



# Alternative Education Loan Application Instructions

78 Fox Street, Madawaska, Maine 04756 • 800-804-7555 • [www.norstatefcu.org](http://www.norstatefcu.org)

- Please type or print legibly in black ink.
- Incomplete applications will delay processing.
- Applications can be processed up to 12 months after the end of the academic loan period for which this loan is intended.
- You need to submit your application no sooner than 90 days before the beginning of the loan period.
- Applications are evaluated through a credit-scoring model. A satisfactory credit history will be viewed favorably, but does not guarantee the loan application will be approved.
- After you receive final approval on your loan, we will send the funds to your school's Financial Aid Office on the dates the school requests.

### IMPORTANT INFORMATION ABOUT LOAN APPLICATION PROCEDURES

- 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 applies for a loan. What this means to you: When you apply for a loan, we will ask for your name, address, date of birth and other information that will allow us to identify you. We may also ask to see other identifying documents.
- If you have any questions while completing this application, please call our student loan specialists at 1-800-804-7555.
- Some applications and notes provide for multiple loans to be made under a single promissory note (a Master Student Loan Promissory Note). This is not available to all borrowers as some schools do not support this feature.

## STEP 1

**Complete Sections A, B and C and do not leave any items blank.** Be sure to provide your full legal name and a permanent street address. If you do not have a driver's license, write "NA".

## STEP 2

**If you are an international student, we will need to obtain immigration documents. If you have them available please attach a copy to this application. Acceptable immigration documentation includes ONE of the following:**

- Student's copy of school-certified I-20\* form, with admission number. If admission number is not present, a copy of an I-94 is also required, OR
- A school-certified I-20P\* form **AND** I-94, OR
- A valid I-94 (issued within the past year)\*\*, OR
- A valid passport **AND** your visa,\*\* (The date must meet or exceed projected graduation date on both documents.) OR
- A valid DS-2019 **AND** your J-1 visa OR a valid I-94 form.

\* The I-20 form must be signed by the school and either stamped by the Immigration Services **OR** contain a **SEVIS** number.

\*\* Acceptable visa statuses include: F1, F2, J1, J2, E1, E2, G1, G2, G3, G4, H1, H1B, H2, H3, H4, I, L1, L2, TCI and TN.

If you do not have immigration documentation available, you may submit this application without it. We will request these documents from you upon conditional approval of your application. Your loan will not be disbursed until we receive a copy of the required immigration documentation.

## STEP 3

### Loan Amount Maximums

You may borrow up to the lesser of \$10,000 or the amount of qualified educational expenses less any financial aid you are receiving per academic year. Your school will be required to certify this amount and the final approved loan amount could be less than the amount requested. If the loan you are requesting is for a past period, the period must have ended less than 12 months in the past. The maximum aggregate of alternative education loans per student can not exceed \$40,000 for an undergraduate degree and \$50,000 for a graduate degree.

### Repayment Options: Your choice of repayment option will impact the underlying interest rate upon which you will repay this loan.

**Option A:** Deferred Payment (Default Option): I will not be required to make any payments during the Interim Period, as defined in the Master Student Promissory Note.

**Option B:** Interest Only: I will be required to make interest only payments during the Interim Period.

**Option C:** Immediate Repayment: I will be required to begin immediate repayment of principal and interest during the Interim Period.

Index of WSJ Prime Rate plus a Margin as indicated below according to Repayment Structure			
Credit Score Range	Option A	Option B	Option C
A 700+	+1.00%	+0.50%	0.00%
B 660 – 699	+1.50%	+1.00%	+0.50%
C 620 – 659	+2.50%	+1.50%	+1.00%
D 600 – 619	+4.50%	+3.50%	+2.50%
A 0.25% interest rate reduction is available for automatic repayment during the Repayment Period.			

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## STEP 4

### Determine if you should apply individually or with a guarantor.

International students must always apply with a U.S. citizen or permanent resident guarantor.

#### Are you:

Y N A U.S. citizen or permanent resident?

Y N At least 18 years of age? If no, a legal guardian must sign on your behalf.

#### And do you have:

Y N A satisfactory credit history which includes at least 12 months of borrowing, charging and repaying?

Y N No liens, judgements, charge-offs, excessive 30, 60, 90-day delinquencies on any loans or revolving charge accounts, etc.?

#### And do you have (for undergraduate students only):

Y N Verifiable income at least \$24,000 per year (\$2,000 per month)?

Y N Debt-to-income ratio less than 45%?

### If YES to all you may be eligible for a NorState Federal Credit Union loan based on your own credit.

Complete **Section E** (skip Section D) with your personal financial information. Do not leave any items blank. Check appropriate box.

### If NO to any you will need a guarantor to support your loan application.

Have a guarantor complete Sections **D and E**. A guarantor must meet all of the requirements above including the minimum verifiable income and debt-to-income ratio requirements.

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## STEP 5

### Section E must indicate the person for whom the credit information pertains. An unchecked box may result in processing delays.

If you are an undergraduate applying on your own creditworthiness, the information must pertain to you. If you are applying with a guarantor, the information must pertain to the guarantor.

For source of other income please choose from the following: Overtime, Bonus, Commission, Dividend/Interest, Part Time Work, Rental Income, Spouse/Salary, Spouse/Self-Employment, Spouse/Retired.

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## STEP 6

**Read your Promissory Note. Sign and date your application under Section F and initial any corrections.** If you are applying with a guarantor, make sure the guarantor reads the Promissory Note, signs and dates the application and initials any corrections. Both the borrower's and guarantor's signatures must appear on the same application. Your Note is designated as a Master Student Loan Promissory Note, under which you may be able to obtain subsequent loans without having to re-apply upon a full application unless there is a change in guarantors. If applicable, each subsequent loan under a Master Student Loan Promissory Note will require confirmation by both the borrower and guarantor.

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## STEP 7

**For graduate students applying with a guarantor and for all undergraduate students,** income verification may be required. You will be notified in writing if income documentation is necessary.

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## STEP 8

**For the quickest response time, fax the application to (207) 728-6731. Make a copy of the application and any supporting documentation for your records. Please mail the original signed application, Credit Union Promissory Note, Credit Union Federal Notice To Guarantor and any required documentation to: NorState Federal Credit Union, 78 Fox St., Madawaska, ME 04756.**



# Alternative Education Loan Application for graduate and undergraduate students

Fax application to (207) 728-6731 • Date Application Faxed \_\_\_\_\_  
For ease in completion, please follow the detailed Alternative Education Loan Instructions.

## A. STUDENT APPLICANT INFORMATION

Last Name \_\_\_\_\_ First Name \_\_\_\_\_ M.I. \_\_\_\_\_ Suffix (Jr., Sr.) \_\_\_\_\_ Date of Birth \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

U.S. Permanent Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

How many years there? \_\_\_\_\_ If less than one year at permanent address, list previous address \_\_\_\_\_

Social Security # \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ Driver's License # \_\_\_\_\_ State \_\_\_\_\_

Home Telephone (Permanent) ( \_\_\_\_\_ ) \_\_\_\_\_ - \_\_\_\_\_ School Telephone (Temporary) ( \_\_\_\_\_ ) \_\_\_\_\_ - \_\_\_\_\_

Are you a U.S. Citizen?  Yes  No If no, are you a permanent resident?  Yes  No (please attach a copy of your Immigration Form I-551)

**If you are an international student please refer to Step 2 of the Alternative Education Loan Instructions for more information.**

School Name \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

Check the box next to the year in school for which this loan will be used: Undergraduate  1  2  3  4  5 (611) Graduate  1  2  3  4  5 (612)

Major \_\_\_\_\_ E-mail Address \_\_\_\_\_

## B. LOAN INFORMATION

Refer to Step 3 of the Alternative Education Loan Instructions for additional information regarding repayment options.

Loan Amount Requested \$ \_\_\_\_\_ Loan Period for Use of Funds From: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ To: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_  
mo. day yr. mo. day yr.

**Repayment Options: Your choice of repayment option will impact the underlying interest rate upon which you will repay this loan.**

- Option A:** Deferred Payment (Default Option): I will not be required to make any payments during the Interim Period, as defined in the Master Student Promissory Note.
- Option B:** Interest Only: I will be required to make interest only payments during the Interim Period.
- Option C:** Immediate Repayment: I will be required to begin immediate repayment of principal and interest during the Interim Period.

## C. APPLICANT REFERENCE

Please provide an adult reference. Reference must reside at a U.S. address different from your own. If applying with a guarantor, reference must be a different person.

Name \_\_\_\_\_ Relationship to borrower  Parent  Relative  Other \_\_\_\_\_

Street \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

Home Telephone ( \_\_\_\_\_ ) \_\_\_\_\_ - \_\_\_\_\_ Work Telephone ( \_\_\_\_\_ ) \_\_\_\_\_ - \_\_\_\_\_

## D. GUARANTOR INFORMATION

See Step 4 of the Alternative Education Loan Instructions to determine if you should apply with a guarantor. NOTICE: Guarantor(s) must be U.S. citizens or permanent residents, at least 18 years of age, must provide a permanent U.S. address and must have a verifiable income of at least \$24,000 per year.

GUARANTOR (1)

Social Security # \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ Guarantor relationship to student  Parent  Relative  Other \_\_\_\_\_

Last Name \_\_\_\_\_ First Name \_\_\_\_\_ M.I. \_\_\_\_\_ Suffix (Jr., Sr.) \_\_\_\_\_ Date of Birth \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

Street \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

How many years there? \_\_\_\_\_ If less than one year at permanent address, list previous address \_\_\_\_\_

Home Telephone ( \_\_\_\_\_ ) \_\_\_\_\_ - \_\_\_\_\_ Driver's License # \_\_\_\_\_ State \_\_\_\_\_

Are you a U.S. Citizen?  Yes  No (If no, attach a copy of your Immigration Form I-551)

**D. GUARANTOR INFORMATION** (continue from page one)

GUARANTOR (2)

Social Security # \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ Guarantor relationship to student  Parent  Relative  Other

Last Name \_\_\_\_\_ First Name \_\_\_\_\_ M.I. \_\_\_\_\_ Suffix (Jr., Sr.) \_\_\_\_\_ Date of Birth \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

Street \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

How many years there? \_\_\_\_\_ If less than one year at permanent address, list previous address \_\_\_\_\_

Home Telephone ( \_\_\_\_\_ ) \_\_\_\_\_ - \_\_\_\_\_ Driver's License # \_\_\_\_\_ State \_\_\_\_\_

Are you a U.S. Citizen?  Yes  No (If no, attach a copy of your Immigration Form I-551) \_\_\_\_\_

**E. CREDIT / EMPLOYMENT INFORMATION**

Please refer to Step 5 of the Alternative Education Loan Instructions.

The credit information below is for  Guarantor  Undergraduate/Graduate on own creditworthiness

Monthly Housing Payment \$ \_\_\_\_\_  Own  Rent  Live with Parent

Employer/Company Name \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

Years with employer? \_\_\_\_\_ Current Position \_\_\_\_\_ Telephone ( \_\_\_\_\_ ) \_\_\_\_\_ - \_\_\_\_\_

If less than two years, list previous employer \_\_\_\_\_ Position \_\_\_\_\_ Telephone ( \_\_\_\_\_ ) \_\_\_\_\_ - \_\_\_\_\_

Gross MONTHLY Income From Employment\* \$ \_\_\_\_\_ Self-employed?  Yes  No Retired?  Yes  No

Other MONTHLY Income (spousal, rental, etc.)\*\* \$ \_\_\_\_\_

**Other Income Source (See Step 4 of the Alternative Education Loan Instructions)**

\* Gross Individual monthly income must be at least \$2,000. Income verification may be required.

\*\* Alimony, child support or separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this loan.

**F. SIGNATURES (Please sign and date below)**

Please refer to Step 6 of the Alternative Education Loan Instructions.

Please read your enclosed Promissory Note (the "Note") in its entirety before signing this section. If you do not have a promissory note, please call 1-800-804-7555 and we'll promptly send you one. The terms and conditions of this application, the instructions, the Note, any Conditional Approval Letter and any other disclosures collectively constitute the entire agreement between you and me. I (the Borrower and Guarantor(s)) declare that the information herein is true and complete to the best of my knowledge and belief and is given in good faith. If my promissory note is a Master Student Loan Promissory Note, I understand that multiple loans may be disbursed under the terms of the Note.

**Signature of Borrower** \_\_\_\_\_ Date \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_  
 Please be sure to sign your name exactly as it appears in Section A. mo. day yr.

**Signature of Guarantor (1)** \_\_\_\_\_ Date \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_  
 Please be sure to sign your name exactly as it appears in Section D. mo. day yr.

**Signature of Guarantor (2)** \_\_\_\_\_ Date \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_  
 Please be sure to sign your name exactly as it appears in Section D. mo. day yr.

Warning: Any person who knowingly makes a false statement or misrepresentation on this form is subject to penalties which may include fines or imprisonment.

**SCHOOL CERTIFICATION** (To be completed by the Financial Aid Office)

School Code \_\_\_\_\_ Campus Code \_\_\_\_\_

Loan Period for Use of Funds From: / / To: / /  
mo. day yr. mo. day yr.

Undergraduate Year in School  1  2  3  4  5 Graduate Year in School  1  2  3  4  5

Student's Enrollment Status  Full Time  At Least Half Time

Anticipated Completion Date / / Certified Loan Amount \$  
mo. day yr.

Recommended Disbursement Dates 1st / / 2nd / /  
mo. day yr. mo. day yr.

\$ \$

3rd / / 4th / /  
mo. day yr. mo. day yr.

\$ \$

Does the student meet all requirements of eligibility for Federal Student Loan programs?  Yes  No If no, the student will also be ineligible for NFCU's Alternative Education Loan.

**Upon completion please return by fax to NFCU's Student Loan Department at (207) 728-6731.**

We hereby certify that the student named in this application is/was enrolled at this institution during the loan period for which this loan is being requested. We further certify that, based upon the records available at this institution, the applicant is not in default on any student loan and that the information provided above is true and accurate to the best of our knowledge and belief. We certify that the sum of all loans and financial aid, including this Loan, does not exceed the qualified educational expenses at this institution.

Signature of School Official \_\_\_\_\_ Date / /  
mo. day yr.

Print Name \_\_\_\_\_ Title \_\_\_\_\_ Telephone ( ) - \_\_\_\_\_

**CREDIT UNION USE ONLY**

Approved for \$ \_\_\_\_\_

Denied

Application Reviewed by: \_\_\_\_\_ Signature: \_\_\_\_\_ Date Reviewed: \_\_\_\_\_



# Master Student Loan Promissory Note/Borrower's Copy

78 Fox Street, Madawaska, Maine 04756 • 800-804-7555 • [www.norstatefcu.org](http://www.norstatefcu.org)

The words “I”, “me”, “my”, “us” and “mine” mean the Borrower (the student-applicant) and Guarantor, as applicable, except where otherwise indicated. The words “you”, “your”, and “yours” mean NorState Credit Union, its successors, and assigns including any insurance company acquiring this Master Student Loan Promissory Note (“Note”) by payment of an insurance claim.

For the purpose of determining my eligibility for credit, I authorize NorState Federal Credit Union, its agents, and assigns to gather credit information about me and to give information about my application to others in accordance with applicable laws. I understand that you normally obtain credit reports for all loan applicants and cosigners. Upon my request, you will inform me if a report has been obtained and will give me the name and address of the agency furnishing the report. I understand that future reports may be ordered on me in connection with any review, renewal or extension of credit under this Note without further notice to me. I authorize my school to receive, provide, and confirm information regarding my attendance, financial aid, and enrollment status during the term of this Note. I understand that the proceeds of the initial or any subsequent Loan, if approved, must be used only for qualified educational expenses and that disbursements will be sent to my School on my behalf by check or electronic funds transfer.

**DEFINITIONS - “Academic Year”** is the period of time, not to exceed 12 consecutive months, which your school defines as its “Academic Year”.

The **“Disbursement Date”** is the date or dates, as noted on the check or Electronic Funds Transfer (EFT) record, on which you lend money in consideration for my promise to repay you according to the terms of this Note. It will be the date a Loan, or any part of it, is advanced to me or to my school on my behalf.

**“Note”** means, collectively, this Master Student Loan Promissory Note, each and every application or request for credit under the Master Student Loan Promissory Note, Conditional Approval Letter, and disclosures relating to the credit received by me under the Master Student Loan Promissory Note, unless specifically excluded.

The **“Interim Period”** is a time period which begins on the first Disbursement Date and ends six months after I graduate or cease to be enrolled at least part time at an approved school. The Interim Period will never exceed six (6) years plus six (6) months for undergraduate study and four (4) years plus six (6) months for graduate study.

**“Loan” or “Loan(s)”** means the principal sum(s) disbursed during a standard academic year plus accrued interest and fees and other charges, if any, due on such disbursed sums.

**“Loan Fee(s)”** means a guaranty fee that you may charge me to compensate you against the risk of default. The terms of my Loan, as set forth in a Conditional Approval Letter, will specify whether the Loan Fee is to be charged to me or my Loan balance upon: approval of a Loan, upon disbursement of an advance made under any Loan, at the commencement of the repayment phase, or at some other time. This fee may be added to the principal amount of any Loan(s).

The **“Repayment Period”** is a time period which begins on the date the Interim Period ends. The maximum “Repayment Period” is a period of 144 months and is based upon aggregate loan balances as of the end of the interim period.

The **“Total Loan Amount”** is the aggregate amount of all disbursements and advances made by you on all Loans subject to the terms of this Note.

References to **“School”** mean the educational or academic institution at which you are enrolled, or plan to enroll and in connection which you have sought a Loan or Loans from us to defray your educational costs.

**PROMISE TO PAY** - I promise to pay to NorState Federal Credit Union, its successors, assigns, and any other holder of this Note all sums disbursed under the terms of this Master Student Loan Promissory Note, together with interest at the rate(s) provided in the Note, late payment charges, Loan Fees and any other fees or charges owed under the terms of this Note, including any allowable reasonable attorneys fees and other costs you incur in collecting amounts owed on this Note, all according to the terms of this Note. I will not sign the application before reading this Note even if otherwise advised. The terms and conditions set forth in the Note constitute the entire agreement between you and me. I am entitled to an exact copy of this Note. My signature certifies that I read, understand, and agree to the terms of this Note.

I understand and agree that you may make multiple Loans under this Note during the course of my enrollment at one or more Schools, and I agree that each such Loan (which may consist of one or more advances or disbursements to my School) will be subject to the terms of this Note. I further understand that individual Loan(s) may have different Loan Fees and Variable Rates as disclosed in the “Interest” section and/or the Conditional Approval Letter to be sent with respect to each such Loan. I understand that the terms of any Conditional Approval Letter sent to me with respect to a Loan are incorporated by reference into this Note.

I agree that no subsequent Loans will be made under this Note after the earliest of the following dates: (i) the date you receive my written notice that no further Loans may be disbursed under this Note; (ii) one year after the date of my signature on this Note if no disbursement is made during such twelve month period; or (iii) five years after the date of my signature on this Note.

**LOAN AMOUNT DISCLOSURE STATEMENT** - You have the right not to make a Loan or to lend me an amount less than the amount that I requested. I agree that the number of disbursements with respect to an individual Loan will be limited to one per term and four per Academic Year. You will send me a disclosure statement telling me the amount of any disbursement(s) and other information including any separate notices to guarantor required by applicable law. I will review the disclosure statement and other documents upon receiving them and will contact you if I have any questions.

My obligation to repay amounts advanced for my benefit occurs upon my receipt, or my School's receipt on my behalf, of funds disbursed by you, or a disbursement of the amount of any Loan Fee that I may owe you under any Loan.

**BORROWER'S RIGHT TO CANCEL** - If I am not satisfied with the terms of my Loan as approved, I may cancel any Loan and any disbursements. To cancel any disbursement under this Note, I must contact you in writing within 15 days of receiving the disclosure statement or guarantor notice, notify my School, not endorse any Loan check, and ensure that any Loan disbursements are returned to you. Cancellation of a disbursement does not alter my obligation to repay amounts advanced to me or to my School on my behalf or to terminate this Note with respect to prior Loans. I understand that I may also cancel or reduce the size of any disbursement by informing you in writing within 15 days of receiving the approval letter, disclosure statement or any subsequent disbursement. I may also cancel any Loan by informing you in writing within 15 days of receiving the Conditional Approval Letter, disclosure statement or any subsequent disbursement and by arranging for all disbursements to be returned to you.

If all or any portion of any Loan funds disbursed are returned to you by the School or me within 30 days of the Disbursement Date, you will charge no interest or charges on the funds returned. I understand that if a Loan is canceled, I will have to reapply to obtain a new Loan.

I also fully understand that the failure to complete the education program undertaken by me, as the Borrower, does not relieve me of any obligation on this Note.

**INTEREST** - Interest on each Loan under the Note will be calculated at the Variable Rate (as defined below) beginning on the first Disbursement Date on the principal balance advanced and on any unpaid interest added to principal according to the Terms of Repayment below until the Note is paid in full. Interest will be calculated based on the actual calendar days in any year and upon the actual number of calendar days from the Disbursement Date until the Note is paid in full.

The "Variable Rate" for each Loan made under the Note is the sum of the Prime Rate published in The *Wall Street Journal* under the "Money Rates" section on the first day of June of each year (the "Index") plus or minus the percentage, as identified on the applicable Conditional Approval Letter that I received in connection with the Loan, which is hereby incorporated into this Note, per annum (the "Margin"), rounded to the nearest hundredth (.01%), but in no event greater than the maximum allowed by law. The Variable Rate will change annually on the first day of July each year (each "Change Date"). For example, the Variable Rate for any July Change Date will be determined by using the Index published in The *Wall Street Journal* for the preceding June 1st. If The *Wall Street Journal* is not published or the Index is not given, then the Index will be determined by using the immediately preceding published Index. In the event that more than one Prime Rate is published, the Index will be the highest rate published. If the Index ceases to be available, you will choose a comparable Index.

I understand that the total interest due on the Note will be the aggregate amount of the interest due on each Loan made under the Note.

**TERMS OF REPAYMENT** - Depending on the applicable repayment option indicated on my conditional approval letter and as defined in my application, I may be required to make payments during the Interim Period. If I choose to make voluntary payments during this period, I understand that all interest must be paid before the principal can be reduced.

You will add all unpaid interest to the principal balance of each Loan at the end of the Interim Period. During the Interim Period, you will send account statements on my Loan(s) to me at least annually. During my Repayment Period, I will make consecutive monthly payments based on the amounts and on the due dates shown on my monthly statements. I understand that as the Variable Rate on my Loan(s) adjusts, the monthly payment amount may increase or decrease or the number of scheduled payments may increase or decrease to be sufficient to fully repay all of the principal, interest, and other charges which are owed on this Note within the remaining repayment term. I understand that I will receive one billing statement which will separately identify and include all Loans made to me under the Note.

Before the beginning of the Repayment Period I may receive a notice allowing me to choose from alternative repayment options. My choice will dictate the amount of the monthly payments and the timing of periodic changes in the monthly payment amount. If I do not return this notice to you, I will be billed throughout the Repayment Period using the maximum Repayment Period of 144 months. Regardless of the Total Loan Amount the monthly payment will never be less than \$50, (unless the amount owed under this Note is less than \$50). In addition, if I have other loans payable to you under other notes, my total monthly payment for all of my loans to you, including any Loan made under this Note, will never be less than \$50 (unless the amount owed under all of my loans is less than \$50.)

If any portion of a monthly payment remains unpaid for a period of more than 20 days after the due date, you may charge and I will pay a late payment charge of 5% of the payment amount or \$20.00, whichever is greater per delinquent payment, but never more than the maximum amount allowed by law. I will pay only one late payment charge per monthly payment regardless of the number of days it is late.

Loan payments will be applied first to charges, next to unpaid interest, and then to principal. I have the right to repay all or any part of any Loan subject to this Note at any time without penalty. If I have more than one Loan and do not provide instructions as to which Loan a prepayment is to be applied, you may determine how to apply it at your discretion.

If I am unable to repay my Loan(s) according to the terms of the Note, I may request that you modify the terms of repayment. I understand that such modification will be at your discretion and that if such modification results in a postponement or forbearance of payments for any period, interest will continue to accumulate during that period. Any unpaid interest at the end of the forbearance period will be added to the principal balance of my Loan(s). My obligation to repay all Loans made under this Note will remain in force even if I become totally and permanently disabled or die.

**PRIVACY** - You will give me notice of your policies regarding the disclosure of nonpublic information regarding me to your affiliates and unrelated third parties and I will be given the right to restrict such disclosures as provided by law. I authorize you and any school at which I am enrolled to transfer such information as may be necessary to complete and reconcile the disbursement of proceeds, maintain accurate account records, and certify my continuing enrollment status.

I must update the information on my application whenever you ask me to do so. I authorize you to furnish information about any Loan made under this Note to consumer reporting agencies and to others legally allowed to receive such information. I authorize you to obtain credit information about me, now and in the future, for any legitimate purpose associated with the application or any Loan. If my application is declined, you will send an adverse action notice to me, which may include specific reasons, as required by applicable law. I understand that if I default on my Loan(s), disclosure of information about my loan to consumer reporting agencies may adversely affect my credit rating.

For the purpose of learning my current address and telephone number, I authorize you to release information and make inquiries to the individuals I have listed on my application.

**DEFAULT** - To the extent permitted by law, I will be in default and you will have the right to give me notice that the whole outstanding principal balance, accrued interest and all other amounts due to you under the terms of the Note are due and payable at once, subject to any law which may give me the right to cure my default, if (1) I fail to make my monthly payment to you when due, (2) I fail to notify you of a change in my name, address, or school enrollment status within 30 days after a change occurs, (3) I break any of my other promises in this Note, (4) any bankruptcy proceeding is begun by or against me, (5) if I assign any of my assets for the benefit of my creditors, (6) I make any false written statement in applying for this loan or in any communication concerning this loan, (7) I fail to remit to you any refund of loan proceeds, (8) I default under the terms of any other loan made by you to me, or (9) I die.

In the event of the Borrower's death, you may cancel any remaining (future) disbursements, end the Interim Period immediately, and make a claim against the estate of the decedent for payment of the amount due on the Note, whether in repayment or not, without releasing any surviving obligor or guarantor from obligations on this Note or any Loan subject to this Note.

If I default under any Loan subject to this Note, I will be required to pay interest at the contract rate(s) provided for Loan(s) which accumulates after default according to the terms of this Note. The interest rate after default or after notice of demand for payment in full will be subject to adjustment in the same manner as prior to the default. If I default, I will also be responsible to pay reasonable collection costs, including reasonable attorney's charges, court costs and collection charges to the extent allowed by law.

**Notice:** The following "Notice" is provided to you under federal law to warn you of the negative impact that your defaulting on your obligations under this Note may have on your credit rating.

We may report information about your Loan(s) and this Note to credit bureaus. Late payments, missed payments, or other defaults on your Loan(s) may be reflected in your credit report.

**INSURANCE: ASSIGNMENT OF NOTE** - I understand that you may obtain insurance to insure payment of any Loan made under this Note upon default. If any insurance company,

its subsidiaries, or assignees are required under any insurance agreement to repay any and all Loans subject to this Note, such company will become the holder of this Note and will have all the rights of the original lender to enforce this Note.

**ADDITIONAL AGREEMENTS** - My responsibility for repaying this Note is unaffected by the liability of any other person to me or by your failure to not notify me that a required payment has not been made. Without losing any of your rights under this Note you may accept late payments and/or partial payments, even if marked "paid in full". Unless you and I enter into an express written agreement, no restrictive endorsement on any payment will be an accord and satisfaction of the balance due under the Note. You may delay, fail to exercise, or waive any of your rights on any occasion without losing your entitlement to exercise such rights at any future time or on any future occasion. You will not be obligated to make any demand upon me, send me any notice, present this Note to me for payment or make protest of nonpayment to me before suing to collect this Note if I am in default, and to the extent permitted by applicable law, I hereby waive any right I might otherwise have to require such actions.

This Note will be deemed to have been made in the State of Maine and your decision on whether to lend me money will be made in Maine. Consequently, the provisions of this Note will be governed by federal laws and the laws of the State of Maine, without regard to conflict of laws and/or rules.

I may not assign this Note or any of its benefits or obligations. You may assign this Note, any amounts owed on my Account and any security interest hereunder at any time without notice to me.

If any provision of this Note is held invalid or unenforceable, that provision will be considered omitted from the Note without affecting the validity or enforceability of the remainder of the Note.

Except for the forbearance or deferment of payments, which will be deemed accepted by me unless I object in writing, you and I must jointly agree in writing to modify any provision of the Note. No modification will affect the validity or enforceability of the remainder of the Note.

**SECURITY INTEREST** - I understand that the proceeds of this loan are to be used for specific qualified educational expenses. I grant you a security interest in any refunds of the proceeds of the loan given to me by my educational institution or any other party. Collateral security for other loans, other than those loans secured by my principal dwelling, which I may have with you will also secure this loan.

**NOTICES** - I will send written notice to you within 30 days after any change in my name, address, telephone number or school enrollment.

Any notice you are required to give me will be considered effective when mailed by first class mail to the most recent address you have for me or delivered electronically if I have requested electronic delivery.

**ENTIRE AGREEMENT** - The terms and conditions of my Application, this Note and the Conditional Approval Letter(s) constitute the entire agreement between you and me. The terms of the Conditional Approval Letter regarding your interest rate(s) for each loan subject to the terms of this Note are hereby incorporated into this Note.

## SIGNATURES ( Please sign and date below)

Please refer to Step 6 of the Alternative Education Loan Instructions for additional information.

Please read this Promissory Note (the "Note") in its entirety before signing this section. **Promise to pay:** I promise to pay NorState Federal Credit Union or any other holder of this promissory note (the "Note") all sums disbursed under the terms of the application and this note (the "Loan") plus interest, fees and other charges which may become due as provided for by this Note. The terms and conditions of the application, the instructions, this Note, and any Conditional Approval Letter and any other disclosures collectively constitute the entire agreement between you and me. I (the Borrower and Guarantor(s)) declare that the information herein is true and complete to the best of my knowledge and belief and is given in good faith. I understand that multiple Loans may be disbursed under the terms of the Note.

**Signature of Borrower: A SIGNED COPY HAS BEEN RETAINED BY THE CREDIT UNION.**

Date \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

Please be sure to sign your name exactly as it appears in Section A of the Alternative Education Loan Application.

mo. day yr.

**Warning: Any person who knowingly makes a false statement or misrepresentation on this form is subject to penalties which may include fines or imprisonment.**



# Master Student Loan Promissory Note & Federal Notice to Guarantor/Guarantor's Copy

78 Fox Street, Madawaska, Maine 04756 • 800-804-7555 • [www.norstatefcu.org](http://www.norstatefcu.org)

The words “I”, “me”, “my”, “us” and “mine” mean the Borrower (the student-applicant) and Guarantor, as applicable, except where otherwise indicated. The words “you”, “your”, and “yours” mean NorState Credit Union, its successors, and assigns including any insurance company acquiring this Master Student Loan Promissory Note (“Note”) by payment of an insurance claim.

For the purpose of determining my eligibility for credit, I authorize NorState Federal Credit Union, its agents, and assigns to gather credit information about me and to give information about my application to others in accordance with applicable laws. I understand that you normally obtain credit reports for all loan applicants and cosigners. Upon my request, you will inform me if a report has been obtained and will give me the name and address of the agency furnishing the report. I understand that future reports may be ordered on me in connection with any review, renewal or extension of credit under this Note without further notice to me. I authorize my school to receive, provide, and confirm information regarding my attendance, financial aid, and enrollment status during the term of this Note. I understand that the proceeds of the initial or any subsequent Loan, if approved, must be used only for qualified educational expenses and that disbursements will be sent to my School on my behalf by check or electronic funds transfer.

**DEFINITIONS - “Academic Year”** is the period of time, not to exceed 12 consecutive months, which your school defines as its “Academic Year”.

The **“Disbursement Date”** is the date or dates, as noted on the check or Electronic Funds Transfer (EFT) record, on which you lend money in consideration for my promise to repay you according to the terms of this Note. It will be the date a Loan, or any part of it, is advanced to me or to my school on my behalf.

**“Note”** means, collectively, this Master Student Loan Promissory Note, each and every application or request for credit under the Master Student Loan Promissory Note, Conditional Approval Letter, and disclosures relating to the credit received by me under the Master Student Loan Promissory Note, unless specifically excluded.

The **“Interim Period”** is a time period which begins on the first Disbursement Date and ends six months after I graduate or cease to be enrolled at least part time at an approved school. The Interim Period will never exceed six (6) years plus six (6) months for undergraduate study and four (4) years plus six (6) months for graduate study.

**“Loan” or “Loan(s)”** means the principal sum(s) disbursed during a standard academic year plus accrued interest and fees and other charges, if any, due on such disbursed sums.

**“Loan Fee(s)”** means a guaranty fee that you may charge me to compensate you against the risk of default. The terms of my Loan, as set forth in a Conditional Approval Letter, will specify whether the Loan Fee is to be charged to me or my Loan balance upon: approval of a Loan, upon disbursement of an advance made under any Loan, at the commencement of the repayment phase, or at some other time. This fee may be added to the principal amount of any Loan(s).

The **“Repayment Period”** is a time period which begins on the date the Interim Period ends. The maximum “Repayment Period” is a period of 144 months and is based upon aggregate loan balances as of the end of the interim period.

The **“Total Loan Amount”** is the aggregate amount of all disbursements and advances made by you on all Loans subject to the terms of this Note.

References to **“School”** mean the educational or academic institution at which you are enrolled, or plan to enroll and in connection which you have sought a Loan or Loans from us to defray your educational costs.

**PROMISE TO PAY** - I promise to pay to NorState Federal Credit Union, its successors, assigns, and any other holder of this Note all sums disbursed under the terms of this Master Student Loan Promissory Note, together with interest at the rate(s) provided in the Note, late payment charges, Loan Fees and any other fees or charges owed under the terms of this Note, including any allowable reasonable attorneys fees and other costs you incur in collecting amounts owed on this Note, all according to the terms of this Note. I will not sign the application before reading this Note even if otherwise advised. The terms and conditions set forth in the Note constitute the entire agreement between you and me. I am entitled to an exact copy of this Note. My signature certifies that I read, understand, and agree to the terms of this Note.

I understand and agree that you may make multiple Loans under this Note during the course of my enrollment at one or more Schools, and I agree that each such Loan (which may consist of one or more advances or disbursements to my School) will be subject to the terms of this Note. I further understand that individual Loan(s) may have different Loan Fees and Variable Rates as disclosed in the “Interest” section and/or the Conditional Approval Letter to be sent with respect to each such Loan. I understand that the terms of any Conditional Approval Letter sent to me with respect to a Loan are incorporated by reference into this Note.

I agree that no subsequent Loans will be made under this Note after the earliest of the following dates: (i) the date you receive my written notice that no further Loans may be disbursed under this Note; (ii) one year after the date of my signature on this Note if no disbursement is made during such twelve month period; or (iii) five years after the date of my signature on this Note.

**LOAN AMOUNT DISCLOSURE STATEMENT** - You have the right not to make a Loan or to lend me an amount less than the amount that I requested. I agree that the number of disbursements with respect to an individual Loan will be limited to one per term and four per Academic Year. You will send me a disclosure statement telling me the amount of any disbursement(s) and other information including any separate notices to guarantor required by applicable law. I will review the disclosure statement and other documents upon receiving them and will contact you if I have any questions.

My obligation to repay amounts advanced for my benefit occurs upon my receipt, or my School’s receipt on my behalf, of funds disbursed by you, or a disbursement of the amount of any Loan Fee that I may owe you under any Loan.

**BORROWER’S RIGHT TO CANCEL** - If I am not satisfied with the terms of my Loan as approved, I may cancel any Loan and any disbursements. To cancel any disbursement under this Note, I must contact you in writing within 15 days of receiving the disclosure statement or guarantor notice, notify my School, not endorse any Loan check, and ensure that any Loan disbursements are returned to you. Cancellation of a disbursement does not alter my obligation to repay amounts advanced to me or to my School on my behalf or to terminate this Note with respect to prior Loans. I understand that I may also cancel or reduce the size of any disbursement by informing you in writing within 15 days of receiving the approval letter, disclosure statement or any subsequent disbursement. I may also cancel any Loan by informing you in writing within 15 days of receiving the Conditional Approval Letter, disclosure statement or any subsequent disbursement and by arranging for all disbursements to be returned to you.

If all or any portion of any Loan funds disbursed are returned to you by the School or me within 30 days of the Disbursement Date, you will charge no interest or charges on the funds returned. I understand that if a Loan is canceled, I will have to reapply to obtain a new Loan.

I also fully understand that the failure to complete the education program undertaken by me, as the Borrower, does not relieve me of any obligation on this Note.

**INTEREST** - Interest on each Loan under the Note will be calculated at the Variable Rate (as defined below) beginning on the first Disbursement Date on the principal balance advanced and on any unpaid interest added to principal according to the Terms of Repayment below until the Note is paid in full. Interest will be calculated based on the actual calendar days in any year and upon the actual number of calendar days from the Disbursement Date until the Note is paid in full.

The "Variable Rate" for each Loan made under the Note is the sum of the Prime Rate published in *The Wall Street Journal* under the "Money Rates" section on the first day of June of each year (the "Index") plus or minus the percentage, as identified on the applicable Conditional Approval Letter that I received in connection with the Loan, which is hereby incorporated into this Note, per annum (the "Margin"), rounded to the nearest hundredth (.01%), but in no event greater than the maximum allowed by law. The Variable Rate will change annually on the first day of July each year (each "Change Date"). For example, the Variable Rate for any July Change Date will be determined by using the Index published in *The Wall Street Journal* for the preceding June 1st. If *The Wall Street Journal* is not published or the Index is not given, then the Index will be determined by using the immediately preceding published Index. In the event that more than one Prime Rate is published, the Index will be the highest rate published. If the Index ceases to be available, you will choose a comparable Index.

I understand that the total interest due on the Note will be the aggregate amount of the interest due on each Loan made under the Note.

**TERMS OF REPAYMENT** - Depending on the applicable repayment option indicated on my conditional approval letter and as defined in my application, I may be required to make payments during the Interim Period. If I choose to make voluntary payments during this period, I understand that all interest must be paid before the principal can be reduced.

You will add all unpaid interest to the principal balance of each Loan at the end of the Interim Period. During the Interim Period, you will send account statements on my Loan(s) to me at least annually. During my Repayment Period, I will make consecutive monthly payments based on the amounts and on the due dates shown on my monthly statements. I understand that as the Variable Rate on my Loan(s) adjusts, the monthly payment amount may increase or decrease or the number of scheduled payments may increase or decrease to be sufficient to fully repay all of the principal, interest, and other charges which are owed on this Note within the remaining repayment term. I understand that I will receive one billing statement which will separately identify and include all Loans made to me under the Note.

Before the beginning of the Repayment Period I may receive a notice allowing me to choose from alternative repayment options. My choice will dictate the amount of the monthly payments and the timing of periodic changes in the monthly payment amount. If I do not return this notice to you, I will be billed throughout the Repayment Period using the maximum Repayment Period of 144 months. Regardless of the Total Loan Amount the monthly payment will never be less than \$50, (unless the amount owed under this Note is less than \$50). In addition, if I have other loans payable to you under other notes, my total monthly payment for all of my loans to you, including any Loan made under this Note, will never be less than \$50 (unless the amount owed under all of my loans is less than \$50.)

If any portion of a monthly payment remains unpaid for a period of more than 20 days after the due date, you may charge and I will pay a late payment charge of 5% of the payment amount or \$20.00, whichever is greater per delinquent payment, but never more than the maximum amount allowed by law. I will pay only one late payment charge per monthly payment regardless of the number of days it is late.

Loan payments will be applied first to charges, next to unpaid interest, and then to principal. I have the right to repay all or any part of any Loan subject to this Note at any time without penalty. If I have more than one Loan and do not provide instructions as to which Loan a prepayment is to be applied, you may determine how to apply it at your discretion.

If I am unable to repay my Loan(s) according to the terms of the Note, I may request that you modify the terms of repayment. I understand that such modification will be at your discretion and that if such modification results in a postponement or forbearance of payments for any period, interest will continue to accumulate during that period. Any unpaid interest at the end of the forbearance period will be added to the principal balance of my Loan(s). My obligation to repay all Loans made under this Note will remain in force even if I become totally and permanently disabled or die.

**PRIVACY** - You will give me notice of your policies regarding the disclosure of nonpublic information regarding me to your affiliates and unrelated third parties and I will be given the right to restrict such disclosures as provided by law. I authorize you and any school at which I am enrolled to transfer such information as may be necessary to complete and reconcile the disbursement of proceeds, maintain accurate account records, and certify my continuing enrollment status.

I must update the information on my application whenever you ask me to do so. I authorize you to furnish information about any Loan made under this Note to consumer reporting agencies and to others legally allowed to receive such information. I authorize you to obtain credit information about me, now and in the future, for any legitimate purpose associated with the application or any Loan. If my application is declined, you will send an adverse action notice to me, which may include specific reasons, as required by applicable law. I understand that if I default on my Loan(s), disclosure of information about my loan to consumer reporting agencies may adversely affect my credit rating.

For the purpose of learning my current address and telephone number, I authorize you to release information and make inquiries to the individuals I have listed on my application.

**DEFAULT** - To the extent permitted by law, I will be in default and you will have the right to give me notice that the whole outstanding principal balance, accrued interest and all other amounts due to you under the terms of the Note are due and payable at once, subject to any law which may give me the right to cure my default, if (1) I fail to make my monthly payment to you when due, (2) I fail to notify you of a change in my name, address, or school enrollment status within 30 days after a change occurs, (3) I break any of my other promises in this Note, (4) any bankruptcy proceeding is begun by or against me, (5) if I assign any of my assets for the benefit of my creditors, (6) I make any false written statement in applying for this loan or in any communication concerning this loan, (7) I fail to remit to you any refund of loan proceeds, (8) I default under the terms of any other loan made by you to me, or (9) I die.

In the event of the Borrower's death, you may cancel any remaining (future) disbursements, end the Interim Period immediately, and make a claim against the estate of the decedent for payment of the amount due on the Note, whether in repayment or not, without releasing any surviving obligor or guarantor from obligations on this Note or any Loan subject to this Note.

If I default under any Loan subject to this Note, I will be required to pay interest at the contract rate(s) provided for Loan(s) which accumulates after default according to the terms of this Note. The interest rate after default or after notice of demand for payment in full will be subject to adjustment in the same manner as prior to the default. If I default, I will also be responsible to pay reasonable collection costs, including reasonable attorney's charges, court costs and collection charges to the extent allowed by law.

**Notice:** The following "Notice" is provided to you under federal law to warn you of the negative impact that your defaulting on your obligations under this Note may have on your credit rating.

We may report information about your Loan(s) and this Note to credit bureaus. Late payments, missed payments, or other defaults on your Loan(s) may be reflected in your credit report.

**INSURANCE: ASSIGNMENT OF NOTE** - I understand that you may obtain insurance to insure payment of any Loan made under this Note upon default. If any insurance company, its subsidiaries, or assignees are required under any insurance agreement to repay any and all Loans subject to this Note, such company will become the holder of this Note and will have all the rights of the original lender to enforce this Note.

**ADDITIONAL AGREEMENTS** - My responsibility for repaying this Note is unaffected by the liability of any other person to me or by your failure to not notify me that a required payment has not been made. Without losing any of your rights under this Note you may accept late payments and/or partial payments, even if marked "paid in full". Unless you and I enter into an express written agreement, no restrictive endorsement on any payment will be an accord and satisfaction of the balance due under the Note. You may delay, fail to exercise, or waive any of your rights on any occasion without losing your entitlement to exercise such rights at any future time or on any future occasion. You will not be obligated to make any demand upon me, send me any notice, present this Note to me for payment or make protest of nonpayment to me before suing to collect this Note if I am in default, and to the extent permitted by applicable law, I hereby waive any right I might otherwise have to require such actions.

This Note will be deemed to have been made in the State of Maine and your decision on whether to lend me money will be made in Maine. Consequently, the provisions of this Note will be governed by federal laws and the laws of the State of Maine, without regard to conflict of laws and/or rules.

I may not assign this Note or any of its benefits or obligations. You may assign this Note, any amounts owed on my Account and any security interest hereunder at any time without notice to me.

If any provision of this Note is held invalid or unenforceable, that provision will be considered omitted from the Note without affecting the validity or enforceability of the remainder of the Note.

Except for the forbearance or deferment of payments, which will be deemed accepted by me unless I object in writing, you and I must jointly agree in writing to modify any provision of the Note. No modification will affect the validity or enforceability of the remainder of the Note.

**SECURITY INTEREST** - I understand that the proceeds of this loan are to be used for specific qualified educational expenses. I grant you a security interest in any refunds of the proceeds of the loan given to me by my educational institution or any other party. Collateral security for other loans, other than those loans secured by my principal dwelling, which I may have with you will also secure this loan.

**NOTICES** - I will send written notice to you within 30 days after any change in my name, address, telephone number or school enrollment.

Any notice you are required to give me will be considered effective when mailed by first class mail to the most recent address you have for me or delivered electronically if I have requested electronic delivery.

**ENTIRE AGREEMENT** - The terms and conditions of my Application, this Note and the Conditional Approval Letter(s) constitute the entire agreement between you and me. The terms of the Conditional Approval Letter regarding your interest rate(s) for each loan subject to the terms of this Note are hereby incorporated into this Note

**Federal Notice to Guarantor - You are being asked to guarantee this debt. Think carefully before agreeing to do this. If the Borrower doesn't pay this debt, you will have to. Be sure you can afford to pay if necessary, and that you want to accept this responsibility. You may have to pay up to the full amount of the debt if the Borrower does not pay. You may also have to pay late charges or collection costs, which increase this amount. The lender or holder of this loan can collect this debt from you without first trying to collect from the Borrower. The lender or holder of this loan can use the same collection methods against you that can be used against the Borrower, such as suing you, garnishing wages, etc. If this debt is ever in default, that fact may become part of your credit record.**

**This notice is not the contract that makes you liable for the debt.**

## SIGNATURES ( Please sign and date below)

Please refer to Step 6 of the Alternative Education Loan Instructions for additional information.

Please read this Promissory Note (the "Note") in its entirety before signing this section. **Promise to pay:** I promise to pay NorState Federal Credit Union or any other holder of this promissory note (the "Note") all sums disbursed under the terms of the application and this note (the "Loan") plus interest, fees and other charges which may become due as provided for by this Note. The terms and conditions of the application, the instructions, this Note, and any Conditional Approval Letter and any other disclosures collectively constitute the entire agreement between you and me. I (the Borrower and Guarantor(s)) declare that the information herein is true and complete to the best of my knowledge and belief and is given in good faith. I understand that multiple Loans may be disbursed under the terms of the Note.

**Signature of Guarantor: A SIGNED COPY HAS BEEN RETAINED BY THE CREDIT UNION.**

Date / /

Please be sure to sign your name exactly as it appears in Section D of the Alternative Education Loan Application.

mo. day yr.

**Warning: Any person who knowingly makes a false statement or misrepresentation on this form is subject to penalties which may include fines or imprisonment.**



# Master Student Loan Promissory Note/Credit Union's Copy

78 Fox Street, Madawaska, Maine 04756 • 800-804-7555 • [www.norstatefcu.org](http://www.norstatefcu.org)

The words "I", "me", "my", "us" and "mine" mean the Borrower (the student-applicant) and Guarantor, as applicable, except where otherwise indicated. The words "you", "your", and "yours" mean NorState Federal Credit Union, its successors, and assigns including any insurance company acquiring this Master Student Loan Promissory Note ("Note") by payment of an insurance claim.

For the purpose of determining my eligibility for credit, I authorize NorState Federal Credit Union, its agents, and assigns to gather credit information about me and to give information about my application to others in accordance with applicable laws. I understand that you normally obtain credit reports for all loan applicants and cosigners. Upon my request, you will inform me if a report has been obtained and will give me the name and address of the agency furnishing the report. I understand that future reports may be ordered on me in connection with any review, renewal or extension of credit under this Note without further notice to me. I authorize my school to receive, provide, and confirm information regarding my attendance, financial aid, and enrollment status during the term of this Note. I understand that the proceeds of the initial or any subsequent Loan, if approved, must be used only for qualified educational expenses and that disbursements will be sent to my School on my behalf by check or electronic funds transfer.

**DEFINITIONS - "Academic Year"** is the period of time, not to exceed 12 consecutive months, which your school defines as its "Academic Year".

The **"Disbursement Date"** is the date or dates, as noted on the check or Electronic Funds Transfer (EFT) record, on which you lend money in consideration for my promise to repay you according to the terms of this Note. It will be the date a Loan, or any part of it, is advanced to me or to my school on my behalf.

**"Note"** means, collectively, this Master Student Loan Promissory Note, each and every application or request for credit under the Master Student Loan Promissory Note, Conditional Approval Letter, and disclosures relating to the credit received by me under the Master Student Loan Promissory Note, unless specifically excluded.

The **"Interim Period"** is a time period which begins on the first Disbursement Date and ends six months after I graduate or cease to be enrolled at least part time at an approved school. The Interim Period will never exceed six (6) years plus six (6) months for undergraduate study and four (4) years plus six (6) months for graduate study.

**"Loan" or "Loan(s)"** means the principal sum(s) disbursed during a standard academic year plus accrued interest and fees and other charges, if any, due on such disbursed sums.

**"Loan Fee(s)"** means a guaranty fee that you may charge me to compensate you against the risk of default. The terms of my Loan, as set forth in a Conditional Approval Letter, will specify whether the Loan Fee is to be charged to me or my Loan balance upon: approval of a Loan, upon disbursement of an advance made under any Loan, at the commencement of the repayment phase, or at some other time. This fee may be added to the principal amount of any Loan(s).

The **"Repayment Period"** is a time period which begins on the date the Interim Period ends. The maximum "Repayment Period" is a period of 144 months and is based upon aggregate loan balances as of the end of the interim period.

The **"Total Loan Amount"** is the aggregate amount of all disbursements and advances made by you on all Loans subject to the terms of this Note.

References to **"School"** mean the educational or academic institution at which you are enrolled, or plan to enroll and in connection which you have sought a Loan or Loans from us to defray your educational costs.

**PROMISE TO PAY** - I promise to pay to NorState Federal Credit Union, its successors, assigns, and any other holder of this Note all sums disbursed under the terms of this Master Student Loan Promissory Note, together with interest at the rate(s) provided in the Note, late payment charges, Loan Fees and any other fees or charges owed under the terms of this Note, including any allowable reasonable attorneys fees and other costs you incur in collecting amounts owed on this Note, all according to the terms of this Note. I will not sign the application before reading this Note even if otherwise advised. The terms and conditions set forth in the Note constitute the entire agreement between you and me. I am entitled to an exact copy of this Note. My signature certifies that I read, understand, and agree to the terms of this Note.

I understand and agree that you may make multiple Loans under this Note during the course of my enrollment at one or more Schools, and I agree that each such Loan (which may consist of one or more advances or disbursements to my School) will be subject to the terms of this Note. I further understand that individual Loan(s) may have different Loan Fees and Variable Rates as disclosed in the "Interest" section and/or the Conditional Approval Letter to be sent with respect to each such Loan. I understand that the terms of any Conditional Approval Letter sent to me with respect to a Loan are incorporated by reference into this Note.

I agree that no subsequent Loans will be made under this Note after the earliest of the following dates: (i) the date you receive my written notice that no further Loans may be disbursed under this Note; (ii) one year after the date of my signature on this Note if no disbursement is made during such twelve month period; or (iii) five years after the date of my signature on this Note.

**LOAN AMOUNT DISCLOSURE STATEMENT** - You have the right not to make a Loan or to lend me an amount less than the amount that I requested. I agree that the number of disbursements with respect to an individual Loan will be limited to one per term and four per Academic Year. You will send me a disclosure statement telling me the amount of any disbursement(s) and other information including any separate notices to guarantor required by applicable law. I will review the disclosure statement and other documents upon receiving them and will contact you if I have any questions.

My obligation to repay amounts advanced for my benefit occurs upon my receipt, or my School's receipt on my behalf, of funds disbursed by you, or a disbursement of the amount of any Loan Fee that I may owe you under any Loan.

**BORROWER'S RIGHT TO CANCEL** - If I am not satisfied with the terms of my Loan as approved, I may cancel any Loan and any disbursements. To cancel any disbursement under this Note, I must contact you in writing within 15 days of receiving the disclosure statement or guarantor notice, notify my School, not endorse any Loan check, and ensure that any Loan disbursements are returned to you. Cancellation of a disbursement does not alter my obligation to repay amounts advanced to me or to my School on my behalf or to terminate this Note with respect to prior Loans. I understand that I may also cancel or reduce the size of any disbursement by informing you in writing within 15 days of receiving the approval letter, disclosure statement or any subsequent disbursement. I may also cancel any Loan by informing you in writing within 15 days of receiving the Conditional Approval Letter, disclosure statement or any subsequent disbursement and by arranging for all disbursements to be returned to you.

If all or any portion of any Loan funds disbursed are returned to you by the School or me within 30 days of the Disbursement Date, you will charge no interest or charges on the funds returned. I understand that if a Loan is canceled, I will have to reapply to obtain a new Loan.

I also fully understand that the failure to complete the education program undertaken by me, as the Borrower, does not relieve me of any obligation on this Note.

**INTEREST** - Interest on each Loan under the Note will be calculated at the Variable Rate (as defined below) beginning on the first Disbursement Date on the principal balance advanced and on any unpaid interest added to principal according to the Terms of Repayment below until the Note is paid in full. Interest will be calculated based on the actual calendar days in any year and upon the actual number of calendar days from the Disbursement Date until the Note is paid in full.

The "Variable Rate" for each Loan made under the Note is the sum of the Prime Rate published in The *Wall Street Journal* under the "Money Rates" section on the first day of June of each year (the "Index") plus or minus the percentage, as identified on the applicable Conditional Approval Letter that I received in connection with the Loan, which is hereby incorporated into this Note, per annum (the "Margin"), rounded to the nearest hundredth (.01%), but in no event greater than the maximum allowed by law. The Variable Rate will change annually on the first day of July each year (each "Change Date"). For example, the Variable Rate for any July Change Date will be determined by using the Index published in The *Wall Street Journal* for the preceding June 1st. If The *Wall Street Journal* is not published or the Index is not given, then the Index will be determined by using the immediately preceding published Index. In the event that more than one Prime Rate is published, the Index will be the highest rate published. If the Index ceases to be available, you will choose a comparable Index.

I understand that the total interest due on the Note will be the aggregate amount of the interest due on each Loan made under the Note.

**TERMS OF REPAYMENT** - Depending on the applicable repayment option indicated on my conditional approval letter and as defined in my application, I may be required to make payments during the Interim Period. If I choose to make voluntary payments during this period, I understand that all interest must be paid before the principal can be reduced.

You will add all unpaid interest to the principal balance of each Loan at the end of the Interim Period. During the Interim Period, you will send account statements on my Loan(s) to me at least annually. During my Repayment Period, I will make consecutive monthly payments based on the amounts and on the due dates shown on my monthly statements. I understand that as the Variable Rate on my Loan(s) adjusts, the monthly payment amount may increase or decrease or the number of scheduled payments may increase or decrease to be sufficient to fully repay all of the principal, interest, and other charges which are owed on this Note within the remaining repayment term. I understand that I will receive one billing statement which will separately identify and include all Loans made to me under the Note.

Before the beginning of the Repayment Period I may receive a notice allowing me to choose from alternative repayment options. My choice will dictate the amount of the monthly payments and the timing of periodic changes in the monthly payment amount. If I do not return this notice to you, I will be billed throughout the Repayment Period using the maximum Repayment Period of 144 months. Regardless of the Total Loan Amount the monthly payment will never be less than \$50, (unless the amount owed under this Note is less than \$50). In addition, if I have other loans payable to you under other notes, my total monthly payment for all of my loans to you, including any Loan made under this Note, will never be less than \$50 (unless the amount owed under all of my loans is less than \$50.)

If any portion of a monthly payment remains unpaid for a period of more than 20 days after the due date, you may charge and I will pay a late payment charge of 5% of the payment amount or \$20.00, whichever is greater per delinquent payment, but never more than the maximum amount allowed by law. I will pay only one late payment charge per monthly payment regardless of the number of days it is late.

Loan payments will be applied first to charges, next to unpaid interest, and then to principal. I have the right to repay all or any part of any Loan subject to this Note at any time without penalty. If I have more than one Loan and do not provide instructions as to which Loan a prepayment is to be applied, you may determine how to apply it at your discretion.

If I am unable to repay my Loan(s) according to the terms of the Note, I may request that you modify the terms of repayment. I understand that such modification will be at your discretion and that if such modification results in a postponement or forbearance of payments for any period, interest will continue to accumulate during that period. Any unpaid interest at the end of the forbearance period will be added to the principal balance of my Loan(s). My obligation to repay all Loans made under this Note will remain in force even if I become totally and permanently disabled or die.

**PRIVACY** - You will give me notice of your policies regarding the disclosure of nonpublic information regarding me to your affiliates and unrelated third parties and I will be given the right to restrict such disclosures as provided by law. I authorize you and any school at which I am enrolled to transfer such information as may be necessary to complete and reconcile the disbursement of proceeds, maintain accurate account records, and certify my continuing enrollment status.

I must update the information on my application whenever you ask me to do so. I authorize you to furnish information about any Loan made under this Note to consumer reporting agencies and to others legally allowed to receive such information. I authorize you to obtain credit information about me, now and in the future, for any legitimate purpose associated with the application or any Loan. If my application is declined, you will send an adverse action notice to me, which may include specific reasons, as required by applicable law. I understand that if I default on my Loan(s), disclosure of information about my loan to consumer reporting agencies may adversely affect my credit rating.

For the purpose of learning my current address and telephone number, I authorize you to release information and make inquiries to the individuals I have listed on my application.

**DEFAULT** - To the extent permitted by law, I will be in default and you will have the right to give me notice that the whole outstanding principal balance, accrued interest and all other amounts due to you under the terms of the Note are due and payable at once, subject to any law which may give me the right to cure my default, if (1) I fail to make my monthly payment to you when due, (2) I fail to notify you of a change in my name, address, or school enrollment status within 30 days after a change occurs, (3) I break any of my other promises in this Note, (4) any bankruptcy proceeding is begun by or against me, (5) if I assign any of my assets for the benefit of my creditors, (6) I make any false written statement in applying for this loan or in any communication concerning this loan, (7) I fail to remit to you any refund of loan proceeds, (8) I default under the terms of any other loan made by you to me, or (9) I die.

In the event of the Borrower's death, you may cancel any remaining (future) disbursements, end the Interim Period immediately, and make a claim against the estate of the decedent for payment of the amount due on the Note, whether in repayment or not, without releasing any surviving obligor or guarantor from obligations on this Note or any Loan subject to this Note.

If I default under any Loan subject to this Note, I will be required to pay interest at the contract rate(s) provided for Loan(s) which accumulates after default according to the terms of this Note. The interest rate after default or after notice of demand for payment in full will be subject to adjustment in the same manner as prior to the default. If I default, I will also be responsible to pay reasonable collection costs, including reasonable attorney's charges, court costs and collection charges to the extent allowed by law.

**Notice:** The following "Notice" is provided to you under federal law to warn you of the negative impact that your defaulting on your obligations under this Note may have on your credit rating.

We may report information about your Loan(s) and this Note to credit bureaus. Late payments, missed payments, or other defaults on your Loan(s) may be reflected in your credit report.

**INSURANCE: ASSIGNMENT OF NOTE** - I understand that you may obtain insurance to insure payment of any Loan made under this Note upon default. If any insurance company, its subsidiaries, or assignees are required under any insurance agreement to repay any and all Loans subject to this Note, such company will become the holder of this Note and will have all the rights of the original lender to enforce this Note.

**ADDITIONAL AGREEMENTS** - My responsibility for repaying this Note is unaffected by the liability of any other person to me or by your failure to not notify me that a required payment has not been made. Without losing any of your rights under this Note you may accept late payments and/or partial payments, even if marked "paid in full". Unless you and I enter into an express written agreement, no restrictive endorsement on any payment will be an accord and satisfaction of the balance due under the Note. You may delay, fail to exercise, or waive any of your rights on any occasion without losing your entitlement to exercise such rights at any future time or on any future occasion. You will not be obligated to make any demand upon me, send me any notice, present this Note to me for payment or make protest of nonpayment to me before suing to collect this Note if I am in default, and to the extent permitted by applicable law, I hereby waive any right I might otherwise have to require such actions.

This Note will be deemed to have been made in the State of Maine and your decision on whether to lend me money will be made in Maine. Consequently, the provisions of this Note will be governed by federal laws and the laws of the State of Maine, without regard to conflict of laws and/or rules.

I may not assign this Note or any of its benefits or obligations. You may assign this Note, any amounts owed on my Account and any security interest hereunder at any time without notice to me.

If any provision of this Note is held invalid or unenforceable, that provision will be considered omitted from the Note without affecting the validity or enforceability of the remainder of the Note.

Except for the forbearance or deferment of payments, which will be deemed accepted by me unless I object in writing, you and I must jointly agree in writing to modify any provision of the Note. No modification will affect the validity or enforceability of the remainder of the Note.

**SECURITY INTEREST** - I understand that the proceeds of this loan are to be used for specific qualified educational expenses. I grant you a security interest in any refunds of the proceeds of the loan given to me by my educational institution or any other party. Collateral security for other loans, other than those loans secured by my principal dwelling, which I may have with you will also secure this loan.

**NOTICES** - I will send written notice to you within 30 days after any change in my name, address, telephone number or school enrollment.

Any notice you are required to give me will be considered effective when mailed by first class mail to the most recent address you have for me or delivered electronically if I have requested electronic delivery.

**ENTIRE AGREEMENT** - The terms and conditions of my Application, this Note and the Conditional Approval Letter(s) constitute the entire agreement between you and me. The terms of the Conditional Approval Letter regarding your interest rate(s) for each loan subject to the terms of this Note are hereby incorporated into this Note.

## SIGNATURES (Please sign and date below)

Please refer to Step 6 in the Alternative Education Loan Instructions for additional information.

Please read this Promissory Note (the "Note") in its entirety before signing this section. **Promise to pay:** I promise to pay NorState Federal Credit Union or any other holder of this promissory note (the "Note") all sums disbursed under the terms of the application and this note (the "Loan") plus interest, fees and other charges which may become due as provided for by this Note. The terms and conditions of the application, the instructions, this Note, and any Conditional Approval Letter and any other disclosures collectively constitute the entire agreement between you and me. I (the Borrower and Guarantor(s)), declare that the information herein is true and complete to the best of my knowledge and belief and is given in good faith. I understand that multiple Loans may be disbursed under the terms of the Note.

### Signature of Borrower

Please be sure to sign your name exactly as it appears in Section A of the Alternative Education Loan Application.

Date / /

mo. day yr.

### Signature of Guarantor (1)

Please be sure to sign your name exactly as it appears in Section D of the Alternative Education Loan Application.

Date / /

mo. day yr.

### Signature of Guarantor (2)

Please be sure to sign your name exactly as it appears in Section D of the Alternative Education Loan Application.

Date / /

mo. day yr.

**Warning: Any person who knowingly makes a false statement or misrepresentation on this form is subject to penalties which may include fines or imprisonment.**

