



# 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.

## **Addendum to the Federal PLUS Loan Application and Master Promissory Note and Endorser Addendum Federal Family Education Loan Program**

The Higher Education Reconciliation Act of 2005 (HERA) changed some of the terms of Federal PLUS 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 PLUS Loan Application and Master Promissory Note (MPN) or endorse under the accompanying Endorser Addendum to Federal PLUS Loan Application and Master Promissory Note (Endorser Addendum) differ from the terms in the MPN, Endorser Addendum, 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 or Endorser Addendum that you sign and the Borrower's Rights and Responsibilities Statement.

**Graduate and Professional Students May Borrow PLUS Loans.** *Effective for loans certified on or after July 1, 2006*, a graduate or professional student may borrow a Federal PLUS Loan. Before applying for a Federal PLUS Loan, a graduate or professional student must first complete the Free Application for Federal Student Aid (FAFSA) and must have been determined eligible for his or her maximum loan amount under the Federal Subsidized and Unsubsidized Stafford Loan Program. Except as provided in this Addendum, the terms and conditions of the Federal PLUS Loan as described in the accompanying MPN and Borrower's Rights and Responsibilities Statement apply regardless of whether the borrower is a parent or a graduate or professional student.

**The following changes apply only to graduate or professional student Federal PLUS Loan borrowers and to endorsers of Federal PLUS Loans made to graduate or professional student borrowers:**

**General Changes.** If you are a graduate or professional student, all references to "student," "dependent student," "dependent" or "parent" throughout the MPN refer to you. If you are an endorser for a graduate/professional student Federal PLUS Loan borrower, all references to "student," "dependent student," or "parent" throughout the Endorser Addendum refer to the student borrower.

**MPN: Borrower (Parent) Section and Student Information Section.** If you are a graduate or professional student, provide information about yourself in both the "Borrower (Parent) Section" and the "Student Information Section" of the MPN. Do not leave any items blank.

**Endorser Addendum: Section B., Loan Description.** If you are an endorser for a graduate or professional student Federal PLUS Loan borrower, provide information about the student in both the parent borrower items (12, 13 and 15) and the student items (16 and 17).

**MPN: Borrower Request, Certifications, and Authorizations.** If you are a graduate or professional student, paragraph 18.B. does not apply, and paragraph 18.C. is revised to read as follows: "Loan proceeds will be used for authorized educational costs, and I will immediately repay any loan proceeds that cannot be attributed to educational costs for attendance on at least a half-time basis at the school that certified my loan eligibility."

**MPN: Promise to Pay.** If you are a graduate or professional student, the second sentence of paragraph 20 is revised to read as follows: "**I understand that multiple loans may be made to me under this MPN.**"

**The following changes apply to all Federal PLUS Loan borrowers:**

**MPN: Borrower Request, 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.

If you are a parent applying for a Federal PLUS Loan for a dependent undergraduate student, you are not eligible for a Federal PLUS Loan if that student has been convicted of, or has 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, unless that student has 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.

**Borrower's Rights and Responsibilities Statement: Item 5, 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: "**5. 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 6, Disbursement of Loan Money.** *Effective July 1, 2006*, loan money for students enrolled in foreign schools must be sent to the school, and generally must be disbursed in multiple installments.

**Borrower's Rights and Responsibilities Statement: Item 9, Interest Rates.** *Effective for loans first disbursed on or after July 1, 2006*, a Federal PLUS Loan has a fixed interest rate.

**Borrower's Rights and Responsibilities Statement: Item 14, 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 17, 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 18, 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.



# Instructions for Completing Federal PLUS Loan Information and School Certification

*Items 1 and 2 may be prefilled or completed by the school.*

**Item 1:** Enter the code for your institution. This code is provided by the U.S. Department of Education.

**Item 2:** Enter your school name, address, and telephone number, including area code, of a school official who can answer questions about this certification.

*Items 3-14 may be completed by the parent borrower, school, or lender. If the parent is completing this section and any information has been prefilled by the school or lender, the parent should review it for correctness. If any part of the prefilled information is incorrect, cross out the incorrect information and print the correct information.*

**Item 3:** Enter the borrower's last name, then first name and middle initial.

**Item 4:** Enter the borrower's nine-digit Social Security Number. This loan cannot be processed without the borrower's Social Security Number.

**Item 5:** Enter the borrower's permanent home street address, apartment number, city, state and zip code. If the borrower has a Post Office Box and a street address, list both.

**Item 6:** Enter the area code and telephone number for the address listed in Item 5. If the borrower does not have a telephone, enter N/A.

**Item 7:** Enter the month, day and four-digit year of the borrower's birth. Use only numbers. Be careful not to enter the current year.

**Item 8:** Enter the name and address of the lender from which the borrower wishes to borrow this loan.

**Note to Parent:** *If you do not have a lender for this loan, contact the 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 Federal PLUS Loans.*

**Item 9:** Enter the lender code, if known. Otherwise, leave this item blank.

**Item 10:** Enter the maximum total amount the borrower wishes to borrow under the PLUS Loan Program for the dependent student listed in Item 12 for the loan period listed in Item 11.

**Note to Parent:** *Apply only for what you will need to pay your dependent's educational costs this year, keeping in mind your ability to repay your loan(s). You may borrow up to the student's estimated cost of education at the school the student will attend minus any estimated financial assistance the student has or will be awarded during the period of enrollment.*

**Item 11:** Enter the beginning and ending dates (month/year) of the academic period for which this loan is to be used (for example, 9/2003 to 6/2004). These dates must not be more than 12 months apart.

**Item 12:** Enter the last name, then first name and middle initial of the student for whom the parent is borrowing.

**Item 13:** Enter the student's nine-digit Social Security Number. This loan cannot be processed without the student's Social Security Number.

**Item 14:** Enter the month, day, and four-digit year of the student's birth. Use only numbers. Be careful not to enter the current year.

**Items 15-22 are to be completed only by the school. This information is to be certified by a financial aid administrator or other school official authorized to certify financial aid forms. If certification information is transmitted electronically, the School Certification form does not have to be submitted.**

**Item 15:** Indicate whether the student is (or plans to be) enrolled at least half time or full time. Parents of students enrolled (or planning to enroll) less than half time are not eligible for a Federal PLUS Loan.

**Item 16:** Enter the date the student is expected to complete the program at your institution. Use numbers in a month/day/year format; for example, 6/9/2004. If you are unsure of the actual completion date in the future, enter the last day of the month.

**Item 17:** Enter the dates covered by the student's cost of attendance. These dates must coincide with actual term starting and ending dates. At a school without academic terms, these dates must coincide with the student's program of study if that is less than an academic year in length, or the academic year. Use numbers in a month/day/year format.

**Item 18:** Enter the grade level of the student. Select the proper grade level indicator using the standard grade level codes provided:

1. Freshman/First Year (including proprietary institution programs that are less than one year in duration)
2. Sophomore/Second Year
3. Junior/Third Year
4. Senior/Fourth Year
5. Fifth Year/Other Undergraduate (including sixth year undergraduate and continuing education students)

**Item 19:** Enter the maximum amount of PLUS Loan the borrower is eligible to receive for the academic period covered in Item 17. This amount cannot exceed the student's Cost of Attendance minus Other Financial Aid.

**Item 20:** Enter the disbursement dates for this loan as determined in accordance with the Act. Use numbers in a month/day/year format.

**Item 21:** Your signature acknowledges that you have read and agree to the provisions in the School Certification. You must sign the Certification and print your name and title.

**Item 22:** Enter the date of Certification. Use numbers in a month/day/year format.