Direct Loans

William D. Ford Federal Direct Loan Program
U.S. Department of Education

OMB No. 1840-0667
Form Approved
Exp. Date 12/31/98

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

Federal Direct Stafford/Ford Loan
Federal Direct Unsubsidized Stafford/Ford Loan
Promissory Note and Disclosure

Section A: To Be Completed By The Borrower

1. Name (last, first, middle initial) and Address (street, city, state, zip code)

2. Social Security Number

3. Date of Birth

4. Area Code/Telephone Number

5. Driver's License Number (List state abbreviation first.)

6. References: You must list two persons with different U.S. addresses who have known you for at least three years. The first reference should be a parent or legal guardian.

	1.	2.
Name		
Permanent Address		
City, State, Zip Code		
Area Code/Telephone Number	( )	( )

Section B: To Be Completed By The School

7. School Name

8. Loan Period Approved From: MM/DD/YY To: MM/DD/YY

9. School Address (street, city, state, zip code)

10. School Code/Branch

The chart below shows anticipated disbursement amounts and dates. Actual amounts and dates may vary.

	Anticipated Disbursement Dates	Loan Amount Approved	Loan Fee Rate	Loan Fee Amount	Net Disbursement Amount	Interest Rate
Direct Subsidized Loan						
	Total					
Direct Unsubsidized Loan						
	Total					

I promise to pay the U.S. Department of Education all sums (hereafter "loan" or "loans") disbursed under this Promissory Note plus interest and other fees which may become due, as provided in this Promissory Note. If I fail to make payments on this Promissory Note when due, I will also pay collection costs including attorney's fees and court costs. I understand that I may cancel or reduce the size of my loan by refusing any disbursement that is issued to me. I certify that the total amount of loan that I receive under this Promissory Note will not exceed the allowable annual maximum or cumulative maximum under the Higher Education Act of 1965, as amended.

I understand that this is a Promissory Note. I will not sign this Promissory Note before reading it, even if I am advised not to read this Promissory Note. I am entitled to an exact copy of this Promissory Note and a statement of the Borrower's Rights and Responsibilities. My signature certifies that I have read, understand and agree to the terms and conditions of this Promissory Note. My signature on this Promissory Note will serve as my authorization for my loan proceeds to be credited to my student account by the school identified in Section B.

Under penalty of perjury, I certify that the information contained in the Borrower Section of this Promissory Note is true and accurate. The proceeds of this loan will be used for authorized educational expenses at the certifying school for the specified loan period. I certify that I do not owe a refund on a Federal Pell Grant, Basic Educational Opportunity Grant, Supplemental Educational Opportunity Grant or a State Student Incentive Grant and that I am not now in default on any loan received under the Federal Perkins Loan Program (including National Defense Student Loans) or the Federal Family Education Loan Program, or if I am in default, I have made repayment arrangements that are satisfactory to the Secretary of the Department of Education.

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

11. Loan Identification Number(s)

12. Signature of Borrower

Date

Promissory Note and Disclosure (continued)

INSTRUCTIONS

Section A: To Be Completed By Borrower

Section A must be completed by the student who is applying to be a borrower of a Federal Direct Stafford/Ford Loan (Direct Subsidized Loan) and/or a Federal Direct Unsubsidized Stafford/Ford Loan (Direct Unsubsidized Loan). Items 1 through 5 may have been pre-printed on the Promissory Note by the school certifying your loan, if you provided this information on your Free Application for Federal Student Aid (FAFSA). You should review all the questions and responses, and enter information for any items that are not pre-printed, so that your loan may be certified.

All references to "you" mean the student borrower.

Item 1: Enter your legal name, placing the last name first, followed by your first name and middle initial. Next enter your street address including the apartment number, city, state, and zip code.

Item 2: Enter your nine-digit social security number. The social security number will be used to verify your identity, to determine eligibility for the loan, to service the loan, and to collect on a delinquent or defaulted loan. Your social security number may be furnished to your school, to an agent of the U.S. Department of Education, and to federal or state agencies, to assist in the servicing or collection of the loan. Disclosure of your social security number is required by the William D. Ford Federal Direct Loan (Direct Loan) Program.

Item 3: Using only numbers, enter the month, day, and year of your birth. For example, if your birth date was June 14, 1964, you would enter 06/14/64.

Item 4: Enter your area code and phone number.

Item 5: Enter the two-letter abbreviation for the state that issued your current driver's license followed by the driver's license number. If you do not have a current driver's license, enter the letters "N/A."

Item 6: Enter the requested reference information for two adults who do not share a common address. The first reference should be a parent or legal guardian. References with addresses outside the United States are not acceptable.

Student Borrower: You have completed the information section on the Promissory Note. Go to Item 12, read the certification statement carefully, and sign and date this Promissory Note and Disclosure.

Item 12: After reviewing the terms of the Promissory Note, you the student, must sign your full legal name, in black or blue ink, and enter the date you signed this Promissory Note and Disclosure.

Section B: (Items 7 through 11) To Be Completed By The School

This section must be completed by the school. Only a Financial Aid Administrator or another authorized school official is permitted to complete this section. Improperly certified information can create a financial liability for the school.

Be sure you receive and read the statement of Borrower's Rights and Responsibilities. It contains important additional information about your loan and repayment obligations.

DISCLOSURE OF TERMS

This Promissory Note applies to Federal Direct Stafford/Ford Loans (Direct Subsidized Loans) and Federal Direct Unsubsidized Stafford/Ford Loans (Direct Unsubsidized Loans). 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." The terms of this note will be interpreted in accordance with the Act and other applicable federal statutes.

With the exception of interest charged that the federal government will pay on the borrower's behalf for a Direct Subsidized Loan, I agree to pay interest on the principal amount of the loan from the date of disbursement until the loan is paid in full.

If I fail to make the required interest payment when due, I agree that the U.S. Department of Education may add the accrued interest to the unpaid balance of the loan. This is called capitalization.

INTEREST RATE

For Direct Subsidized Loans and Direct Unsubsidized Loans in repayment, the interest rate during any twelve-month period beginning on July 1 and ending on June 30 is determined on the June 1 immediately preceding that period. The interest rate is equal to the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to that June 1 plus 3.1 percentage points, but does not exceed 8.25 percent.

For Direct Subsidized Loans and Direct Unsubsidized Loans prior to the beginning of the repayment period or during the period of deferment, the interest rate during any twelve-month period beginning on July 1 and ending on June 30, is determined on the June 1 immediately preceding that period. The interest rate is equal to the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to that June 1 plus 2.5 percentage points, but does not exceed 8.25 percent.

If this note is signed before July 1, with an anticipated disbursement date that is after July 1, the interest rate that is printed on this Promissory Note may be inaccurate since that variable interest rate on this Promissory Note is determined on the preceding June 1 and is equal to the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to that June 1. I will receive a statement of the actual interest rate after the first disbursement of the loan. If, after reviewing the actual interest rate, I decide to decline this loan, I am entitled to a refund of all loan origination costs if I pay back the principal on this note in full to the U.S. Department of Education within 120 days of disbursement.

LOAN FEE

The loan fee charged for each Direct Subsidized Loan and Direct Unsubsidized Loan is 4% of the amount borrowed. The loan fee is deducted proportionally from each loan disbursement.

LATE CHARGE

A late charge may be assessed if I fail to pay all or a portion of a required installment payment when due.

ACCELERATION AND DEFAULT

At the option of the U.S. Department of Education, the entire unpaid balance will become immediately due and payable upon the occurrence of any one of the following events: (a) I fail to enroll as at least a halftime student at the school that certified the loan; (b) I fail to use the proceeds of the loan solely for educational expenses; (c) I make a false representation that results in my receiving a loan for which I am ineligible; or (d) I default on the loan.

Information concerning the loan including the date of disbursement, the amount of the loan, and the repayment status of the loan will be reported to national credit bureaus. The following events will constitute a default on the loan: (a) I fail to pay the entire unpaid balance after the U.S. Department of Education has exercised its option under the preceding paragraph; or (b) I fail to make installment payments when due or to comply with the other terms of this note, and the U.S. Department of Education reasonably concludes that I no longer intend to honor the repayment obligation, provided the failure persists for at least 180 days, for payments due monthly, or 240 days, for payments due less frequently than monthly. If I default, the U.S. Department of Education may capitalize all the outstanding interest into a new principal balance.

If I default on this loan, the default will be reported to national credit bureaus. I understand that the resulting credit report will have a significant negative affect on my credit rating. If I default on this loan, my federal income tax refund may be withheld to pay the debt, my wages may be garnished or offset, and legal action may be brought against me to enforce the terms of this note. I will be ineligible for additional federal student financial aid and for assistance under most federal benefit programs.

Any notice that is required to be given to me will be effective when mailed by first class mail to the latest address the U.S. Department of Education has for me. I will immediately notify the U.S. Department of Education of a change of address. Failure to enforce or insisting on compliance with any term of this note shall not be a waiver of any right of the U.S. Department of Education.

The provisions of this note can only be waived or modified in writing, by the U.S. Department of Education. If any provision of this note is deemed to be unenforceable, the invalidity of that provision will not invalidate this Promissory Note.

Privacy Act Notice. The Privacy Act of 1974 (5 U.S.C. [illegible]) requires that the following notice be provided to you:

The authority for collecting the requested information from and about you is in Section 484(a)(4)(B) of the Higher Education Act of 1965, as amended (20 U.S.C. 1091 (a)(4)(B)). You are advised that participation in the Direct Loan Program is voluntary, but the requested information is necessary for participation.

The principal purpose of this information is to verify your identity, to determine your Direct Loan Program eligibility and benefits, to permit the servicing of your loan(s), and, in the event it is necessary, to locate you and collect on your loan(s) if you become delinquent or defaulted.

The routine uses of this information include its disclosure to federal, state, or local agencies, to private parties such as relatives, present and former employers, business and personal associates, to guaranty agencies, to credit bureau organizations, educational and financial institutions, and to agency contractors in order to verify your identity, to determine your Direct Loan Program eligibility and benefits, to permit the servicing of your loan(s), to counsel you in repayment efforts, to investigate possible fraud, to verify compliance with Direct Loan Program regulations, to locate you if you become delinquent in your loan(s) payments or if you default.

You must provide all of the information requested in order to have your application processed.

Section 7(b) of the Privacy Act of 1974 (5 U.S.C. 552a note) requires that when any federal, state, or local government requests that you disclose your Social Security Number (SSN), you must also be advised whether that disclosure is mandatory or voluntary, by what statutory or other authority your SSN is solicited, and what uses will be made of it.

Section 7(a)(2) of the Privacy Act provides that an agency may continue to require disclosure of your SSN as a condition to grant you a right, benefit, or privilege provided by law in cases in which the agency required this disclosure under statute or regulation prior to January 1, 1975, in order to verify the identity of an individual.

Disclosure of your SSN is required to participate in the Direct Loan Program. ED consistently requires the disclosure of the SSN on application forms and other necessary Direct Loan Program documents adopted pursuant to published regulations.

Your SSN will be used to verify your identity, and as an account number (identifier) throughout the life of your loan(s) in order to record necessary data accurately. As an identifier, the SSN is used in such Direct Loan Program activities as determining your Direct Loan Program eligibility, certifying your school attendance and student status, determining your eligibility for deferment of payments, determining your eligibility for disability or death claims, and for tracing and collecting from you in case you become delinquent in your loan payments or you default.

Financial Privacy Act Notice. Under the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401-3421), ED will have access to financial records in your student loan file maintained in compliance with the administration of the Direct 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 1840-0667. The time required to complete this information collection is estimated to average 0.1666 hours (10 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, write directly to:

Applicant Services
Loan Origination Center
P.O. Box 5667
Montgomery, Alabama 36103

☆ U.S. GOVERNMENT PRINTING OFFICE: 1996—[illegible]

Application and Promissory Note for Federal Stafford Loans *(subsidized and unsubsidized)*

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

Guarantor or Program Identification

Borrower Section

Please print neatly or type. Read the instructions carefully.

1. Last Name: Jackson
First Name: Chris
MI: B
2. Social Security Number: 999-99-9999
3. Permanent Street Address (If P.O. Box, see instructions.): 2912 Bluefield Court
4. Telephone Number: (301) 111-0000
5. Loan Period (Month/Year) From: 8/97 To: 5/98
City: Rockville State: MD Zip Code: 20906
6. Driver's License Number (List state abbreviation first.): None
7. Lender Name: Town Bank City: Rockville State: MD Zip Code: 20907
8. Lender Code, if known: 009944
9. Date of Birth (Month/Day/Year): 02/10/79

10. References: You must provide two separate references with different U.S. addresses. The first reference should be a parent or legal guardian (if living). Both references must be completed fully.

	1.	2.
Name	Anne Jackson	Stan Jackson
Permanent Address	2912 Bluefield Court	600 Falls Way
City, State, Zip Code	Rockville, MD 20906	Rockville, MD 20907
Area Code/Telephone	(301) 111-0000	(301) 264-0000
Relationship to Borrower	Mother	Uncle

Loan Assistance Requested

11. I request the following loan type(s), to the extent I am eligible (see instructions): ☑ a. Subsidized Federal Stafford ☑ b. Unsubsidized Federal Stafford
12. I request a total amount under these loan types not to exceed (see instructions for loan maximums): My school will certify my eligibility for each loan type for which I am applying. The amount and other details of my loan(s) will be described to me in a disclosure statement. $ 2,625 .00
13. If I check yes, I am requesting postponement (deferment) of repayment for my Stafford and prior SLS loan(s) during the in-school and grace periods. If I check no, I do not want to defer repayment. ☐ a. Yes, I want a deferment ☐ b. No, I do not want a deferment
14. If I check yes, I am requesting that the lender add the interest on my unsubsidized Stafford and prior SLS loan(s) which accrues during the in-school and deferment periods, to my loan principal (capitalization). If I check no, I prefer to pay the interest. ☑ a. Yes, I want my interest capitalized ☐ b. No, I prefer to pay the interest
15. If my school participates in electronic funds transfer (EFT), I authorize the school to transfer the loan proceeds received by EFT to my student account. ☐ a. Yes, transfer funds ☑ b. No, do not transfer funds

Promissory Note

Continued on the reverse side.

Promise to Pay: I promise to pay to the lender, or a subsequent holder of this Promissory Note, all sums disbursed (hereafter "loan" or "loans") under the terms of this Note, plus interest and other fees which may become due as provided in this Note. If I fail to make payments on this Note when due, I will also pay reasonable collection costs, including attorney's fees, court costs, and collection fees. I understand I may cancel or reduce the size of any loan by refusing to accept any disbursement that is issued. I understand that this is a Promissory Note. I will not sign this Note before reading it, including the writing on the reverse side, even if otherwise advised. I am entitled to an exact copy of this Promissory Note and the Borrower's Rights and Responsibilities. My signature certifies I have read, understand, and agree to the terms and conditions of this Application and Promissory Note, including the Borrower Certification and Authorization printed on the reverse side and the accompanying Borrower's Rights and Responsibilities statement.

THIS IS A LOAN(S) THAT MUST BE REPAID.

16. Borrower's Signature: Chris Jackson Today's Date *(Month/Day/Year)* 8/4/97

School Section

To be completed by an authorized school official.

17. School Name: Chesapeake State University
18. Street Address: 2222 College Circle
City: Frederick State: MD Zip Code: 22202
19. Loan Period (Month/Day/Year) From: 8/19/97 To: 5/20/98
20. Grade Level: 01
21. Enrollment Status (Check one.): ☑ Full Time ☐ At Least Half Time
22. Anticipated Completion (Graduation) Date (Month/Day/Year): June 1, 2001
23. School Code/Branch: 099999
24. Cost of Attendance: $ 11,000 .00
25. Federal Expected Family Contribution: $ 0 .00
26. Estimated Financial Aid: $ 8,000 .00
27. Certified Loan Amounts
a. Subsidized $ 2,625 .00
b. Unsubsidized $ 0 .00
28. Telephone Number: (301) 999-0000
29. Recommended Disbursement Date(s) (Month/Day/Year) 1st 9/29/97 2nd 1/6/98 3rd 4th
30. School Certification (See box on the reverse side.)
E. A. Wright
Signature of Authorized School Official
E. A. Wright, Assistant Director
Print or Type Name and Title
8/4/97
Date
Check box if electronically transmitted to guarantor: ☐

Lender Section

To be completed by an authorized lending official.

31. Lender Name
Street Address
City State Zip Code
32. Lender Code/Branch
33. Telephone Number ( )
34. Lender Use Only
35. Amount(s) Approved
a. Subsidized $ .00 b. Unsubsidized $ .00
36. Signature of Authorized Lending Official Print or Type Name, Title, and Date

1/31/94

LENDER COPY