

Federal Family Education Loan Program (FFELP)

Federal Consolidation Loan Application and Promissory Note

WARNING: Any person who knowingly makes a false statement or misrepresentation on this form or any accompanying documents is subject to penalties that may include fines, imprisonment, or both, under the U.S. Criminal Code and 20 U.S.C. 1097.

Guarantor, Program, or Lender Identification

OMB No. 1845-0036
Form approved
Exp. date xx/xx/xxxx

DRAFT October 25, 2006

CUSTOM

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW LOAN ACCOUNT: To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens a loan account. **What this means for you:** Your name, address, date of birth, and other information collected in this form will be used to verify your identity. You may also be asked to provide your driver's license or other identifying documents.

Before You Begin

Read the Instructions for Completing the Federal Consolidation Loan Application and Promissory Note. Print using a dark ink ballpoint pen or type. This form must be signed and dated by the applicant. **** PAGES 1, 2, AND 3 OF THIS FORM MUST BE SUBMITTED FOR YOUR APPLICATION TO BE PROCESSED. ****

Section A. Borrower Information

| | | | | | |
|--|--|------------|---|--|--|
| 1. Last Name | | First Name | MI | 2. Social Security Number | |
| 3A. Permanent Address (Include Number, Street, Apartment Number; or Rural Route Number and Box Number, as applicable), City, State, Zip Code | | | | | |
| 3B. Permanent Mailing Address, if different from 3A. (Include P.O. Box or General Delivery, as applicable), City, State, Zip Code. | | | | | |
| 4. Area Code/Telephone Number () | | | 5. Former Name(s) | | |
| 6. Date of Birth (mm-dd-yyyy) | | | 7. Driver's License State and Number State # | | |
| 8. E-mail Address | | | | | |
| 9. Employer Name | | | | | |
| Address | | | | | |
| City | | State | | Zip Code | |
| | | | | Work Area Code/Telephone Number () | |
| 10. Consolidating Lender Name | | | | 11. Lender Code, if known | |

Section B. Reference Information

References: You must provide two separate references with different addresses who have known you for at least three years. Both references must be completed in full. Do not include individuals who live with you (e.g., your spouse) or who live outside the United States.

| | | |
|--------------------------------|----------|-----------|
| 12. Name | A. _____ | B. _____ |
| Permanent Address | _____ | _____ |
| City, State, Zip Code | _____ | _____ |
| E-mail Address (optional) | _____ | _____ |
| Area Code/Telephone Number () | _____ | () _____ |
| Relationship to Borrower | _____ | _____ |

Section C. Promissory Note (To be completed and signed by the borrower.)

In this Promissory Note, "lender" refers to, and this Promissory Note benefits, the original consolidating lender and its successors and assigns, including any subsequent holder of this Promissory Note.

13. Promise to Pay:

I promise to pay to the order of the lender all sums disbursed (hereafter "loan") under the terms of this Promissory Note (hereafter "Note") to pay off my prior loan obligations, plus interest and other charges and fees that may become due as provided in this Note. Unless I make interest payments, interest that accrues on my loan during forbearance periods and on the unsubsidized portion of my loan during deferment periods may be added, as provided under the Act, to the principal balance of my loan. If I do not make any payment on this Note when it is due, I will also pay reasonable collection costs, including but not limited to attorney's fees, court costs, and other fees.

I will not sign this Note before reading the entire Note even if I am told not to read it, or told that I am not required to read it. I am entitled to an exact copy of this Note and the Borrower's Rights and Responsibilities Statement. My signature certifies I have read, understand, and agree to the terms and conditions of this Note, including the Borrower Certification and Authorizations and the Borrower's Rights and Responsibilities Statement.

I UNDERSTAND THAT THIS IS A LOAN THAT I MUST REPAY.

14. Borrower's Signature _____ Today's Date (mm-dd-yyyy) _____

Borrower Name _____ Social Security Number _____
Please print.

Section E. Repayment Plan Selection

26.

Section F. Borrower Certification and Authorizations

27. Under penalty of perjury, I certify that:

- A. The information I have provided on this Federal Consolidation Loan Application and Promissory Note and as updated by me from time to time is true, complete, and correct to the best of my knowledge and belief and is made in good faith.
- B. I do not have any other application pending for a Federal Consolidation Loan.
- C. All of the loans selected for consolidation have been used to finance my education or the education of my dependent student(s).
- D. All of the loans selected for consolidation are in a grace period or in repayment (including loans in deferment or forbearance).
- E. If I have an outstanding Federal Consolidation Loan, I am eligible for another Federal Consolidation Loan because: (i) I have another eligible loan(s), or (ii) I am consolidating a Federal Consolidation Loan with at least one other eligible loan.
- F. If I owe an overpayment on a Federal Perkins Loan, Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, Academic Competitiveness Grant (ACG), National Science or Mathematics Access to Retain Talent (SMART) Grant, or Leveraging Educational Assistance Partnership Grant, I have made satisfactory arrangements with the holder to repay the amount owed.
- G. I am not now in default on any loan that I am consolidating, or, if I am in default, I have either (a) made satisfactory arrangements with the holder of the defaulted loan(s) to repay the amount owed, or (b) for Federal Stafford, SLS, PLUS, or Consolidation loans, I agree to repay the Federal Consolidation Loan under income-sensitive repayment terms.
- H. If I have been convicted of, or pled *nolo contendere* (no contest) or guilty to, a crime involving fraud in obtaining federal student assistance under Title IV of the Higher Education Act of 1965, as amended, I have completed the repayment of those funds to the U.S. Department of Education (the Department), or to the loan holder in the case of a Title IV federal student loan.
- I. I am not subject to a judgment secured through litigation or to an order for wage garnishment, except as I have disclosed.

- B. I understand that I may no longer be eligible for some deferments and for subsidized deferment periods on some loans being consolidated. I also understand that I may no longer be eligible for some loan discharges and types of forgiveness that were available on the loans being consolidated.
- C. I authorize the consolidating lender to contact the holders identified on my application to determine the eligibility and/or payoff amounts for the loans I have selected for consolidation. I further authorize those holders to release that information.
- D. I authorize the consolidating lender to send the proceeds of my Federal Consolidation Loan to each holder of the loans I have identified to pay off the debts.
- E. If the amounts my consolidating lender sends to my holders exceed the amounts needed to pay off the balances of the selected loans, I understand that the holders will refund the excess to my consolidating lender to be applied against the outstanding balance of this loan. If the amounts my consolidating lender sends to my holders are less than the amounts needed to pay off the balances of the loans selected for consolidation, I will be responsible for notifying my consolidating lender about the remaining amounts. I authorize the consolidating lender to include the remaining amounts in this Federal Consolidation Loan, unless I pay off the remaining balances.
- F. I authorize the consolidating lender, the guarantor, or their agents to investigate my credit record and report information concerning my loan status to persons and organizations permitted by law to receive such information.
- G. I authorize the release of information pertinent to this loan: (i) by the school(s), the lender, and the guarantor, or their agents, to the references on this loan and to members of my immediate family unless I submit written directions otherwise; and (ii) by and among my schools, lenders, guarantors, the Department, and their agents.
- H. I authorize the Department and its agent(s) to verify my Social Security Number with the Social Security Administration (SSA) and if the number on my loan record is incorrect, then I authorize SSA to disclose my correct Social Security Number to these parties.
- I. If I have HEAL loans serviced by the consolidating lender and such loans are not included in this Federal Consolidation Loan, I authorize the establishment of a combined payment plan on my behalf.

28. I make the following authorizations and statements of understanding:

- A. I understand that the amount of my Federal Consolidation Loan will be based on the payoff amounts of my outstanding eligible loans that I selected for consolidation, as provided by the holders of those loans, and may exceed my estimate of such payoff amounts. The actual payoff amounts may differ from the estimated payoff amounts because the holders will include unpaid principal, unpaid accrued interest, and other costs as permitted by federal regulations in the payoffs reported to the consolidating lender. I understand that if any collection costs are owed on the loans selected for consolidation, these costs may be added to the principal balance of the Federal Consolidation Loan and, in the case of Federal Stafford, SLS, PLUS, or Consolidation loans in default and held by a guaranty agency, may not exceed 18.5 percent of the outstanding principal and interest on the loan at the time the holders certify the payoff amounts.

Review your Federal Consolidation Application and Promissory Note to ensure you completed all sections, including Section E above.

Federal Consolidation Loan Application and Promissory Note (continued)

Disclosure of Terms

This Note applies to Federal Consolidation Loans made under the Federal Family Education Loan Program. In this Note, the Higher Education Act of 1965, as amended (20 U.S.C. 1070 et seq.), and applicable U.S. Department of Education regulations are referred to as the "Act." In this Note, references to "the Department" mean the U.S. Department of Education.

At or about the time my Federal Consolidation Loan is disbursed, a disclosure statement and repayment schedule ("disclosure") will be provided to me. This disclosure will identify my Federal Consolidation Loan amount and additional terms of the loan. If I have questions about the information disclosed, I will contact the lender. If the information in this Note conflicts with information in the disclosure, the specific terms and information in the disclosure apply to my loan.

Important additional terms of this loan are disclosed in the Borrower's Rights and Responsibilities Statement accompanying this Note.

I agree that the lender may sell or assign my loan to another eligible holder.

Interest

Unless my lender notifies me in writing of a lower rate(s), the rate(s) of interest for my loan is that specified in the Act. Interest rate information is presented in the Borrower's Rights and Responsibilities Statement accompanying this Note. The interest rate is presented in a disclosure that is provided to me.

Interest accrues on the unpaid principal balance of my Federal Consolidation 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 except for interest payable by the federal government under the Act.

I will be responsible for the interest that begins accruing upon disbursement of my loan. If I do not make 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.

Except for any portion of the Federal Consolidation Loan attributable to a HEAL Loan, this loan will bear simple interest at an annual rate that is fixed for the term of the loan. The maximum interest rate on this loan will be equal to the weighted average of the interest rates (as certified by the holder) on the loans being consolidated, rounded up to the nearest higher one-eighth of one percent, not to exceed 8.25 percent.

If I choose to consolidate a fixed rate Federal ALAS/SLS Loan(s) or Federal PLUS Loan(s), I request that the existing interest rate of each loan be converted before consolidation to the refinancing rate provided for in the Act, if that rate is lower than the existing rate. If my lender grants this request, I understand there will be no separate document evidencing this refinancing.

For the portion of the Federal Consolidation Loan attributable to a HEAL loan (if applicable), the interest rate is a variable rate and is adjusted annually on July 1. The variable rate for each 12-month period will be

equal to the average of the bond equivalent rates of the 91-day Treasury Bills auctioned for the quarter ending June 30, plus 3.0 percent; there is no maximum interest rate on this portion of the loan.

180-Day Add-On Provision

If I do not consolidate all eligible loans at this time, I understand that I may later add to this Federal Consolidation Loan an eligible loan(s) made before or after the date of this consolidation. To add an eligible loan(s), I understand I must complete a Request to Add Loans form which is available from the lender and which must be received by the lender within 180 days after the date this Federal Consolidation Loan is disbursed. If I add a loan during this period, the lender will disclose new terms to me. The new terms and information will supersede the terms and information in any prior disclosure. After the 180-day period, no loan can be added to this Federal Consolidation Loan and I will need to apply for a new Federal Consolidation Loan to consolidate any eligible loan(s).

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 the loan, I will pay reasonable collection fees and costs, plus court costs and attorney's fees.

Repayment

I must repay the full amount of the loan made under this Note and the accrued interest. Repayment begins upon disbursement of the loan, and my first payment will be due within 60 days after the disbursement.

Payments will be scheduled in monthly installments according to the disclosure my lender will provide to me. The disclosure will state my payment amounts and due dates. The maximum scheduled repayment period may be up to 30 years in length, depending upon the amount of my student loans and my repayment plan. The minimum payment on my loan must equal at least the amount of interest that accrues between scheduled payments.

Payments submitted by me or on my behalf (exclusive of refunds) may be applied first to late 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, extend the time for making payments, or temporarily stop making payments as long as I intend to repay my loan. Allowing me to temporarily delay or reduce my loan payment is called forbearance. The lender may grant me a forbearance to align payment due dates on my loans or 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 at any time without penalty. Upon payment in full of this Note, I agree to accept written notification of the payoff in place of receiving the original Note.

Acceleration and Default

At the option of the lender, the entire unpaid balance will become immediately due and payable when either of the following events occurs: (i) I make a false representation that results in my receiving a loan for which I am not eligible; or (ii) I default on the loan.

The following events shall constitute a default on my loan: (i) I fail to pay the entire unpaid balance after the lender has exercised its option under the preceding paragraph, (ii) I fail to make installment payments when due and my failure persists for at least 270 days, or (iii) I fail to comply with other terms of the loan, 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 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, 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 loan 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 Note will be interpreted according to the Act, 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 Note.

If I reside in the state where the guarantor's principal office is located, the guarantor may sue to enforce the loan in the county where 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 lawsuit, the guarantor will either have the court transfer the lawsuit to the county where 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 of this Note shall not waive any right of the lender. No provision of this Note may be modified or waived except in writing by the lender of the Note. If any provision of this Note is determined to be unenforceable, the remaining provisions remain in force.

Federal Family Education Loan Program (FFELP)

Guarantor, Program or Lender Identification

Instructions for Completing the Federal Consolidation Loan Application and Promissory Note

Before You Begin

Before beginning, gather all of your education loan records, account statements, and bills so that you have the information you need to complete the Federal Consolidation Loan Application and Promissory Note.

Print using a dark ink ballpoint pen or type. Enter dates as month-day-year (mm-dd-yyyy). Use only numbers. Example: June 24, 1982 = 06-24-1982. This form must be signed and dated by the applicant. If an item has been completed for you and it is incorrect, cross out the incorrect information and print the correct information. Incorrect or incomplete information may delay processing of your application.

If you have any questions about completing this application, contact the entity identified above.

Section A. Borrower Information

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

Item 2: Enter or correct your Social Security Number.

Item 3: Enter your permanent address (number, street, apartment number, or rural route number or box number, then city, state, zip code). If your mailing address is a post office box or general delivery, you must list your mailing address in 3B. In addition to your home address in 3A..

Item 4: Enter the area code and telephone number at which you can most easily be reached. (Do not list your work telephone number here.) If you do not have a telephone, enter N/A.

Item 5: Enter any former names under which one or more of your loans may have been disbursed. If you do not have a former name, enter N/A.

Item 6: Using only numbers, enter the month, day, and year of your birth. Be careful not to enter the current year.

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: Enter your preferred e-mail address for receiving communications. You are not required to provide this information. If you do, the lender or holder of your loan 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 it, enter N/A.

Item 9: It is important that the consolidating lender is able to reach you during the process of making your loan and during repayment. Enter your employer's name, address (including number, street, suite number, city, state, and zip code), and your work telephone number (or the number of your work cellular telephone or other wireless device). If you are self-employed, enter the name, address, and telephone number of your business (or the number of your business cellular telephone or other wireless device). If you are not employed, enter N/A.

Item 10: Enter the name of the lender you would like to finance your Federal Consolidation Loan.

Item 11: Enter the lender code, if known. Otherwise, leave this item blank.

Section B. Reference Information

Items 12A and 12B: Enter the requested reference information for two adults with different addresses who have known you for at least three years. References with addresses outside the United States are not acceptable. Do not include individuals who live with you. 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 processing of your application will be delayed.

Section C. Promissory Note

This is a legally binding contract.

Item 13: Carefully read the entire Promissory Note, Borrower Certification and Authorization, Borrower's Rights and Responsibilities Statement, and the other materials provided in connection with this loan.

Item 14: Sign and date the Promissory Note.

Note: Signature is required. If you fail to sign the Promissory Note, your application will be delayed.

Section D. Education Loan Indebtedness

Education Loans

The following types of education loans (except those represented by the code OTHR) are eligible for consolidation:

| Loan Code | Education Loans |
|-----------|---|
| SS | Subsidized Federal Stafford Loans |
| DSS | Direct Subsidized Stafford/Ford Loans |
| US | Unsubsidized and Nonsubsidized Federal Stafford Loans |
| DUS | Direct Unsubsidized Stafford/Ford Loans |
| PLUS | Federal PLUS Loans (for parents) |
| GB | Federal PLUS Loans (for graduate/professional students) |
| DPLUS | Direct PLUS Loans (for parents) |
| D3 | Direct PLUS Loans (for graduate/professional students) |
| SLS | Federal Supplemental Loans for Students |
| PERK | Federal Perkins Loans and National Direct Student Loans |
| SCON | Subsidized Federal Consolidation Loans |
| DSCON | Direct Subsidized Consolidation Loans |
| UCON | Unsubsidized Federal Consolidation Loans |
| DUCON | Direct Unsubsidized Consolidation Loans, including Direct PLUS Consolidation Loans |
| HPSL | Health Professions Student Loans, including Loans for Disadvantaged Students |
| HEAL | Health Education Assistance Loans |
| FISL | Federal Insured Student Loans |
| NSL | Federal Nursing Loans |
| OTHER | Other education loans not eligible for consolidation that you want used to calculate the maximum repayment period |

Information you need to answer items in this section is available in loan documents, such as:

- The last monthly billing statement you received,
- Your quarterly interest statement or annual statement,
- Your coupon book, or
- The Internet site of your loan holder or servicer.

If you are unsure of the correct information on your loans, contact the entity to which you send your payments, or check the most recent correspondence from that entity. You may also obtain information on your loan(s) by accessing the National Student Loan Data System at <http://www.nslds.ed.gov>.

Step 1: Begin by listing (according to the instructions that follow for Items 15-19) eligible loan(s) that you wish to consolidate, including any loan(s) currently held by the lender that will be consolidating your loan(s). You may consolidate a Federal Consolidation Loan only if you are combining that loan with at least one other eligible loan.

If you are in default on any loan that you wish to consolidate, you must have made satisfactory repayment arrangements with the holder to repay the loan before it is eligible for consolidation. Satisfactory arrangements usually involve making a series of payments on the defaulted loan. For Federal Stafford, Federal SLS, Federal PLUS, or Federal Consolidation loans, satisfactory repayment arrangements involve making a series of reasonable and affordable payments or agreeing to repay the new Federal Consolidation Loan under an income-sensitive repayment plan. Contact the holder of your defaulted loan for specific information.

Item 15: Enter the code that corresponds to the loan type from the Education Loans list. If you are not sure about the loan type, leave this item blank.

Item 16: Enter the full name and mailing address of the holder of each of your federal education loans or the holder's servicer. (This is the address to which you are or will be sending your payments.) Do not use initials instead of full names. For a defaulted FFELP loan, the holder is the guaranty agency or the Department of Education. For a defaulted Federal Direct Loan, the holder is the Department of Education. For a Perkins Loan, the holder is the school.

Continued on next page

Item 17: Enter the account number for each loan. This may be listed on your monthly billing statement or coupon or in other information your holder or holder's servicer provides.

Item 18: Enter the interest rate you are paying on each loan.

Item 19: Enter the estimated payoff amount, including any unpaid interest, late fees, and collection costs.

Item 20: If you are in your grace period (the specified period of time after a student graduates, leaves school, or drops to less than half-time enrollment during which loan payments are not required and during which interest on loans may be payable by the federal government) for any of the loans selected for consolidation and you wish to delay processing until you have completed your grace period, enter the month and year that your grace period ends. If you request such a delay, processing of your Federal Consolidation Loan will begin approximately 60-90 days before the latest grace period end date. If you leave this field blank, the processing of your Federal Consolidation Loan will not be delayed and any selected loans that are in a grace period will enter repayment immediately upon consolidation.

Step 2: The maximum length of your Federal Consolidation Loan repayment period is determined by your total education loan debt, including:

- Loans you are consolidating,
- Loans eligible for consolidation that you are not consolidating, and
- Loans not eligible for consolidation.

In **Items 21-25**, list eligible loans you do not wish to consolidate and outstanding education loans not eligible for consolidation that you want used to determine your maximum repayment period. Outstanding education loans not eligible for consolidation must have been made exclusively to finance postsecondary education by an entity such as a bank, school, or state agency under a public or private loan program. Personal loans from family or friends or loans in default may not be listed. The amount of the loans that are not included in the Federal Consolidation Loan but are used to determine your repayment period will not exceed the amount of the loans consolidated.

Section E. Repayment Plan Selection

Item 26:

Section F. Borrower Certification and Authorization

Items 27 and 28: Read these items carefully. The statements confirm the accuracy of information that you supply, authorize various parties to perform certain functions, and certify your understanding and acceptance of certain terms and conditions of the loan.

Submitting Your Application and Promissory Note

Review all information on your Federal Consolidation Loan Application and Promissory Note. Return pages 1 through 3 of your completed application and promissory note to your consolidating lender for processing. **Keep a copy for your records. Remember to continue making your regularly scheduled education loan payments until your consolidating lender notifies you that the consolidation is complete.** If you would like to temporarily postpone your payments while your Federal Consolidation Loan is being processed, contact your holder(s) regarding forbearance. When your loans are consolidated, you will receive a repayment schedule and disclosure statement for your Federal Consolidation Loan. It will provide information about your new loan and instructions on where to send your monthly payments.

Mailing Instructions: Mail the original copy of the Federal Consolidation Loan Application and Promissory Note and the Additional Loan Listing Sheet, if applicable, to your consolidating lender.

Note: You may apply for a Federal Consolidation Loan from any FFELP lender.

Alternatively, if you are eligible for a FFELP consolidation loan and you are unable to obtain a Federal Consolidation Loan or a Federal Consolidation Loan with income-sensitive repayment terms that are acceptable to you, you may apply for a Federal Direct Consolidation Loan from the U.S. Department of Education. In addition, if you have a Federal Consolidation Loan that has become seriously delinquent or that has defaulted, you may be eligible to consolidate that loan into a Federal Direct Consolidation Loan for the purpose of obtaining an income-contingent repayment plan.

Borrower's Rights and Responsibilities Statement

Important Notice: The Borrower's Rights and Responsibilities Statement provides additional information about the terms and conditions of your Federal Consolidation Loan. Please retain this Statement for your records. 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
- Unsubsidized Federal Stafford Loan,
- Federal Insured Student Loan (FISL),
- Federal Supplemental Loans for Students (SLS)
- Federal PLUS Loan, and
- Federal Consolidation Loan.

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

1. Governing Law – A loan disbursed under this Federal Consolidation Loan Promissory Note (Note) is 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")

2. Change of Status – I must notify my lender or any subsequent holder of my loan if any of the following events occurs:

- I change my address, e-mail address or telephone number,
- I change my name (for example, maiden name to married name),
- 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 (for example, the loss of eligibility for an unemployment deferment by obtaining a job).

3. Interest Rate – The interest rate on a Federal Consolidation Loan is based on the weighted average of the interest rates on the loans being consolidated rounded up to the nearest higher one-eighth of one percent, not to exceed 8.25%. This fixed interest rate remains the same throughout the life of the loan. For the portion of a Federal Consolidation Loan attributable to a HEAL loan, the interest rate is a variable rate, adjusted annually on July 1. The variable rate is equal to the average of the bond equivalent rates of the 91-day Treasury Bills auctioned for the quarter ending June 30, plus 3.0%; there is no maximum interest rate on this portion of the loan. The interest rate of my Federal Consolidation Loan will be disclosed to me at or about the time my loan is disbursed.

4. Payment of Interest – It is my responsibility to pay interest on the unpaid principal amount of my loan. Interest will be charged from the date my Federal Consolidation Loan is disbursed. The federal government will pay interest that accrues during deferment on the portion of my Federal Consolidation Loan that repays subsidized Federal Stafford loans, subsidized Federal Direct Stafford loans, subsidized FISL loans, subsidized Federal Consolidation Loans and subsidized Federal Direct Consolidation Loans. I will be responsible for interest that accrues during deferment on the portion of my Federal Consolidation Loan that repays other loan types.

I am responsible for paying the interest that accrues during a forbearance period.

If I inform my lender that I wish to pay interest as it accrues, but I do not make any payments, my lender may capitalize that interest. Capitalized interest increases the principal balance of my loan and the total amount of interest charges I must pay.

Interest on my loan may be capitalized to the extent permitted by the Act. Generally, capitalization may occur no more frequently than quarterly.

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 available at <http://www.irs.gov>.

5. Sale or Transfer of Loan – The lender may sell or otherwise transfer my loan without my consent. Should ownership of my 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 does not affect my rights and responsibilities under the loan.

6. Consequences of Default – Default is defined in detail in my Note. If I default, the entire unpaid balance and collection fees will become immediately due and payable. Failure to repay this loan according to its terms and conditions may result in any or all of the following:

- Loss of federal and state income tax refunds,
- Loss of other federal or state payments,
- My employer withholding part of my wages to give them to my guarantor (administrative wage garnishment),
- Legal action against me,
- Collection charges (including attorney's 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, and
- Negative credit reports to credit bureaus.

NOTE: To avoid the consequences of default, you may be eligible to consolidate a Federal Consolidation Loan that has become seriously delinquent or that has defaulted through the U.S. Department of Education's Federal Direct Consolidation Loan Program for the purpose of obtaining an income-contingent repayment plan.

7. Credit Bureau Notification – Information concerning the amount, disbursement, and repayment status (current or delinquent) of my loan will be reported by my lender to one or more national credit bureaus on a regular basis. If I default on my loan, the default will also be reported by the guarantor to all national credit bureaus. Before the 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 of the notice. The guarantor will give me a chance to ask for a review of the debt 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.

8. Loan Discharge & Forgiveness – My loan will be discharged if documentation of my death is submitted to my lender. If I am consolidating a PLUS Loan and the dependent student for whom I borrowed the PLUS Loan dies, the portion of my Federal Consolidation Loan attributable to that PLUS Loan will be discharged if documentation of the dependent student's death is submitted to my lender.

My loan 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 employment earnings 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 loans that are being consolidated were made, unless a physician certifies that the condition substantially deteriorated after the loans that are being consolidated were made.

I understand that I may not qualify for a disability discharge of my Federal Consolidation Loan if any loan I am consolidating does not meet the discharge conditions.

My loan will not be automatically discharged in bankruptcy. 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 discharge of all or a portion of my Federal Consolidation Loan if:

- One or more FFELP, Direct, or Federal Perkins loans that I consolidated were used to pay for a course of study that I was unable to complete because my school closed, or
- My eligibility for one or more FFELP or Direct loans that were consolidated was (i) falsely certified by my school or (ii) falsely certified as a result of a crime of identity theft.

The Act also provides for discharge in the amount of any required refund of a FFELP or Direct loan that my school failed to make to my loan holder on my behalf.

Under some conditions, the spouse or parent of an individual who died or became totally and permanently disabled in the terrorist attacks on September 11, 2001 may qualify for a loan discharge. My loan holder can provide additional information.

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 this loan 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 loan(s) being consolidated.

If I am a full-time teacher and at the time I obtained a subsidized or unsubsidized Stafford Loan that I am consolidating I had no outstanding balance on a Title IV loan disbursed before October 1, 1998, I may be eligible for forgiveness under the Teacher Loan Forgiveness Program. A fixed amount of my Stafford loan(s) that I am consolidating may be repaid 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.

I understand that, by consolidating, I may forego some discharges that might otherwise be available for the loan(s) being consolidated.

9. Deferment – Under certain circumstances, I have a right to defer (postpone) repayment. Upon request, my lender will provide me with a deferment application that explains the eligibility requirements. If I am in default on my Federal Consolidation Loan, I am not eligible for deferment unless I make payment arrangements satisfactory to my lender before the payment of a default claim on the loan.

If I consolidate all of my eligible FFELP loans, deferments are 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), or
- Experiencing an economic hardship (including Peace Corps service) as defined by federal law (for up to three years).

If all of the Title IV loans included in my Federal Consolidation Loan were first disbursed on or after July 1, 2001, a deferment is also available for up to three years while I am 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.

My lender will process an in-school deferment based on (i) my request along with documentation verifying my eligibility, (ii) my lender's receipt of information from my school about my eligibility in connection with a new loan, or (iii) my lender's receipt of student status information indicating that I am enrolled on at least a half-time basis. For all other deferment types, I must provide my lender with a deferment request and evidence that verifies my eligibility.

If I did not consolidate all of my FFELP loans, the deferment options available to me for this Federal Consolidation Loan will be based on the deferment provisions that are in effect for any outstanding loan(s) not consolidated, provided the deferment is authorized for Federal Consolidation Loans. (See Item 4, "Payment of Interest.") My lender can provide additional information about deferment eligibility.

10. 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 forbearance due to poor health or other acceptable reasons.

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 if I provide appropriate documentation 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.
- Having a monthly debt burden for Title IV loans that collectively equals or exceeds 20 percent of my total monthly gross income (for up to three years).
- Being called to active duty in the U.S. Armed Forces.

If I choose not to pay the interest that accrues on my loan during any period of authorized forbearance, the interest may be capitalized to the extent permitted by the Act. Capitalization of interest will result in the unpaid interest being added to the principal balance of the loan.

11. Applicability to Aggregate Loan Limits – If the loans I have selected for consolidation were made under the Federal or Direct Stafford (subsidized, nonsubsidized, or unsubsidized), SLS, Perkins, or HPSL loan programs, a percentage of the outstanding balance on my Federal Consolidation Loan will be counted towards the aggregate loan limits for each type of loan selected.

12. Adding Loans – If I do not consolidate all eligible loans at this time, I understand that I may later add to this Federal Consolidation Loan an eligible loan(s) made before or after the date of this consolidation by submitting a request to my lender. My lender must receive my request within 180 days after the date on which my Federal Consolidation Loan is disbursed. After the 180-day period, no loan can be added to this Federal Consolidation Loan and I will need to apply for a new Federal Consolidation Loan to consolidate any eligible loan(s).

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 (HEA) of 1965, as amended (20 U.S.C. 1078(b)(2)(A) *et seq.*) and the authorities for collecting and using your Social Security Number (SSN) are §§428B(f) and 484(a)(4)(B) of the HEA (20 U.S.C. 1078-2(f) and 1091(a)(4)(B)) and 31 U.S.C. 7701(b). Participating in the Federal Family Education Loan (FFEL) Program 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 or a benefit on a loan (such as a deferment, forbearance, discharge, or forgiveness) under the FFEL Program, to permit the servicing of your loan(s), and, if it becomes necessary, to locate you and to collect and report on your loan(s) if your loan(s) becomes 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, on a case by case basis or under a computer matching program, to third parties as authorized under routine uses in the appropriate systems of records notices. The routine uses of this information include, but are not limited to, its disclosure to federal, state, or local agencies, to private parties such as relatives, present and former employers, business and personal associates, to consumer reporting agencies, to financial and educational institutions, and to guaranty agencies in order to verify your identity, to determine your eligibility to receive a loan or a benefit on a loan, to permit the servicing or collection of your loan(s), to enforce the terms of the loan(s), to investigate possible fraud and to verify compliance with federal student financial aid program regulations, or to locate you if you become delinquent in your loan payments or if you default. To provide default rate calculations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to state agencies. To provide financial aid history information, disclosures may be made to educational institutions. To assist program administrators with tracking refunds and cancellations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal or state agencies. To provide a standardized method for educational institutions efficiently to submit student enrollment status, disclosures may be made to

guaranty agencies or to financial and educational institutions. To counsel you in repayment efforts, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal, state, or local agencies.

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 be made to our contractors for the purpose of performing any programmatic function that requires disclosure of records. Before making any such disclosure, we will require the contractor to maintain Privacy Act safeguards. 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 1845-0036. 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.