



# Federal PLUS Loan Master Promissory Note *(continued)*

## Disclosure of Loan Terms

Loans disbursed under this MPN are subject to the 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 to me under this MPN after my loan eligibility is determined by my dependent's school. At or before the time of the first disbursement for each loan, a disclosure statement will be issued 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 to pay for my dependent's educational costs. The school will determine my eligibility and notify the lender. I will be notified of any increase or other change in the amount of my loan(s).

I agree that the lender may sell or assign this MPN and/or my loan(s) 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.

## Loan Cancellation

I may pay back all or a portion of a disbursement within time frames set by the Act and 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. I will not incur 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 loan(s) is that specified in the Act. Interest rate information is presented in the Borrower's Rights and Responsibilities Statement accompanying this MPN. The interest rate is presented in a disclosure 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 entire principal balance is paid in full. This includes interest accruing during any period of deferment or forbearance. I agree to pay all interest charges on my loan(s).

I will begin paying interest upon disbursement of my loan. If I do not make required payments of interest before the beginning of principal repayment, or during a period of authorized deferment or forbearance, I agree that the lender may capitalize such interest to the extent permitted by the Act.

## Origination Fee and Guarantee Fee

For each 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 loan(s). 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 the date it becomes due, and (ii) any other charges and fees that are permitted by the Act for the collection of my loan(s). If I default on any loan(s), I will pay reasonable collection fees and costs, plus court costs and attorney fees.

## Repayment

I must repay the full amount of the loan(s) made under this MPN and the accrued interest. I will repay the principal of each loan in periodic installments during a repayment period that begins on the day of the final disbursement for that loan.

My lender must provide me with a choice of repayment plans consistent with the provisions of the Act. My principal repayment period for each loan, exclusive of any period(s) of deferment or forbearance, generally lasts five years but may not exceed 10 years unless I am eligible for an extended repayment plan.

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. 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.

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(s). Allowing me to temporarily delay or reduce loan payments is called forbearance. I agree that 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 loan(s) at any time without penalty. If I do not specify which loan(s) 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 a loan made under this MPN will become immediately due and payable if any one of the following events occurs: (i) the dependent for whom I am borrowing fails 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(s) solely for educational costs of the dependent student for whom I am borrowing, (iii) I make a false representation(s) that results in my receiving any loan(s) for which I am not eligible, or (iv) I default on the loan(s).

The following events will constitute a default on my loan(s): (i) I fail to pay the entire unpaid balance of the applicable loan(s) 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 loan(s), and the lender or guarantor reasonably concludes I no longer intend to honor my repayment obligation. If I default, the guarantor may purchase my loan(s) and capitalize all outstanding interest into a new principal balance. The new principal balance and collection fees will become immediately due and payable.

If I default, this will be reported to all national credit bureaus and will significantly and adversely affect my credit history. I understand that a default will have additional adverse consequences to me as disclosed in the Borrower's Rights and Responsibilities Statement.

Following default, the loan(s) 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 Higher Education Act of 1965, as amended (20 U.S.C. 1070, et seq.), other 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 at 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 loan(s) 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 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 will 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 MPN

This Master Promissory Note authorizes the lender to disburse multiple loans to pay the educational costs of the dependent student identified in the Student Information Section during the multi-year term of this MPN upon my request and upon the school's certification of my loan eligibility. Subsequent loans for this dependent may be made for the same or subsequent periods of enrollment at schools designated by the Secretary of the U.S. Department of Education.

I understand that no subsequent loan(s) 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 loan(s) disbursed on or after the effective date of such amendment, and such amended terms are hereby incorporated into this Master Promissory Note.

# Federal Family Education Loan Program (FFELP) Federal PLUS Loan Application and Master Promissory Note Instructions and Notices

Guarantor, Program, or Lender Identification



*This is a Master Promissory Note under which you may receive multiple Federal PLUS Loans for the same dependent student over a maximum ten-year period. A Federal PLUS Loan is a loan available to certain parent(s) of dependent undergraduate students ("dependent" is defined in the Higher Education Act and may be different from the definition used by the Internal Revenue Service) attending participating postsecondary schools. You are responsible for paying the principal amount of your loan(s) and all interest that accrues from the date of disbursement until the loan(s) is paid in full.*

*Your lender will perform a standard credit check with a national credit bureau before approving each loan. As required under federal law, if your lender determines you have adverse credit, you may not receive a Federal PLUS Loan unless: 1) you provide information to your lender's satisfaction that there are extenuating circumstances, or 2) you obtain an endorser who does not have an adverse credit history. An endorser is someone who agrees to repay the loan if you fail to do so. The endorser may not be the student for whom the loan is being made.*

*This form is to be completed by the parent borrower. Use a dark ink, ballpoint pen or typewriter. Do not complete this form in pencil. If an item has been completed for you and it is incorrect, cross out the incorrect information and print the correct information. Incorrect, incomplete, or illegible information may cause the processing of your loan to be delayed.*

## Borrower (Parent) Section

**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 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 Financial Privacy Act Notices in these instructions 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.

**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 06/24/1982.) Be careful not to enter the current year.

**Item 6:** Enter your preferred e-mail address for receiving correspondence. If you do not have an e-mail address, or do not wish to provide it, enter N/A. If you provide your e-mail address, the lender or holder of your loan(s) may use it to communicate with you.

**Item 7:** 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 8:** Indicate your U.S. citizenship status. Contact the school's financial aid office if you are unsure of your eligibility.

**Item (a):** Check this box if you are a U.S. citizen or U.S. national. A U.S. citizen includes citizens of the

50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, and the Northern Mariana Islands. A U.S. national includes all U.S. citizens and citizens of American Samoa and Swain's Island.

**Item (b):** Check this box if you are a permanent resident/other eligible non-citizen. Write in your eight- or nine-digit Alien Registration Number. "Permanent Resident" means someone who can provide documentation of this status from the U.S. Immigration and Naturalization Service. "Other Eligible Non-Citizen" includes individuals who can provide documentation from the U.S. Immigration and Naturalization Service that they are in the United States for a purpose that is not temporary, with the intention of becoming a citizen or permanent resident. This category includes refugees, persons granted asylum, Cuban-Haitian entrants, temporary residents under the Immigration Reform and Control Act of 1986, and others.

**NOTE:** If your citizenship status is not one of the categories described above, you are not eligible to receive a Federal PLUS Loan.

**Item 9:** Enter the name and address of the lender from which you wish to borrow. If you do not have a lender, contact the school's financial aid office, a bank or other financial institution, or the guarantor or program listed in the upper right-hand corner of this form for information on lenders willing to make Federal PLUS Loans.

**Item 10:** If you know the lender code, enter it here. Otherwise, leave this item blank.

**Item 11:** *It is important that the lender be able to reach you during the process of making your loan(s) and during repayment.* Enter your employer's name and address, including city, state, and zip code. If you are self-employed, enter the name and address of your business. If you are not employed, enter N/A.

**Item 12:** Enter the area code and telephone number of your employer. If you are self-employed, enter the area code and telephone number of your business. If you do not have a business telephone number, enter N/A.

**Item 13:** Enter the requested reference information for two adults with different U.S. addresses who have known you for at least three years. Do not list the student as a reference. References with addresses outside the U.S. are not acceptable. If a reference

does not have a telephone number or e-mail address, or does not wish to provide an e-mail address, enter 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 the processing of your loan will be delayed.

## Student Information Section

**Item 14:** Enter the last name of the dependent student for whom you are borrowing, then first name and middle initial.

**Item 15:** Enter the student's nine-digit Social Security Number.

**Item 16:** Enter the month, day, and four-digit year of the student's birth. Use only numbers. Be careful not to enter the current year.

## Borrower Request, Certifications, and Authorizations

**Item 17:** The school will notify you of the amount of Federal PLUS Loan you are eligible to receive each time you request Federal PLUS funds. You may decline a loan or request a lower amount by contacting your lender or the school. You should apply only for what you will need to pay your dependent's educational costs each year. Additional information is included under "Loan Cancellation" in the Borrower's Rights and Responsibilities Statement.

**Items 18 and 19:** *Read these items carefully.*

## Promise to Pay

**Item 20:** Read the entire MPN carefully. Then complete Items 21 and 22.

**Item 21:** Sign your legal name, including your first name, middle initial, and last name.

**Item 22:** Enter the date you are signing this MPN in month/day/year format.

## Important Notices

### 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 428B(f) of the HEA (20 U.S.C. 1078-2(f)). Participating in the Federal Family Education Loan Program (FFELP) and giving us your SSN are 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(s) or a benefit on a loan(s) (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 1845-0069. 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:**

U.S. Department of Education  
Washington, DC 20202-4651

**If you have any comments or concerns regarding the status of your individual 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

**Important Notice:** The Borrower's Rights and Responsibilities Statement provides additional information about the terms and conditions of loans you receive under the Federal PLUS Loan Application and 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 loan(s) disbursed 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 not to exceed 10 years. I may receive loans under this MPN for only the dependent identified on the MPN. 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 my dependent changes schools and even if the guaranty agency changes. I may request in writing that no further loans be disbursed under my MPN. If I wish to use a new lender, I must sign a new MPN. I must also sign a new MPN before receiving a new loan, if requested to do so by my lender.

**3. Maximum Program Loan Amounts** — Under the Federal PLUS Loan Program, I may borrow amounts under this MPN not to exceed my dependent student's estimated cost of attendance minus any estimated financial aid he or she has been or will be awarded for the period of enrollment.

**4. Use of Loan Money** — I must use the loan money for authorized educational costs incurred by my dependent student 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.

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

**6. Disbursement of Loan Money** — My loan money will be disbursed to my dependent's school by electronic funds transfer (EFT), master check (one check covering multiple students), or individual check. If my loan money is disbursed by individual check, the check will be copayable to me and the school and sent to the school.

Generally, my loan money will be disbursed to my dependent's school in multiple installments based on the academic terms at the school. If the 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 dependent student's enrollment period for the applicable loan.

If my loan money exceeds the amount owed to the school, the school will forward the remainder of my loan money to me or, if I authorize, to my dependent.

If my dependent student is enrolled in a foreign school, my loan money will be disbursed directly to me or to the foreign school in one installment by a check made copayable to me and the foreign school.

**7. Change of Status** — I must notify my lender or any subsequent holder of my loan(s) if any of the following events take place before my loan(s) is repaid:

- I change my address, telephone number, or e-mail address,
- I change my name (for example, maiden name to married name),
- My dependent student fails to enroll A) at least half time, or B) for the loan period certified, or C) at the school that certified my eligibility for a PLUS Loan,
- My dependent student withdraws from school or begins attending less than half time,
- My dependent student transfers to another school,
- My dependent student graduates or his or her expected graduation date changes,
- I change my employer or my employer's address or telephone number changes, or
- I have any other change in status that would affect my loan status (for example, the loss of eligibility for an unemployment deferment by obtaining a job).

**8. Effect of Federal Loans on Other Student Aid** —

My receipt of a Federal PLUS Loan(s) may affect my dependent student's eligibility for other financial aid. Therefore, it may be beneficial to contact the school to determine my dependent student's eligibility for grants, work-study funds, subsidized loans, and other forms of student assistance before I apply for a Federal PLUS Loan(s).

**9. Interest Rates** — For Federal PLUS Loans first disbursed on or after July 1, 1998, the interest rate will be a variable rate, adjusted annually each July 1, not to exceed 9%. The actual interest rate applicable to each of my loans will be disclosed to me. After reviewing the actual interest rate, I may cancel or reduce any loan obtained under this MPN in accordance with the provisions of Item 11, Loan Cancellation.

**10. Payment of Interest** — It is my responsibility to pay interest on the unpaid principal amount of my loan(s) from the date of disbursement until the loan(s) is paid in full. I am responsible for payment of all interest that accrues on my loan(s).

Under certain circumstances, for example, during deferment, I will not be required to make principal payments, but interest charges on my Federal PLUS Loan(s) will accrue. This interest may be paid or capitalized (added to the principal of my loan(s)). 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. If I inform my lender that I do not wish to pay interest as it accrues, my lender will capitalize such interest. Capitalized interest increases the principal balance of my loan(s) and the total amount of interest charges I must pay.

Interest on my loan(s) will be capitalized as provided under the Act. Generally, capitalization may occur no more frequently than quarterly. (See the chart entitled, "Capitalization of Federal PLUS Loan Interest," for further information on capitalization.) The charts entitled, "Repaying Your Loans" allow me to estimate the cost of capitalization and the effect it will have on my monthly payments. If my total outstanding balance exceeds the maximum on the chart, I understand I must add two or more estimates of the monthly payment amounts together to approximate more closely the total monthly payment for my total debt amount.

I may be able to claim a federal income tax deduction for interest payments as well as possible tax credits. For further information, I may refer to the IRS Publication 970, available at <http://www.irs.gov>.

**11. 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 lender or my dependent's school. No origination fee, guarantee fee, or interest will be charged on the amount of a loan that is declined.

- If the school receives the money by EFT and credits it to my dependent's account, I may cancel all or a part of that loan by informing the school within 14 days after the date the school sends me a disbursement notice, or by the first day of the school's payment period, whichever is later. (The school can tell me the first day of the payment period). If I cancel all or a portion of a loan as described in this paragraph, the 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 that loan. The loan fees will be reduced or eliminated in proportion to the amount returned.

**12. Repayment** — All of my loans made under this MPN must be repaid.

The repayment period for each loan made under this MPN begins on the date of the final disbursement for that loan. This means that each loan I receive under this MPN will start repayment on a different date. My first payment on each loan will be due within 60 days of the final disbursement of that loan. My lender will notify me of the date my first payment is due. My repayment schedule may include all of my FFELP loans that are owned by the lender.

I must make payments on my loan(s) 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 scheduled payments will not be less than the amount of interest due and payable.

My repayment period for each loan generally lasts 5 years but may not exceed 10 years (except under an extended repayment plan).

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** — If I choose this plan, I will make fixed monthly payments and repay my loan(s) in full within 10 years from the date the loan(s) entered repayment. Payments must be at least \$50 a month and will be more if necessary to repay the loan(s) within the required time period.
- **Graduated Repayment Plan** — If I choose 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** — If I choose 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(s) within the required time period. I am only eligible for this plan if (i) at the time I sign this MPN I have no outstanding balance on a FFELP loan made before October 7, 1998, and (ii) I accumulate outstanding FFELP 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 contact my lender at any time for more information about this repayment plan option.

Under each plan, the number or amount of payments may need to be adjusted to reflect annual changes in

the variable interest rate or to reflect additional loans I incur.

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(s) 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 loan(s).

All payments and prepayments may be applied in the following order: late charges, fees, and collection costs first, outstanding accrued 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. Sale or Transfer of Loan(s)** — 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 must make payments changes. Sale or transfer of my loan(s) does not affect my rights and responsibilities under such loan(s). If the lender sells my loan(s) 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.

**14. Loan Discharge** — My loan(s) will be discharged if documentation of my death or the death of my dependent student for whom I acquired a loan is submitted to my lender.

## Capitalization of Federal PLUS Loan Interest

### What is Capitalization?

Capitalization is a process whereby a lender adds unpaid interest to the principal balance of a loan(s). I am responsible for paying the interest due on my Federal PLUS Loan(s) from the date the lender disburses the loan funds until the loan(s) is paid in full.

If I am granted a deferment or forbearance and I choose to defer and capitalize interest charges, the principal balance of my loan(s) will increase each time my lender capitalizes unpaid interest. As a result, I will pay more interest charges over the life of the loan(s). When I resume repaying my loan(s), my monthly payment amount may be higher or, if my loan(s) is subject to the \$50 minimum payment, I may be required to make more payments.

I should contact my lender if I have any questions or need more information.

This chart compares the monthly payments on a loan(s) where interest is paid while the loan is in a deferment or forbearance status and a loan(s) where the interest is capitalized. This example uses an interest rate of 9% and represents the loan amount outstanding when the borrower first enters repayment. This is an estimate only. The actual interest capitalized will depend on factors such as disbursement date, number of disbursements, the variable interest rate, and the frequency of capitalization. The estimate of interest capitalized in these examples is based on quarterly capitalization over a 12-month period.

Treatment of Interest	Loan Amount	Capitalized Interest for 12 months	Principal to be Repaid	Monthly Payment	Number of Payments	Total Amount Repaid
When you pay the interest	\$15,000	\$0	\$15,000	\$190	120	\$24,152*
When you don't pay the interest	\$15,000	\$1,396	\$16,396	\$208	120	\$24,924

\*Total amount repaid includes \$1,350 of interest paid by the borrower during the 12-month period of deferment or forbearance.

Results: During repayment, you may pay \$18 less per month and \$772 less over the lifetime of your loan(s) when you pay the interest as it is charged.

My loan(s) may also be discharged if a physician certifies that I am totally and permanently disabled as 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 the loan was made, unless a physician certifies that the condition substantially deteriorated after the loan was made.

My loan(s) will not automatically be discharged in bankruptcy. In order to discharge a loan(s) 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 whose dependent students are unable to complete a course of study because the institution closes, or 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 dependent's 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 loan(s) even if my dependent student does not complete his or her education, the student is unable to obtain employment in his or her field of study, or the student is dissatisfied with, or does not receive, the education I paid for with the loan(s).

**15. Consequences of Default** — Default is defined in detail in my MPN. If I default, the entire unpaid balance and collection fees on the applicable loan(s) will become immediately due and payable. Failure to repay any loan 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).

**16. Credit Bureau Notification** — Information concerning the amount, disbursement, and repayment status (current or delinquent) of my loan(s) will be reported by my lender to one or more national credit bureaus on a regular basis. If I default on any loan(s) made under this MPN, the default will

also be reported by the guarantor to all national credit bureaus. Before any guarantor reports such a default, it will give me at least 30 days notice that default information will be disclosed to the credit bureaus unless I enter into a repayment arrangement 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 or guarantor, as applicable, 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.

#### **17. Special Repayment Arrangements** —

- A Federal Consolidation Loan Program is available under which I (or my spouse and I jointly) may consolidate federal education loans received from different lenders, the same lender, and/or under different education loan programs into one loan. Depending on the amount I borrow, this program may provide for 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 loan(s) repaid by the Secretary of Defense. I should address any questions 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.

**18. 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 at the time I sign this MPN I have no outstanding balance on a FFELP loan made before July 1, 1993,* deferment of repayment is available 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).

For in-school deferments, my lender will process the 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.

For all other deferments, I must provide my lender with a deferment request and evidence that verifies my eligibility.

*If at the time I sign this MPN I have an outstanding balance on a FFELP loan disbursed before July 1, 1993,* information on applicable deferment opportunities will be found in my earlier promissory note materials.

**19. Forbearance** — If I am unable to make any scheduled loan payment(s), 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(s). 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.

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, consolidation, or discharge.

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.
- 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 Your Loans

Follow these steps to estimate your loan payment.

### Step 1: Calculate Your Monthly Interest Charges

Round your Federal PLUS Loan 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:**  
PLUS Loan of \$5,479 at 6% interest.  
Round up to nearest \$500 = \$5,500.

$$\begin{array}{r} \$5,000 = \$25.00/\text{month} \\ + 500 = 2.50/\text{month} \\ \hline \$27.50/\text{month}^* \end{array}$$

Your Monthly Interest \$ \_\_\_\_\_.

### Approximate Monthly Interest

Loan Amount	5.0%	6.0%	7.0%	8.0%	9.0%
\$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

### Step 2: Estimate Your Capitalized Interest

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

	Monthly Interest (From Step One)		Number of Months in deferment or forbearance		Estimate of Capitalized Interest
Example	\$ 27.50	X	22	=	\$ 605.00
Your capitalized interest	\$ _____	X	_____	=	\$ _____

### Step 3: Estimate Your Monthly Payment

Round your loan balance 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 outstanding loan amount to get the new principal amount.

**Example:**  
Federal PLUS Loan of \$6,105.00 (\$5,500.00 + 605.00) at 6% interest.  
Round up to nearest \$500 = \$6,500.

$$\begin{array}{r} \$6,000 = \$66.61/\text{month} \\ + 500 = 5.55/\text{month} \\ \hline \$72.16/\text{month} \end{array}$$

Estimated Monthly Payment = \$72.16

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

### Estimated Monthly Payments (10-Year Term)

Loan Amount	5.0%	6.0%	7.0%	8.0%	9.0%
\$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

	Loan Amount		Estimate of Capitalized Interest (From Step Two)		New Principal Balance		Estimated Monthly Payment
Example	\$ 5,500	+	\$ 605.00	=	\$ 6,105.00		\$ 72.16
Your Monthly Payment	\$ _____	+	\$ _____	=	\$ _____		\$ _____