3,500 \$3,500

Second Year \$4,500 \$4,500

INDEPENDENT UNDERGRADUATES

(and dependents whose parents are unable to borrow under the PLUS program)

First Year \$3,500 \$7,500

Second Year \$4,500 \$8,500

GRADUATE AND PROFESSIONAL STUDENTS

\$8,500 \$20,500

There are no changes to any of the other annual or total loan maximums shown in the Federal Stafford Loan Maximums chart.

• **Borrower's Rights and Responsibilities Statement: Item 7, Loan Fees.** *Effective for loans for which the date of guarantee of principal is on or after July 1, 2006, this item is revised to read as follows: "7. Loan Fees - I may be charged an origination fee and/or a federal default fee for each loan made under this MPN. Neither fee may exceed the rate as specified in the Act. If I am charged these fees, they will be deducted proportionately from each disbursement."*

NOTE: Any reference to a guarantee fee in the MPN is deemed to be a reference to the federal default fee.

• **Borrower's Rights and Responsibilities Statement: Item 8, Disbursement of Loan Money.** *Effective July 1, 2006, loan money for*

students enrolled in foreign schools generally must be sent to the school and disbursed in multiple installments.

• **Borrower's Rights and Responsibilities Statement: Item 13, Interest Rates.** *Effective for loans first disbursed on or after July 1, 2006, a Federal Stafford Loan has a fixed interest rate.*

• **Borrower's Rights and Responsibilities Statement: Item 14, Payment of Interest.** The first sentence in this item is revised to read

as follows: "My lender will, during the in-school, grace, and deferment periods and during any period in which I am on active-duty military service, postpone and align principal payments on my outstanding FFELP loans, except for Federal PLUS Loans and Federal Consolidation Loans."

• **Borrower's Rights and Responsibilities Statement: Item 17, Loan Discharge.** *Effective July 1, 2006, a loan is also eligible for discharge if it is determined that the borrower's eligibility for the loan was falsely certified as a result of a crime of identity theft.*

• **Borrower's Rights and Responsibilities Statement: Item 20, Special Repayment Arrangements.** *Effective for consolidation applications received on or after July 1, 2006,* a married couple may no longer borrow a Federal Consolidation Loan as joint borrowers.

• **Borrower's Rights and Responsibilities Statement: Item 21, Deferments.** *Effective July 1, 2006, for loans with a first disbursement made on or after July 1, 2001,* a deferment is available for a period of up to three years during which a borrower is serving on active duty during a war or other military operation or national emergency, or performing qualifying National Guard duty during a war or other military operation or national emergency. *CFI Form P424 (3/08/07)*

Instructions for Completing Promissory Note

Federal Family Education Loan Program (FFELP) Guarantor, Program, or Lender Identification

Federal Stafford Loan Master Promissory Note Instructions and Notices

This is a Master Promissory Note under which you may receive multiple subsidized and unsubsidized Federal Stafford Loans over a maximum ten year period. Except for interest charges the federal government pays on your behalf on subsidized Federal Stafford Loans while you are in school and during your grace and deferment periods, you are responsible for paying interest on the principal amount of your loans from the date of disbursement until the loans are paid in full. Use a dark ink ball point pen or typewriter. Do not complete this form in pencil. If an item has been completed for you and any part of it is incorrect, cross out the incorrect information and print the correct information. Incorrect, incomplete, or illegible information may cause your loan to be delayed.

Important Notices

Item 1: Enter your last name, then your first name and middle initial.

Item 2: Enter your nine-digit Social Security Number. If this item has been completed for you, review it for correctness. If it is incorrect, cross out the entire incorrect number and print the entire correct Social Security Number in this box. Your loan(s) cannot be processed without a Social Security Number. Read the Privacy Act and the Financial Privacy Act Notices below before completing this item.

Item 3: Enter your permanent home street address, apartment number, city, state, and zip code. If you have a Post Office Box and a street address, list both. A temporary school address is not acceptable.

Item 4: Enter the area code and telephone number for the address listed in Item 3. If you do not have a telephone, enter N/A.

Item 5: Using only numbers, enter the month, day, and four-digit year of your birth, (For example, for June 24, 1982, you would enter 6/24/1982). Be careful not to enter the current year.

Item 6: Enter the two-letter abbreviation for the state that issued your driver's license followed by the driver's license number. If you do not have a driver's license, enter N/A.

Item 7: Enter your preferred e-mail address if you have one. You are not required to provide this information. If you do, we may use your e-mail address to communicate with you. If you do not have an e-mail address or do not wish to provide one, write N/A.

Item 8: Enter the name and address of the lender from which you wish to borrow. If you do not have a lender, contact your school's financial aid office, a bank or other financial institution, or the guarantor or program listed on this form for information on lenders willing to make loans to students attending your school.

Item 9: If you know the lender code, enter it here. Otherwise, leave this item blank.

Item 10: Enter the requested reference information for two adults who do not share a common address. The first reference should be a parent (if living), legal guardian, or an adult relative. References with addresses outside the U.S. are not acceptable. Both references must be completed in full. If a reference does not have a telephone or an e-mail address or does not wish to provide an e-mail address, write N/A. If you provide an e-mail address for a reference, the lender or holder of your loan(s) may use it to communicate with the reference. All requested items must be completed or your loan(s) will be delayed.

Item 11: Your school will notify you of the amount of subsidized and unsubsidized Federal Stafford loans you are eligible to receive for this and subsequent academic periods. You may decline a loan or request a lower amount by contacting your lender or school. Additional information is included under "Loan Cancellation" in the Borrower's Rights and Responsibilities Statement.

Item 12: Check this box only if you want to make interest payments while in school.

Items 13, 14, and 15: Read these items carefully.

Item 16: Sign your legal name, including your first name, middle initial, and last name. Use a dark ink ballpoint pen, if you are completing a paper copy of this MPN.

Item 17: Enter the date you are signing this MPN.

Privacy Act Notice

The Privacy Act of 1974 (5 U.S.C. 552a) requires that the following notice be provided to you: The authority for collecting the requested information from and about you is §428(b)(2)(A) et seq. of the Higher Education Act of 1965, as amended (20 U.S.C. 1078(b)(2)(A) et seq.)

and the authority for collecting and using your Social Security Number (SSN) is §484(a)(4) of the HEA (20 U.S.C. 1091(a)(4)).

Participating in the Federal Family Education Loan Program (FFELP) and giving us your SSN is voluntary, but you must provide the requested information, including your SSN, to participate. The principal purposes for collecting the information on this form, including your SSN, are to verify your identity, to determine your eligibility to receive a loan or a benefit on a loan (such as a deferment, forbearance, discharge or forgiveness) under the FFELP, to permit the servicing of your loan(s), and, if it becomes necessary, to locate you and to collect on your loan(s) if your loan(s) become delinquent or in default. We also use your SSN as an account identifier and to permit you to access your account information electronically.

The information in your file may be disclosed to third parties as authorized under routine uses in the appropriate systems of records. The routine uses of this information include its disclosure to federal, state, or local agencies, to other federal agencies under computer matching programs, to agencies that we authorize to assist us in administering our loan programs, to private parties such as relatives, present and former employers, business and personal associates, to credit bureau organizations, to educational and financial institutions, to guaranty agencies and to contractors in order to verify your identity, to determine your eligibility to receive a loan(s) or a benefit on a loan(s), to permit the servicing or collection of your loan(s), to counsel you in repayment efforts, to enforce the terms of the loan(s), to investigate possible fraud and to verify compliance with federal student financial aid program regulations, to locate you if you become delinquent in your loan payments or if you default, to provide default rate calculations, to provide financial aid history information, to assist program administrators with tracking refunds and cancellations, or to provide a standardized method for educational institutions efficiently to submit student enrollment status. In the event of litigation, we may send records to the Department of Justice, a court, adjudicative body, counsel, party, or witness if the disclosure is relevant and necessary to the litigation. If this information, either alone or with other information, indicates a potential violation of law, we may send it to the appropriate authority for action. We may send information to members of Congress if you ask them to help you with federal student aid questions. In circumstances involving employment complaints, grievances, or disciplinary actions, we may disclose relevant records to adjudicate or investigate the issues. If provided for by a collective bargaining agreement, we may disclose records to a labor organization recognized under 5 U.S.C. Chapter 71. Disclosures may also be made to qualified researchers under Privacy Act safeguards.

Financial Privacy Act Notice

Under the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401-3421), the U.S. Department of Education will have access to financial records in your student loan file maintained by the lender in compliance with the administration of the Federal Family Education Loan Program.

Paperwork Reduction Notice

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a currently valid OMB control number. The valid OMB control number for this information collection is 1845-0006. The time required to complete this information is estimated to average 1.0 hours (60 minutes) per response, including the time to review instructions, search existing data resources, gather and maintain the data needed, and complete and review the information collection. If you have any comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to the U.S. Department of Education, Washington, DC 20202-4651. If you have questions regarding the status of your submission of this form, contact the lender, guarantor, or program identified in the upper right hand corner of this form.

Borrower's Rights and Responsibilities Statement

Federal Stafford Loan Maximums¹

ANNUAL LIMITS

DEPENDENT Subsidized Total

UNDERGRADUATES² (Subsidized & Unsubsidized)³

First Year \$2,625 \$2,625

Second Year \$3,500 \$3,500

Third Year and Beyond \$5,500 \$5,500

INDEPENDENT UNDERGRADUATES

(and dependents whose parents are unable to borrow under the PLUS program)

First Year \$2,625 \$6,625

Second Year \$3,500 \$7,500

Third Year and Beyond \$5,500 \$10,500

GRADUATE AND \$8,500 \$18,500

PROFESSIONAL STUDENTS

AGGREGATE LIMITS³

DEPENDENT \$23,000 \$23,000

UNDERGRADUATES

INDEPENDENT UNDERGRADUATES \$23,000 \$46,000

(and dependents whose parents are unable to borrow under the PLUS program)

GRADUATE AND \$65,500 \$138,500

PROFESSIONAL STUDENTS

- 1 Certain health professions students may qualify for higher limits.
- 2 All undergraduate annual loan limits are subject to proration.
- 3 If the borrower does not have financial need for a subsidized Federal Stafford Loan using expected family contribution (EFC), or has reached the aggregate limit in subsidized Federal Stafford Loans, the borrower may receive up to and including this entire amount in unsubsidized Federal Stafford Loans assuming he or she has remaining eligibility for the loan.

Important Notice: The Borrower's Rights and Responsibilities Statement provides additional information about the terms and conditions of loans you receive under the Federal Stafford Loan Master Promissory Note (MPN). Please keep a copy of this statement because it applies to present and subsequent loans received under the MPN. You may contact your lender at any time for another copy of this statement.

The Federal Family Education Loan Program (FFELP) includes the following loans:

- _ Subsidized Federal Stafford Loan (formerly known as Guaranteed Student Loan [GSL]),
- _ Unsubsidized Federal Stafford Loan,
- _ Federal Insured Student Loan (FISL),
- _ Federal Supplemental Loans for Students (SLS), also known as ALAS,
- _ Federal PLUS (parent) Loan,
- _ Federal Consolidation Loan.

The FFELP is authorized by Title IV, Part B of the Higher Education Act of 1965, as amended.

1. Governing Law – Loans disbursed under this Master Promissory Note (MPN) are subject to the Higher Education Act of 1965, as amended (20 U.S.C. 1070 et seq.), and applicable U. S. Department of Education regulations (collectively referred to as the "Act"). NOTE: Any change to the Act applies to the terms of any loans made on or after the effective date of the change.

2. Use of this MPN – I may receive more than one loan under this MPN over a period of up to ten years. Whether I may receive loans under this MPN for only one academic period, or for multiple academic periods, depends on the school I am attending. I may receive loans under this MPN from the original lender, or a lender who assumes the right to offer loans under this MPN, even if I change my school (provided the school is authorized to certify subsequent loans under this MPN) and even if the guaranty agency changes. I must sign a new MPN if I wish to receive loans from a lender other than my original

lender, or a lender who assumes the right to offer me loans under this MPN.

3. Subsidized and Unsubsidized Loans – There are two types of Federal Stafford Loans that I may be eligible for under this MPN: subsidized and unsubsidized. The subsidized Federal Stafford Loan is based on need. If I qualify, the government pays the lender the interest due on my subsidized loans while I am in school and during grace and deferment periods ("lender" refers to the original lender and its

successors, including any subsequent holder of this MPN). I am otherwise responsible for interest that accrues on my subsidized loan. The unsubsidized Federal Stafford Loan is not based on need. I am responsible for all interest that accrues on my unsubsidized loans.

4. Maximum Program Loan Amounts – Under the Federal Stafford Loan Program (including both subsidized and unsubsidized loans), I may borrow amounts under this MPN up to and including the dollar amounts shown in the chart on this page (Federal Stafford Loan Maximums).

I am subject to the limits on these loan amounts on the basis of the following:

- _ My academic level (freshman, sophomore, etc.),
- _ My status as a dependent student or independent student,
- _ The length of the academic program in which I am enrolled,
- _ The length of the remainder of my undergraduate program of study if it
 - is less than one academic year, and
- _ As otherwise authorized by the Act.

5. Maximum Individual Loan Limits – For each academic period, my school determines the maximum loan amount I am eligible to receive by considering the factors in Section 4 above and other factors such as my Cost of Attendance, Expected Family Contribution, and other financial aid awarded to me. If my school awards both subsidized Federal Stafford Loans and unsubsidized Federal Stafford Loans, it is required to determine my eligibility for a subsidized Federal Stafford Loan before determining my eligibility for an unsubsidized Federal Stafford Loan. If I have received student loans from more than one lender or from other federal student loan programs, I am responsible for informing my school and my lender of my other student loans. In some cases, I may not be eligible for loans for which I have applied.

6. Use of Loan Money – I must use the loan money for authorized educational expenses for attendance at the school that certified my eligibility for the time period shown on my disclosure statement.

Authorized expenses include the following:

- _ Tuition,

- _ Room,
- _ Board,
- _ Institutional fees,
- _ Books,
- _ Supplies,
- _ Equipment,
- _ Dependent child care,
- _ Transportation,
- _ Commuting expenses,
- _ Rental or purchase of a personal computer,
- _ Origination fee and guarantee fee, and/or
- _ Other documented, authorized costs.

7. Loan Fees – I may be charged an origination fee and/or a guarantee fee for each loan made under this MPN. Neither fee may exceed the rate as specified in the Act. The amount of these fees will be deducted proportionately from each disbursement.

8. Disbursement of Loan Money – Generally, my loan money will be disbursed to my school in multiple installments based on the academic terms at my school. If my school does not have academic terms, my loan money will generally be disbursed in at least two installments, one at the beginning and one at the midpoint of my enrollment period for the applicable loans.

If I am enrolled in a foreign school, or in a study abroad program through a school in the U.S. (home institution), the disbursement requirements stated above do not apply and:

- _ The loan money may be sent in one installment directly to me, or
- _ I may provide my foreign school or home institution, as applicable, a written authorization designating an individual not affiliated with the foreign school or home institution as my power-of-attorney to negotiate any loan disbursements on my behalf.

Loan money may be credited to my account at my school or disbursed by a check or other means made payable to me. If this is my first student loan under either the Direct Loan Program or the FFELP, I must receive entrance counseling before the first disbursement of my subsidized or unsubsidized Federal Stafford Loan can be made.

9. Change of Status – I must notify my school and/or lender of certain changes. I must notify my school's financial aid office if any of the following events take place:

- _ I reduce my enrollment status to less than half time,
- _ I withdraw from school,
- _ I stop attending classes,
- _ I fail to re-enroll for any term,
- _ I have a change in my expected graduation date, and/or

I change my name, local address, permanent address, or e-mail address.

Shortly before my enrollment ends, I must participate in exit counseling with my school, during which I will update my loan records about my:

- Permanent address,
- E-mail address,
- Telephone number,
- Future employer, and
- References.

I must notify the lender of a particular loan if I fail to enroll with respect to such loan:

- At least half time for the loan period certified, or
- At the school that certified my eligibility.

I must promptly notify my lender(s) if any of the following events occur before loans held by my lender(s) are repaid:

- I change my address, telephone number, or e-mail address
- I change my name (for example, maiden name to married name),
- I withdraw from school or begin attending less than half time,
- I transfer from one school to another school,
- I change my employer or my employer's address or telephone number changes,
- I have any other change in status that would affect my loan (for example, the loss of eligibility for an unemployment deferment by obtaining a job).

10. Effect of Loans on Other Student Aid – Federal law requires that before receiving a Federal Stafford Loan, my school must receive a determination of my Pell Grant eligibility. Also, because an unsubsidized loan is more expensive to borrow than a subsidized loan, my school must determine my subsidized loan eligibility before I am offered an unsubsidized loan.

11. Grace Period – I will receive a 6-month grace period before the first payment of my Federal Stafford Loan must be made. The grace period begins the day after I cease to be enrolled at least half time at an eligible school. My grace period does not include any period up to 3 years during which I am called or ordered to active duty for more than 30 days from a reserve component of the Armed Forces of the United States, including the period necessary for me to resume enrollment at the next available regular enrollment period.

12. Repayment – All of my loans made under this MPN must be repaid. The repayment period for my loans begins the day after my 6-month grace period ends. My lender will notify me of the date my first payment is due. I must make payments on my loans even if I do not

receive a bill or repayment notice. Billing information is sent to me as a convenience, and I am obligated to make payments even if I do not receive any notice. My minimum annual payment required on all my FFELP loans

will not, unless the lender otherwise agrees, be less than \$600, except as provided in a graduated or income sensitive repayment plan. Notwithstanding the preceding sentence, my minimum annual payment will never be less than the amount of interest due and payable. My repayment period for each loan lasts at least 5 years but may not exceed 10 years (except under an extended repayment plan) from the day after the grace period ends. I will be given the opportunity to choose one of the following repayment plans (for the following repayment plans, the time limits shown do not include periods of deferment and forbearance):

_ **Standard Repayment Plan** – Under this plan, I will make fixed monthly payments and repay my loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment. Payments must be at least \$50 a month and will be more, if necessary, to repay the loan within the required time period.

_ **Graduated Repayment Plan** – Under this plan, I will usually make lower monthly payments at first, and my payments will increase over time. No single payment will be more than three times greater than any other payment.

_ **Extended Repayment Plan** – Under this plan, I will make monthly payments based on fixed annual or graduated repayment amounts over a period not to exceed 25 years. Payments must be at least \$50 a month and will be more, if necessary, to repay the loan within the required time period. I am only eligible for this plan if **(i)** at the time I obtain a loan under this MPN I have no outstanding balance on a FFELP loan made before October 7, 1998, and **(ii)** I accumulate outstanding FFELP Program loans exceeding \$30,000.

_ **Income-Sensitive Repayment Plan** – If I choose this plan, my monthly payments will be adjusted annually, based on my expected total monthly gross income from all sources. I may call my lender at any time for more information about this repayment plan option. Under each plan, the number or amount of the payments may need to be adjusted to reflect annual changes in the variable interest rate. These repayment plans will be explained in more detail during my exit counseling session. If I do not choose an income-sensitive, graduated, or extended repayment plan within 45 days after notification of my repayment choices, or if I choose an income-sensitive repayment plan but do not provide the required documentation within the lender-specified time frame, my lender will require that I repay the loan

under a standard repayment plan. I may change the repayment plan on my loan(s) once a year. There will be no penalty for prepaying any portion of my loans. All payments and prepayments may be applied in the following order: late charges, fees, and collection costs first, outstanding interest second, and outstanding principal last. If I fail to make any part of an installment payment within 15 days after it becomes due, I may owe a late charge. This charge may not exceed six cents for each dollar of each late installment.

13. Interest Rates – The interest rate on a Federal Subsidized Stafford Loan and a Federal Unsubsidized Stafford Loan is a variable rate that is based on a formula established in the Act. The interest rate may be adjusted each year on July 1. As a result, my interest rate may change annually, but it will never exceed 8.25 percent. After reviewing the actual interest rate, I may cancel or reduce any loan obtained under this

MPN in accordance with the "Loan Cancellation" section that follows.

14. Payment of Interest – My lender will, during the in-school, grace, and deferment periods and during any period in which I am on active-duty military service, defer and align principal payments on my outstanding FFELP loans. Interest that accrues on all my subsidized FFELP loans during authorized forbearance periods, and on all my unsubsidized FFELP loans during periods when I am not making regularly scheduled payments may, unless precluded by the Act, be capitalized (added to the principal of my loans) — unless I pay the interest

as it accrues. Except for interest charges the federal government pays on my behalf for subsidized Federal Stafford Capitalization of Federal Stafford Loan Interest. Contact your lender if you have questions or need more information.

This chart compares the monthly payments on unsubsidized Federal Stafford Loans where interest is paid while the borrower is in school and loans where the interest is capitalized. This example uses the maximum interest rate for Federal Stafford Loans, 8.25%. This is an estimate only. The actual interest capitalized will depend on factors such as disbursement date, number of disbursements, and the variable interest rate.

	Treatment	Loan	Capitalized	Principal	Monthly	Total
	of	Interest	Amount	Interest	for	to be
	12	months	Repaid	Payments	Repaid	Amount

When you pay the interest	\$15,000	\$ 0	\$15,000	\$184	120	\$23,315*
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When you don't pay the \$15,000 \$1,238 \$16,238 \$199 120 \$23,900 Interest *Total amount repaid includes \$1,238 of interest paid by the borrower before the borrower entered repayment.

Result: During repayment, you pay \$15 less per month and \$585 less over the lifetime of your loan(s) when you pay the interest as it is charged. Loans (while I am in school at least half time, for up to 3 years during active duty service in the Armed Forces as described in the Grace Period section above, during the grace period after I leave school, or during any period of authorized deferment), it is my responsibility to pay interest on the principal amount of my loans from the date of disbursement until the loans are paid in full. For all other periods and for unsubsidized Federal Stafford Loans, it is my responsibility to pay interest on my loans. If I inform my lender that I wish to pay interest as it accrues, but I do not submit the payments, my lender may capitalize that interest. Capitalized interest increases the principal balance of my loans and the total amount of interest charges

I must pay. Interest will be capitalized on my loans as provided under the Act. Generally, capitalization may occur no more frequently than quarterly. However interest that accrues on my unsubsidized Federal Stafford Loans during in-school, grace or deferment periods may only be capitalized at the end of such periods. In addition, interest may not be

capitalized if my lender grants an administrative forbearance for up to 60 days in order to collect and process documentation supporting my request for a deferment, forbearance, change in repayment plan, or consolidation. (See the chart entitled, "Capitalization of Federal Stafford Loan Interest," for further information on capitalization.) The charts entitled Repaying Your Loans allow me to estimate the cost of capitalization and estimate the effect of capitalization on my monthly payments. If necessary, I must add two or more estimates of my payments together to approximate more closely the total monthly payment. I may be able to claim a federal income tax deduction for interest payments I make on my FFELP loans. For further information, I may refer to the IRS Publication 970, which is available at

<http://www.irs.ustreas.gov>. **15. Loan Cancellation** – I understand that the terms of a full or partial loan cancellation depend on when I request the cancellation. At any time before my loan money is disbursed, I may decline all or part of my loan money by notifying my school or lender. No origination fee, guarantee fee or interest will be charged on the amount of the loan that is cancelled. _ If my school credits my loan to my student account, **I may cancel all or a part of my loan by informing my school within 14 days** after the date my school sends me a disbursement notice, or by the first day of the

school's payment period, whichever is later. (My school can tell me the first day of the payment period.) If I cancel all or a portion of my loan as described in this paragraph, my school will return to my lender the cancelled amount of the loan money and the loan fees will be reduced or eliminated in

proportion to the amount returned. _ At any time within 120 days of disbursement, I may pay back all or a part of my loan. The loan fees will

be reduced or eliminated in proportion to the amount returned.

16. Sale or Transfer of Loans – The lender may sell or otherwise transfer one or all of my loans without my consent. Should ownership of a loan be transferred, I will be notified of the name, address, and telephone number of the new lender if the address to which I make my payments changes. Sale or transfer of my loans does not affect my rights and responsibilities under such loans. If the lender sells my loans to another originating lender, the lender may also transfer the right to offer subsequent loans under the MPN to such purchaser. I always have the

right to terminate a lender's ability to make loans to me under this MPN by written notice to the lender.

17. Loan Discharge – My loans will be discharged if documentation of my death is submitted to my lender. My loan(s) may also be discharged if a physician certifies that I am totally and permanently disabled as

What Is Capitalization?

Capitalization is a process whereby a lender adds unpaid interest to the principal balance of a loan. You are responsible for paying the interest due on your loan as described in Item 3 of this Rights and Responsibilities Statement. If you fail to make required interest payments before the beginning or resumption of principal repayment, or if you are granted a deferment (on an unsubsidized Federal Stafford Loan) or forbearance, your lender may capitalize such interest as provided

under the Act. The principal balance of your loan will increase each time your lender capitalizes unpaid interest. As a result, you will pay more interest charges over the life of the loan. When you leave school and begin repaying your loan, your monthly payment amount will be higher or, if your loan is subject to the \$50 minimum payment, you will make

more payments. defined by the Act. In addition, I must meet certain income requirements and may not receive any additional FFELP, Direct, or Federal Perkins Loans during a 3-year conditional discharge period. I may not receive a discharge due to total and permanent disability based on a condition that existed before I applied for that

loan, unless a physician certifies that the condition substantially deteriorated after the loan was made. My loan will not automatically be discharged in bankruptcy. In order to discharge a loan in bankruptcy, I must prove undue hardship in an adversary proceeding before the bankruptcy court. In certain cases, the Act provides for loan discharge for borrowers who are unable to complete a course of study because the institution closes, or borrowers whose loan eligibility was falsely certified by the institution. The Act also provides for loan discharge in the amount of any required refund that my school failed to make to my lender on my behalf. Neither the lender, the guarantor, nor the Department of Education vouch for the quality or suitability of the academic programs offered by participating schools.

Unless I qualify for loan discharge under the Act, I must repay the loans even if I do not complete my education, I am unable to obtain employment in my field of study, or I am dissatisfied with, or do not receive, the education I paid for with the loans. For additional information, I should contact my lender or guarantor.

18. Consequences of Default – Default is defined in detail in my MPN. If I default, the entire unpaid balance and any accrued collection fees on the applicable loans will become immediately due and payable. Failure to repay loans made under this MPN may result in any or all of the following:

- _ Loss of federal and state income tax refunds,
- _ Loss of other federal or state payments,
- _ Legal action against me,
- _ Collection charges (including attorney fees) being assessed against me,
- _ Loss of my professional license,
- _ An increase in my interest rate,
- _ Loss of eligibility for other student aid and assistance under most federal benefit programs,
- _ Loss of eligibility for loan deferments,
- _ Negative credit reports to credit bureaus, and/or
- _ My employer withholding part of my wages to give them to my guarantor (administrative wage garnishment).

19. Credit Bureau Notification – Information concerning the amount, disbursement, and repayment status (current or delinquent) of loans will

be reported to one or more national credit bureau organizations on a regular basis. If I default on any loans made under this MPN, that default also will be reported to all national credit bureaus. Before any

guaranty agency reports such a default, I will be given at least 30 days notice that default information will be disclosed to the credit bureaus unless I enter into repayment arrangements within 30 days of the date on the notice. The guarantor will give me a chance to ask for a review of the debt(s) before the default is reported. My lender and guarantor must provide a timely response to a request from any credit organization regarding objections I might raise with that organization about the accuracy and completeness of information reported by the lender or guarantor.

20. Special Repayment Arrangements –

_ A Federal Consolidation Loan Program is available under which I (or my spouse and I jointly) may consolidate (combine) into one debt federal

education loans received from different lenders and/ or under different education loan programs. Depending on the amount I borrow, this program may result in an extension of my repayment period. Consolidation permits multiple debts to be combined into one monthly payment. For additional information, I should contact my lender or guarantor.

_ Under certain circumstances, military personnel may have their educational loans repaid by the Secretary of Defense. Questions should be addressed to the local service recruiter. This is a recruiting program

and does not pertain to prior service individuals or those not eligible for enlistment in the Armed Forces.

_ In addition, volunteers who complete service in an approved national or community service project can earn an educational award. The award can be used to repay a Federal Stafford Loan. If I receive an educational award, I am responsible for providing my lender with information and documentation regarding my term of service and the award. _ If I have no outstanding loan balance on a FFEL or Direct Loan Program loan on October 1, 1998, or if I have no outstanding loan balance on the date I obtain a loan after October 1, 1998, I may be eligible for teacher loan forgiveness. The Department of Education will repay a fixed amount of my subsidized and unsubsidized Federal Stafford Loans if I have worked as a full-time teacher for five consecutive school years, and if I meet all other eligibility requirements under the Act. If I am in default on a FFELP loan or a Direct loan, I am not eligible for forgiveness on that loan(s) unless I have made satisfactory repayment arrangements.

_ If I am a full-time child care provider and I had no outstanding balance on a FFELP loan or a Direct loan on October 7, 1998, or I had no outstanding balance on a FFELP loan on the date I obtained a loan after

October 7, 1998, I may qualify for loan forgiveness under a demonstration program set forth in the Act. I understand that I must meet other eligibility requirements under the Act and that this program requires annual federal funding.

21. Deferments – Under certain circumstances, I have a right to defer (postpone) repayment. The types of deferments that are available to me depend on when I first obtained a FFELP loan. Upon request, my lender will provide me with a deferment application that explains the eligibility requirements. If I am in default on my loan(s), I am not eligible for a deferment. If all of my outstanding FFELP loans were made on or after July 1, 1993, and when my first FFELP loan was made on or after July 1, 1993, I had no outstanding FFELP loans that were made before July 1, 1993, a deferment is available to me while I am:

- _ Enrolled at least half time at an eligible school,
- _ Engaged in a full-time course of study in a graduate fellowship program,
- _ Engaged in a full-time rehabilitation training program for individuals with disabilities (if the program is approved by the Department of Education),
- _ Conscientiously seeking, but unable to find, full-time employment (for up to three years),
- _ Experiencing an economic hardship as determined by federal law (for up to three years).

My lender will process an in-school deferment based on **(i)** my request along with documentation verifying my eligibility, or **(ii)** the lender's receipt of a school certification of eligibility in connection with a new loan,

or **(iii)** the lender's receipt of student status information indicating that I am enrolled on at least a half-time basis. In all other cases, I must provide my lender with a deferment request and evidence that verifies my eligibility. If at the time I obtain a loan under this MPN I have an

outstanding FFELP loan disbursed before July 1, 1993, information on applicable deferment opportunities will be found in my earlier promissory note materials.

22. Forbearance – If I am unable to make my scheduled loan payments, the lender may allow me to reduce my payment amount, to extend the time for making payments, or to temporarily stop making payments as long as I intend to repay my loan. Allowing me to temporarily delay or reduce loan payments is called a forbearance. Interest charges continue to accrue during a forbearance period. The lender may grant me a forbearance in the following circumstances:

- Financial hardship, and/or
- Illness.

Important Notice: Please retain this statement because it applies to present and subsequent loans received under the Master Promissory Note.

My lender is generally not required to grant a forbearance and may require me to provide my reasons for the request and other information.

The lender may grant me a forbearance to eliminate a delinquency that persists even though I am making scheduled installment payments. My lender may grant me an administrative forbearance for up to 60 days in order to collect and process documentation supporting my request for a deferment, forbearance, change in repayment plan, or consolidation. Circumstances that require my lender to grant me a forbearance include:

- Serving in a medical or dental internship or residency program, if I meet certain criteria.
- Serving in a national service position for which I receive a national service education award under the National and Community Service Trust Act of 1993. In some cases, the interest that accrues on a qualified loan during the service period will be paid by the Corporation for National and Community Service.
- Qualifying for partial repayment of my loans under the Student Loan Repayment Program, as administered by the Department of Defense.
- Qualifying for loan forgiveness under the Teacher Loan Forgiveness Program, if I meet certain criteria (for up to five years).
- Qualifying for loan forgiveness under the Child Care Provider Loan Forgiveness Program (for up to five years).
- Having a monthly debt burden for Title IV loans that collectively equals or exceeds 20% of my total monthly gross income (for up to three years).

Upon request, my lender will provide me with forbearance information and a forbearance request form.

Repayment information follows

Repaying My Loans

Follow these steps to estimate your loan payment.

Loan Estimate of Capitalized New Principal Estimated Amount Interest (From Step Two) Balance Monthly Payment

Example \$ _____ + \$ _____ = \$ _____
\$ _____

Your Monthly Payment \$ _____ + \$ _____ = \$ _____
\$ _____

**Monthly Interest Number of Months Estimate of
(From Step One) in deferment or forbearance Capitalized
Interest**

Example \$ _____ X \$ _____ = \$ _____

Your Capitalized

Interest \$ _____ X \$ _____ = \$ _____

27.50 22 605.00

**Step 2: Estimate Your Capitalized
Interest**

Complete this step only if you will capitalize interest on a Federal Stafford Loan. **This is an estimate only.** Actual interest capitalized will depend on factors such as disbursement dates, number of disbursements, and the variable interest rate.

**Step 1: Calculate Your Approximate Monthly Interest
Monthly Interest Charges**

Round your balance up to the nearest \$500. If your loan amount is not on the table, follow the example below to estimate your monthly accrued interest.

Example:

Federal Stafford Loan of \$5,479 at 6% interest.

Round up to nearest \$500 = \$5,500. \$5,000 = \$25.00/month

+ 500 = 2.50/month \$27.50/month

Your Monthly Interest \$ _____.

**Step 3: Estimate Your Monthly Payment Estimated Monthly
Payments (10 Year Term)**

Round your loan up to the nearest \$500. If your principal amount is not on the table, follow the example below to estimate your monthly payment. If you previously had interest capitalized, add it to the original

loan amount to get the new principal amount.

Example:

Federal Stafford Loan of \$6,105.00 (5,500 + 605.00) at 6% interest.

Round up to nearest \$500 = \$6,500. \$6,000 = \$66.61/month

+ 500 = 5.55/month \$72.16/month

Estimated monthly payment = \$72.16

*Minimum monthly payment = \$50 or amount of interest accruing each month

5,500 605.00 6,105.00 72.16

Loan 5.0% 6.0% 7.0% 8.0% 9.0%

Amount

\$500 \$2.08 \$2.50 \$2.92 \$3.33 \$3.75

\$1,000 \$4.17 \$5.00 \$5.83 \$6.67 \$7.50

\$3,000 \$12.50 \$15.00 \$17.50 \$20.00 \$22.50

\$5,000	\$20.83	\$25.00	\$29.17	\$33.33	\$37.50
\$6,000	\$25.00	\$30.00	\$35.00	\$40.00	\$45.00
\$7,000	\$29.17	\$35.00	\$40.83	\$46.67	\$52.50
\$9,000	\$37.50	\$45.00	\$52.50	\$60.00	\$67.50
\$10,000	\$41.67	\$50.00	\$58.33	\$66.67	\$75.00
\$15,000	\$62.50	\$75.00	\$87.50	\$100.00	\$112.50
\$20,000	\$83.33	\$100.00	\$116.67	\$133.33	\$150.00
\$25,000	\$104.17	\$125.00	\$145.83	\$166.67	\$187.50

Loan 5.0% 6.0% 7.0% 8.0% 9.0%

Amount

\$500*	\$5.30	\$5.55	\$5.81	\$6.07	\$6.33
\$1,000*	\$10.61	\$11.10	\$11.61	\$12.13	\$12.67
\$3,000*	\$31.82	\$33.31	\$34.83	\$36.40	\$38.00
\$5,000	\$53.03	\$55.51	\$58.05	\$60.66	\$63.34
\$6,000	\$63.64	\$66.61	\$69.67	\$72.80	\$76.01
\$7,000	\$74.25	\$77.71	\$81.28	\$84.93	\$88.67
\$9,000	\$95.46	\$99.92	\$104.50	\$109.19	\$114.01
\$10,000	\$106.07	\$111.02	\$116.11	\$121.33	\$126.68
\$15,000	\$159.10	\$166.53	\$174.16	\$181.99	\$190.01
\$20,000	\$212.13	\$222.04	\$232.22	\$242.66	\$253.35
\$25,000	\$265.16	\$277.55	\$290.27	\$303.32	\$316.69