

Federal Family Education Loan Program (FFELP) Federal Consolidation Loan Application and Promissory Note

Guarantor, Program, or Lender Identification

OMB No. 1845-0036
Form approved
Exp. date 10/31/2006

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

Before You Begin

Read the Instructions for Completing the Federal Consolidation Loan Application and Promissory Note. Print using dark ink or type. This form must be signed and dated by the applicant(s).

Section A. Borrower Information

1. Last Name		First Name	MI	2. Social Security Number	
3A. Permanent Street Address (Include Number, Street, Apartment Number, City, State, Zip Code)					
3B. Permanent Mailing Address, if different (Include P.O. Box, RFD, or General Delivery, City, State, Zip Code)					
4. Home Area Code/Telephone Number ()			5. Former Name(s)		
6. Date of Birth (Month/Day/Year)			7. Driver's License State and Number State #		
8. Fax Number and E-mail Address (Optional) Fax () E-mail Address					
9. Employer Name					
Address					
City		State	Zip Code	Employer Area Code/Telephone Number ()	
10. Consolidating Lender Name				11. Lender Code, if known	

Section B. Spouse Information

Only complete this section if your spouse has eligible loans and you both wish to consolidate jointly. If you complete Section B, also include your spouse's loan(s) in Sections D.1 and D.2. Your spouse must also sign and date Item 38 in Section G.

12. Last Name		First Name	MI		
13. Social Security Number			14. Date of Birth (Month/Day/Year)		
15. Former Name(s)			16. Driver's License State and Number State #		
17. Fax Number and E-mail Address (Optional) Fax () E-mail Address					
18. Employer Name					
Address					
City		State	Zip Code	Employer Area Code/Telephone Number ()	

Section C. Reference Information

You must provide two separate references with different U.S. addresses. Do not include individuals who live with you (e.g., spouse) or live outside the United States. Both references must be completed fully and should be relatives or acquaintances you (or you and your spouse, if consolidating jointly) have known for at least three years.

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

Borrower's Name _____ Social Security Number _____

Spouse's Name _____ Social Security Number _____

(Please print. Enter spouse's information only if you completed Section B.)

Section F. Borrower Certification and Authorization

(In the case of a Federal Consolidation Loan made to a married couple, all references to "I," "me," "my," "you," and "your" in the Promissory Note; Borrower's Rights and Responsibilities Statement; Borrower Certification and Authorization; as well as other materials provided in connection with this loan apply equally to the borrower and the borrower's spouse unless otherwise stated.)

34. I declare under penalty of perjury that the following is true and correct:

- A. The information I have provided on this Federal Consolidation Loan Application and Promissory Note is true, complete, and correct to the best of my knowledge and belief and is made in good faith.
- B. (i) I do not owe an overpayment on a Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, or a Leveraging Educational Assistance Partnership Grant (formerly State Student Incentive Grant), or if I owe an overpayment, I have made satisfactory arrangements with the holder to repay the amount owed. (ii) 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.
- C. The loans I am requesting to consolidate are in grace or in repayment status (including loans in deferment or forbearance).
- D. I do not have any other application pending for a Federal Consolidation Loan with any other lender. If all of my FFLP loans are with one holder who is not the consolidating lender, I further certify that I have sought and been unable to obtain a Federal Consolidation Loan from the holder of my loans, or the holder declined to provide me with an income-sensitive repayment schedule.
- E. If I have an outstanding Federal Consolidation Loan, I am eligible for another Federal Consolidation Loan because: (i) I have subsequently borrowed another eligible loan(s), or (ii) I am consolidating a Federal Consolidation Loan with at least one other eligible loan.
- F. All of the loans selected for consolidation have been used to finance my education or my child's education.
- G. I am not subject to a judgment secured through litigation or to an order for wage garnishment, except as I have disclosed.
- H. If I am applying jointly with my spouse, we are legally married to each other.

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.

- B. I understand that I may no longer be eligible for some deferment types 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. If I am applying jointly with my spouse, I further understand that my Federal Consolidation Loan will be fully discharged only if both of us qualify for discharge and may be partially discharged if only one of us qualifies for discharge. I also understand that I may postpone repayment of the loan only if I provide the lender with a request that confirms deferment or forbearance eligibility for both of us at the same time.
- 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 of Education, and their agents.
- H. I authorize the Department of Education 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.

35. I also 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

Section G. Promissory Note (continued on next page) To be completed and signed by the borrower and spouse, if applicable.

(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.)

36. 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 will be added, as provided under the Act, to the principal balance of the loan. If I fail to make any payments on this Note when due, I will also pay reasonable collection costs, including but not limited to attorney's fees, court costs, and other fees.

If I am applying jointly with my spouse, I understand and agree that I am and will continue to be held jointly and severally liable for the entire amount of the debt represented by the Federal Consolidation Loan without regard to the amounts of our individual loan obligations that are consolidated and without regard to any change that may occur in our marital status. I understand this means that I may be required to pay the entire amount due if my spouse is unable or refuses to pay.

I understand that this is a Promissory Note. I will not sign this Note before reading the entire Note even if I am otherwise advised. 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 Authorization and the Borrower's Rights and Responsibilities Statement.

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

37. Borrower's Signature _____ Today's Date (Month/Day/Year) _____

38. Spouse's Signature (If consolidating jointly) _____ Today's Date (Month/Day/Year) _____

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."

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 assign my loan to another 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 issued 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 payment, 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/SLC 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 of my eligible loans at this time, I understand that I may later add to this Federal Consolidation Loan eligible loans made before or after the date of this consolidation. To add an additional 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 of 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.

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 am obligated to repay the full amount of the loan made under this Note and the interest that accrues on that amount. 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 loan indebtedness 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, 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 my loan payment is called forbearance. I agree my lender may grant me a forbearance for purposes of aligning payment due dates on my loans or to eliminate any delinquency that persists even though I am making 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 Higher Education Act of 1965, as amended (20 U.S.C. 1070 et seq.), other applicable federal statutes and regulations, and the guarantor's policies. Applicable state law, except as preempted by federal law, may provide for certain borrower rights, remedies, and defenses in addition to those stated in this 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 shall remain in force.

Federal Family Education Loan Program (FFELP)

Instructions for Completing the Federal Consolidation Loan Application and Promissory Note

Guarantor, Program, or Lender Identification

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.

Complete the form using dark ink or type. This form must be signed and dated by the applicant(s). 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 your last name, then your first name and middle initial.

Item 2: Enter your nine-digit Social Security Number. If this item has been completed for you, review it for correctness.

Item 3: Enter your permanent home address (number, street, apartment number, city, state, zip code). If your mailing address is an RFD, post office box, or general delivery, you must list both the street address and mailing address.

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

Item 5: 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: Enter the month, day, and four-digit year of your birth. Use only numbers. 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 fax number and the e-mail address you use most frequently. These may be used to communicate with you. If you do not have a fax number or e-mail address, or do not wish to provide this information, enter N/A.

Item 9: *It is important that the consolidating lender is able to reach you during the process of making this loan and during repayment.* Enter your employer's name, address, including city, state, and zip code, and telephone number. If you are self-employed, enter the name, address, and telephone number of your business. 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: If you know the lender code, enter it here. Otherwise, leave this field blank.

Section B. Spouse Information

Note: Complete this section only if you are married and you both wish to consolidate your loans jointly. Include your spouse's loan(s) in Section D. Your spouse must sign and date Item 38 in Section G. Remember, if you take out a joint Federal Consolidation Loan, you are both responsible for repaying the total Federal Consolidation Loan, even if you become separated or divorced.

Item 12: Enter your spouse's last name, then your spouse's first name and middle initial.

Item 13: Enter your spouse's nine-digit Social Security Number. If this item has been completed for you, review it for correctness.

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

Item 15: Enter any former names under which one or more of your spouse's loans may have been disbursed. If your spouse does not have a former name, enter N/A.

Item 16: Enter the two-letter abbreviation for the state that issued your spouse's driver's license followed by the driver's license number. If your spouse does not have a driver's license, enter N/A.

Item 17: Enter your spouse's fax number and the e-mail address your spouse uses most frequently. These may be used to communicate with your spouse. If your spouse does not have a fax number or e-mail address, or does not wish to provide this information, enter N/A.

Item 18: *It is important that the consolidating lender is able to reach your spouse during the process of making this loan and during repayment.* Enter your spouse's employer's name, address (including city, state, and zip code), and telephone number.

If your spouse is self-employed, enter the name, address, and telephone number of your spouse's business. If your spouse is not employed, enter N/A.

Section C. Reference Information

Note: You must provide two separate references with different U.S. addresses. Do not include individuals who live with you or live outside the U.S. Both references must be completed fully and should be relatives or acquaintances you (or you and your spouse, if consolidating jointly) have known for at least three years.

Items 19A and 19B: Enter the requested reference information for two adults who do not share a common address. References with addresses outside the U.S. are not acceptable. Both references must be completed in full. If a reference does not have a telephone or an e-mail address, or does not wish to provide an e-mail address, write N/A. If you provide an e-mail address for a reference, the holder of your Federal Consolidation Loan may use it to communicate with your reference as part of collecting on the loan. All requested items must be completed or your loan 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, formerly Guaranteed Student Loans (GSL)
DSS	Direct Subsidized Stafford/Ford Loans
US	Unsubsidized and Nonsubsidized Federal Stafford Loans
DUS	Direct Unsubsidized Stafford/Ford Loans
SLS	Federal Supplemental Loans for Students, formerly Auxiliary Loans to Assist Students (ALAS) and Student PLUS Loans
PERK	Federal Perkins Loans, formerly National Defense/National Direct Student Loans (NDSL)
HPSL	Health Professions Student Loans, including Loans for Disadvantaged Students
HEAL	Health Education Assistance Loans
FISL	Federal Insured Student Loans
PLUS	Federal PLUS Loans
DPLUS	Direct PLUS 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
NSL	Federal Nursing Loans
OTHR	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, call your loan holder or servicer, or check the most recent correspondence from them.

Continued on next page.

Step 1: Begin by listing (according to the instructions that follow for Items 20-26) eligible loan(s) that you (or you and your spouse jointly) 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 20: 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 21: Enter the full name and mailing address of each holder of your education loans or the holder's servicer. (This is the address to which you are or will be sending your payments.) If the loan is in default, enter the full name and address of the guarantor or the guarantor's servicer. If the loan is a Perkins Loan, enter the full name and address of the school or school's servicer. Do not use initials instead of full names.

Item 22: Enter "B" for each loan that is yours, "S" for each loan that is your spouse's, and "J" for each loan that belongs to both you and your spouse.

Item 23: 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 24: Enter the interest rate you are paying on each loan.

Item 25: Enter the estimated payoff amount, including any unpaid interest, late fees, and collection costs.

Item 26: If you are in your grace period (specified period of time after a student graduates or leaves school 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 the Federal Consolidation Loan will begin approximately 60-90 days before the latest grace period end date. If you do not wish to delay processing, leave this field blank.

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 27-32**, list both 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 33: You may choose one of several repayment options for your Federal Consolidation Loan. (Refer to supplemental materials provided by the consolidating lender or call the lender for more information on repayment options.) If you do not complete this item, the lender will provide a standard payment schedule that does not exceed the maximum allowable repayment period for which you are eligible. The maximum repayment period is 10 to 30 years depending on the amount of your student loan debt listed in Sections D.1 and D.2. Your repayment period will be based on your student loan debt, however, you may request a repayment period that is shorter than the maximum period allowed. A shorter repayment period will reduce the amount of interest you will pay over the life of the loan.

Your repayment options include:

- A. **Standard Payments** in which you will make equal monthly payments. The final payment may be slightly larger or smaller.
- B. **Graduated Payments** in which your monthly payments will be smaller in the beginning of repayment and gradually increase in stages over the course of the repayment period.
- C. **Income-sensitive Payments** in which the amount of your monthly payments will be adjusted annually based on your expected total monthly gross income from employment and all other sources. Payments may increase or decrease. If you select this option, your initial repayment amount will be based on a standard or graduated

payment plan unless otherwise specified in accompanying materials. After your Federal Consolidation Loan is made, you will be required to submit additional information to assist the lender in determining your income-sensitive payment. If you are consolidating jointly with your spouse, payments will be based on your total household income from all sources.

- D. **Extended Payments** in which you may repay over a 25-year period on a standard or graduated payment plan if you have FFELP loans totaling in excess of \$30,000. Under the other repayment options available in the consolidation program, you must have at least \$40,000 in debt to qualify for a 25-year repayment period. If you have debt in excess of \$60,000 and wish to repay over a 30-year period, you should select one of the other repayment options (A-C).

Note: If all of your FFELP loans are with one holder and you certify that you have been unable to obtain a Federal Consolidation Loan or a Federal Consolidation Loan with income-sensitive repayment terms from your current holder, you may apply for a Federal Consolidation Loan from another FFELP lender. If you have FFELP loans with more than one holder, you may apply for a Federal Consolidation Loan from any FFELP lender. Alternatively, if you have an outstanding balance on a FFELP 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.

Section F. Borrower Certification and Authorization

Items 34 and 35: Read these items carefully. The statements confirm the accuracy of the 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.

Section G. Promissory Note

This is a legally binding contract.

Item 36: 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 37: Sign and date the Promissory Note.

Item 38: If you and your spouse are jointly consolidating your loans, your spouse must also sign and date the Promissory Note. If you and your spouse are not jointly consolidating your loans, your spouse should not sign the Promissory Note.

Note: Signature(s) is required. If you (or you and your spouse, if consolidating jointly) fail to sign the Promissory Note, your application will be delayed.

Submitting Your Application and Promissory Note

Review all information on your Federal Consolidation Loan Application and Promissory Note. Return your completed application and promissory note to your consolidating lender for processing. Keep a copy for your records. If you are applying with your spouse, you and your spouse should each 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 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.

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.

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

- Subsidized Federal Stafford Loan [formerly known as Guaranteed Student Loan (GSL)],
- Unsubsidized Federal Stafford Loan,
- Federal Insured Student Loan (FISL),
- Federal Supplemental Loans for Students (SLS), also known as ALAS,
- Federal PLUS 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 take place before my loan is repaid:

- I change my permanent 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, and/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 my Federal Consolidation Loan will be 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, but will not exceed 8.25 percent. This fixed interest rate will remain the same throughout the life of the loan. 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. The interest rate that applies to my Federal Consolidation Loan will be disclosed to me by my lender at or about the time my loan is disbursed.

4. Payment of Interest – Interest will be charged from the date my Federal Consolidation Loan is disbursed. It is my responsibility to pay interest on my loan. 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 choose not to pay the interest that accrues on my loan during any period of authorized deferment or 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 and increase the total cost of my loan.

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 make my 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.

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 guarantor will report the default 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 income requirements and may not receive any additional FFELP, Direct, or Federal Perkins loans during a 3-year conditional discharge period. I may not receive

a discharge due to total and permanent disability based on a condition that existed before I applied for this loan, unless a physician certifies that the condition substantially deteriorated after the disbursement dates on the loans that are consolidated.

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. In order to discharge a loan in bankruptcy, I (and my spouse, if a joint consolidation co-maker) must prove undue hardship in an adversary proceeding before the bankruptcy court.

In certain cases, the Act provides discharge of all or a portion of my Federal Consolidation Loan if I was unable to complete a course of study because my school closed, or my eligibility was falsely certified by my school. The Act also provides for loan discharge in the amount of any required refund that my school failed to make to my lender on my behalf.

Neither the lender, the guarantor, nor the Department of Education vouch for the quality or suitability of the academic programs offered by participating schools. Unless I qualify for loan discharge under the Act, I must repay 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.

If I am applying with my spouse for a joint consolidation loan, I further understand that the Federal Consolidation Loan will be fully discharged or forgiven only if both of us qualify for the same or a different discharge or forgiveness. However, the loan may be partially discharged or forgiven under certain circumstances, if only one of us qualifies for a discharge or forgiveness.

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 my loans jointly with my spouse, we both must simultaneously qualify for the same or different deferments in order to postpone repayment on the loan. The maximum periods authorized for deferment on Federal Consolidation Loans are determined by the Act. The total deferment period combined for the borrower and spouse cannot exceed these limits.

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 Department of Education),
- Conscientiously seeking, but unable to find, full-time employment (for up to three years),
- Experiencing an economic hardship (including Peace Corps service) as defined by federal law (for up to three years).

My lender will process an in-school deferment based on (i) my request along with documentation verifying my eligibility, (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 forbearance include:

- Serving in a medical or dental internship or residency program, if I meet certain criteria.
- Serving in a national service position for which I receive a national service education award under the National and Community Service Trust Act of 1993. In some cases, the interest that accrues on a qualified loan during the service period will be paid by the Corporation for National and Community Service.
- Qualifying for partial repayment of my loans under the Student Loan Repayment Program, as administered by the Department of Defense.
- 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 my spouse and I are consolidating jointly, we must simultaneously qualify for the same or a different forbearance in order to forbear repayment of the loan.

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, unsubsidized, 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 limit 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 include an additional eligible loan(s) 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 this period of time, 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 of 1965, as amended (20 U.S.C. 1078(b)(2)(A) et seq.), and the authority for collecting and using your Social Security Number (SSN) is §484(a)(4)(B) of the HEA (20 U.S.C. 1078-2(f)). Participating in the Federal Family Education Loan Program (FFELP) and giving us your SSN are voluntary, but you must provide the requested information, including your SSN, to participate.

The principal purposes for collecting the information on this form, including your SSN, are to verify your identity, to determine your eligibility to receive a loan(s) or a benefit on a loan(s) (such as a deferment, forbearance, discharge, or forgiveness) under the FFELP, to permit the servicing of your loan(s), and, if it becomes necessary, to locate you and to collect on your loan(s) if your loan(s) 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 to third parties as authorized under routine uses in the appropriate systems of records. The routine uses of this information include its disclosure to federal, state, or local agencies, to other federal agencies under computer matching programs, to agencies that we authorize to assist us in administering our loan programs, to private parties such as relatives, present and former employers, business and personal associates, to credit bureau organizations, to educational and financial institutions, to guaranty agencies, and to contractors in order to verify your identity, to determine your eligibility to receive a loan(s) or a benefit on a loan(s), to permit the servicing or collection of your loan(s), to counsel you in repayment efforts, to enforce the terms of the loan(s), to investigate possible fraud and to verify compliance with federal student financial aid program regulations, to locate you if you become delinquent in your loan payments or if you default, to provide default rate calculations, to provide financial aid history information,

to assist program administrators with tracking refunds and cancellations, or to provide a standardized method for educational institutions efficiently to submit student enrollment status.

In the event of litigation, we may send records to the Department of Justice, a court, adjudicative body, counsel, party, or witness if the disclosure is relevant and necessary to the litigation. If this information, either alone or with other information, indicates a potential violation of law, we may send it to the appropriate authority for action. We may send information to members of Congress if you ask them to help you with federal student aid questions. In circumstances involving employment complaints, grievances, or disciplinary actions, we may disclose relevant records to adjudicate or investigate the issues. If provided for by a collective bargaining agreement, we may disclose records to a labor organization recognized under 5 U.S.C. Chapter 71. Disclosures may also be made to qualified researchers under Privacy Act safeguards.

Financial Privacy Act Notice

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

Paperwork Reduction Notice

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a currently valid OMB control number. The valid OMB control number for this information collection is 1845-0036. 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.