

# Federal Family Education Loan Program (FFELP)

# Federal Stafford Loan Master Promissory Note (MPN)

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

Guarantor, Program, or Lender Identification



OMB No. 1845-0006  
Form approved  
Exp. date 07/31/2011

801.321.7294  
Toll Free 877.336.7378  
www.uheaa.org

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

## Borrower Information

Print using a dark ink ballpoint pen or type. Read the instructions on page 3 carefully.

1. Last Name	First Name	MI	2. Social Security Number	
3. Permanent Address (See instructions.)		4. Area Code/Telephone Number (      )	5. Date of Birth (mm-dd-yyyy)	
City	State	Zip Code	6. Driver's License State and Number State      #	7. E-mail Address
8. Lender Name	City	State	Zip Code	9. Lender Code, if known
10. References: You must provide two separate adult references with different U.S. addresses who have known you for at least three years. The first reference should be a parent (if living) or legal guardian. Both references must be completed in full.				
Name	A. _____	B. _____		
Permanent Address	_____	_____		
City, State, Zip Code	_____	_____		
E-mail Address	_____	_____		
Area Code/Telephone Number	(      ) _____	(      ) _____		
Relationship to Borrower	_____	_____		
11. Requested Loan Amount: I request a total amount of subsidized and/or unsubsidized loans under this MPN not to exceed the annual and aggregate loan limits authorized under the Higher Education Act of 1965, as amended. My school will notify me of the type(s) and amount(s) of loan(s) that I am eligible to borrow. I may cancel my loan or request a lower amount by contacting my lender or school. Additional information about my right to cancel a loan or request a lower amount is included in the Borrower's Rights and Responsibilities Statement and disclosure statements that have been or will be provided to me.		12. Interest Payments (Optional): <input type="checkbox"/> If I receive any unsubsidized Federal Stafford Loan(s) under this MPN, I want to pay the interest on the loan(s) while I am in school.		

## Borrower Certifications and Authorizations

Read carefully before signing below.

13. Under penalty of perjury, I certify for any loan I receive under this MPN that:

- A. The information I have provided on this MPN and as updated by me from time to time is true, complete, and correct to the best of my knowledge and belief and is made in good faith.
- B. Loan proceeds will be used for authorized educational costs that I incur. I will immediately repay any loan proceeds that cannot be attributed to educational costs for attendance on at least a half-time basis at the school that certified my loan eligibility.
- C. If I owe an overpayment on a Federal Perkins Loan, Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, Academic Competitiveness Grant (ACG), National Science and Mathematics Access to Retain Talent (SMART) Grant, or Leveraging Educational Assistance Partnership Grant, I have made satisfactory arrangements with the holder to repay the amount owed.
- D. If I am in default on any loan received under the Federal Perkins Loan Program (including NDSL loans), the Federal Direct Loan Program, or the Federal Family Education Loan Program ("FFELP" as defined in the Borrower's Rights and Responsibilities Statement), I have made satisfactory arrangements with the holder to repay the amount owed.
- E. If I have been convicted of, or pled *nolo contendere* (no contest) or guilty to, a crime involving fraud in obtaining funds under Title IV of the Higher Education Act of 1965, as amended, I have completed the repayment of such funds to the U.S. Department of Education (the Department), or to the loan holder in the case of a Title IV federal student loan.

14. For all subsidized and unsubsidized Federal Stafford Loans (as described in the additional MPN provisions and the Borrower's Rights and Responsibilities Statement) I receive under this MPN, I make the following authorizations:

- A. I authorize my school to certify my eligibility for loans under this MPN.
- B. I authorize the 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.
- C. I authorize my school to transfer loan proceeds received by electronic funds transfer (EFT) or master check to my student account at the school.
- D. I authorize my school to pay to the lender any refund that may be due up to the full loan amount.
- E. I request and authorize my lender to: (i) during the in-school and grace periods of any loans made under this MPN, defer and align the repayment of principal on all of my Federal Stafford Loans held by the lender that are in repayment status; and (ii) add the unpaid interest that accrues on any Federal Stafford Loan to the principal balance of the loan (capitalization) during forbearance periods and, for unsubsidized loans, during in-school, grace, and deferment periods as provided under the Act. Capitalization will increase the principal balance on my loan(s) and the total amount of interest I must pay.
- F. I authorize the school, the lender, the guarantor, the Department, and their respective agents and contractors to contact me regarding my loan request(s) or my loan(s), including repayment of my loan(s), at the current or any future number that I provide for my cellular telephone or other wireless device using automated telephone dialing equipment or artificial or prerecorded voice or text messages.
- G. I authorize the release of information pertinent to my loan(s): (i) by the school(s), the lender, and the guarantor(s), or their agents to the references on the applicable loan(s) and to members of my immediate family unless I submit written directions otherwise; and (ii) by and among my school(s), lender(s), guarantor(s), the Department, and their agents.
- H. To verify information I provide and so that the loan(s) requested can be approved, I authorize the Department to send any information about me that is under its control, including information from the Free Application for Federal Student Aid, to the school, to the lender, and to state agencies and nonprofit organizations that administer financial aid programs under the FFELP. I understand that information reported on this MPN may be shared with the Department, and that the Department has the authority to verify that information with other federal agencies.

## Promise to Pay

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

15. I promise to pay to the order of the lender all loan amounts disbursed (hereafter "loan" or "loans") under the terms of this MPN, plus interest and other charges and fees that may become due as provided in this MPN. I understand that, if I qualify, more than one loan may be made to me under this MPN. I understand that by accepting any disbursements issued at any time under this MPN, I agree to repay the loan(s). I understand that, within certain time frames, I may cancel or reduce the amount of any loan by refusing to accept or by returning all or a portion of any disbursement that is issued. Unless I make interest payments, interest that accrues on my unsubsidized loan(s) during in-school, grace, deferment, forbearance, and other periods may be added as provided under the Act to the principal balance of such loan(s). If I do not make any payment on any loan made under this MPN when it is due, I will also pay reasonable collection costs including, but not limited to, attorney fees, court costs, and other fees. I will not sign this MPN before reading the entire MPN, even if I am told not to read it, or told that I am not required to read it. I am entitled to a copy of this MPN and the Borrower's Rights and Responsibilities Statement. My signature certifies I have read, understand, and agree to the terms and conditions of this MPN, including the Borrower Certifications and Authorizations printed above, the Notice about Subsequent Loans Made under This MPN, and the Borrower's Rights and Responsibilities Statement.

**I UNDERSTAND THAT I MAY RECEIVE ONE OR MORE LOANS UNDER THIS MPN AND THAT I MUST REPAY ALL LOANS THAT I RECEIVE UNDER THIS MPN.**

16. Borrower Signature \_\_\_\_\_ 17. Today's Date (mm-dd-yyyy) \_\_\_\_\_

Additional MPN provisions follow

# Federal Stafford Loan Master Promissory Note (MPN) *(continued)*

## Governing Law

The terms of this MPN will be interpreted in accordance with the Higher Education Act of 1965, as amended (20 U.S.C. 1070 et seq.), the U.S. Department of Education's (the Department's) regulations, as they may be amended in accordance with their effective date, and other applicable federal statutes and regulations (collectively referred to as the "Act"), and the guarantor's policies. Applicable state law, except as preempted by federal law, may provide for certain borrower rights, remedies, and defenses in addition to those stated in this MPN.

## Disclosure of Terms

This MPN applies to both subsidized and unsubsidized Federal Stafford Loans. Loans disbursed under this MPN are subject to the loan limits specified in the Act. Under this MPN, the principal amount that I owe, and am required to repay, will be the sum of all disbursements issued (unless I reduce or cancel any disbursements as provided below).

My lender will determine whether to make any loan under this MPN after my eligibility is determined by the school. At or before the time of the first disbursement for each loan, a disclosure statement will be provided to me identifying the amount of the loan and additional terms of the loan. Important additional information is also disclosed in the Borrower's Rights and Responsibilities Statement accompanying this MPN. The Borrower's Rights and Responsibilities Statement and any disclosure statement I receive in connection with any loan under this MPN are hereby incorporated into this MPN. If the information in this MPN conflicts with information in the disclosure, the specific terms and information in the disclosure apply to my loan.

I may request additional loan funds for my educational costs, up to the annual and aggregate loan limits as specified in the Act. The school will determine my eligibility and notify my lender. I will be notified of any increase or other change in the amount of my loan(s).

I agree that the lender may sell or assign this MPN and/or my loan(s) and acknowledge that any loan may be assigned independently of any other loan to which this MPN applies. I agree that each loan is separately enforceable based on a true and exact copy of this MPN. I understand that my lender may use a servicer to handle billing and other communications related to my loan.

## Loan Cancellation

I may pay back all or a part of a disbursement within time frames set by the Act and explained in the Borrower's Rights and Responsibilities Statement or other disclosure I receive at or before disbursement. In such case, any origination fee and federal default fee will be reduced or eliminated in proportion to the amount of the disbursement returned. I will not incur interest charges if I return the full loan amount as provided in the Act.

## Interest

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

Interest accrues on the unpaid principal balance of each loan from the date of disbursement by the lender until the entire principal balance is paid in full. I agree to pay all interest charges on my subsidized Federal Stafford Loan(s) except interest payable by the federal government under the Act. I agree to pay all interest charges on my unsubsidized Federal Stafford Loan(s). If I do not make required payments of interest before the beginning or resumption of principal repayment, or during a period of authorized deferment or forbearance, I agree that the lender may capitalize such interest to the extent permitted by the Act.

## Origination Fee and Federal Default Fee

An origination fee and a federal default fee may be charged for each loan made under this MPN. The Act specifies the maximum amount of each fee and authorizes both fees to

be deducted from my loan amount. The fee(s) I am charged, as identified in the disclosure statement, will be deducted proportionately from each disbursement of my loan(s). I understand the origination and federal default fees may be refundable only to the extent permitted by the Act.

## Late Charges and Collection Costs

The lender may collect from me: (i) a late charge for each late installment payment if I do not make any part of a required installment payment within 15 days after the date it becomes due, and (ii) any other charges and fees that are specifically permitted by the Act for the collection of my loan(s). If I default on any loan(s), I will pay reasonable collection fees and costs, plus court costs and attorney fees.

## Repayment

I must repay the full amount of the loan(s) made under this MPN and accrued interest. Federal Stafford Loans have a repayment grace period, which will be disclosed in my disclosure statement. I will repay the principal of each loan in periodic installments during a repayment period that begins on the day immediately following the end of the 6-month grace period.

I understand that the school's certification of my loan eligibility determines whether my loans are subsidized and/or unsubsidized loans.

I will have a choice of repayment plans as provided in the Act. My repayment period for each loan generally lasts at least 5 years but may not exceed 10 years (except under an extended or income-based repayment plan). The maximum period for repaying a loan does not include periods of deferment or forbearance.

The lender will provide me with a repayment schedule that identifies my payment amounts and due dates. Except as otherwise provided in the Act, the minimum annual payment required on all my FFELP loans is \$600 or the amount of interest due and payable, whichever is larger. Payments submitted by me or on my behalf (exclusive of refunds) may be applied first to charges and collection costs that are due, then to accrued interest that has not been capitalized, and finally to the principal amount, except during periods of repayment under an income-based repayment plan, when payments will be applied first to interest due, then to fees due, and then to the principal amount.

If I am unable to make my scheduled loan payments, the lender may allow me to reduce my payment amount, to extend the time for making payments, or to temporarily stop making payments as long as I intend to repay my loan(s). Allowing me to temporarily delay or reduce loan payments is called forbearance. The lender may align payment due dates on my loans or grant me a forbearance to eliminate a delinquency that persists even though I am making scheduled payments.

I may prepay all or any part of the unpaid balance on my loan(s) at any time without penalty. If I do not specify which loan(s) I am prepaying, the lender will determine how to apply the prepayment in accordance with the Act. Upon payment in full of each loan under this MPN, I agree to accept written notification of such loan payoff in place of receiving the original MPN.

## Acceleration and Default

At the option of the lender, the entire unpaid balance of a loan made under this MPN will become immediately due and payable if any one of the following events occurs regarding that loan: (i) I do not enroll as at least a half-time student at the school that certified my loan eligibility, (ii) I do not use the proceeds of the loan solely for my educational costs, (iii) I make a false representation that results in my receiving a loan for which I am not eligible, or (iv) I default on the loan.

The following events will constitute a default on a loan: (i) I do not pay the entire unpaid balance of the applicable loan after the lender has exercised its option under items (i), (ii), or (iii) in the preceding paragraph; (ii) I do not make installment payments when due, provided my failure has persisted for at least 270 days for payments due monthly or 330 days for payments due less frequently than monthly; or (iii) I do not 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(s) and capitalize all outstanding interest into a new principal balance. The new principal balance and collection fees will become immediately due and payable.

If I default, the default will be reported to all national consumer reporting agencies and will significantly and adversely affect my credit history. I understand that a default will have additional adverse consequences to me as disclosed in the Borrower's Rights and Responsibilities Statement. Following default, the loan(s) may be subject to income-based or income-contingent repayment (including potential collection of amounts in excess of the principal and interest) in accordance with the Act.

## Legal Notices

Any lender holding a loan made under this MPN is subject to all claims and defenses that I could assert against the school with respect to that loan if (i) the loan was made by the school or a school-affiliated organization, (ii) the lender who made the loan provided an improper inducement (as defined by the Act) to the school or to any other party in connection with the making of the loan, (iii) the school refers loan applicants to the lender, or (iv) the school is affiliated with the lender by common control, contract, or business arrangement. My recovery under this provision will not exceed the amount I paid on the loan.

Information about my loan(s) will be submitted to the National Student Loan Data System (NSLDS). Information in NSLDS is accessible to schools, lenders, and guarantors for specific purposes as authorized by the Department.

If I reside in the state in which the principal office of the guarantor is located, the guarantor may sue to enforce the applicable loan(s) in the county in which the guarantor's office is located. However, if I object to being sued there and I mail a written objection to the guarantor that is postmarked no later than 30 days after I am served with the suit, the guarantor will either have the court transfer the suit to the county in which I live or will dismiss the lawsuit.

Any notice required to be given to me will be effective if sent by first class mail to the latest address the lender has for me or by electronic means to an address that I have provided. I will immediately notify the lender of any change of address or status as specified in the Borrower's Rights and Responsibilities Statement. Failure by the lender to enforce or insist on compliance with any term of this MPN will not be a waiver of any right of the lender. No provision of this MPN may be modified or waived except in writing. If any provision of this MPN is determined to be unenforceable, the remaining provisions remain in force.

## Notice about Subsequent Loans Made under This MPN

This MPN authorizes the lender to disburse multiple loans to pay my educational costs during the multi-year term of this MPN. Such loans will be made only upon my request and upon the school's certification of my loan eligibility. Subsequent loans may be made for the same or subsequent periods of enrollment at schools designated by the Secretary of the U.S. Department of Education.

I understand that no subsequent loan(s) will be made under this MPN after the earliest of the following dates: (i) the date my lender receives my written notice that no further loans may be disbursed under the MPN; (ii) one year after the date of my signature on this MPN if no disbursement is made during such twelve-month period; or (iii) ten years after either the date of my signature on this MPN, or the date the lender receives this MPN.

Any change to the Act applies to loans in accordance with the effective date of the change.