

## U.S. Bank No Fee Education Loan

### PROMISSORY NOTE - NONNEGOTIABLE CONSUMER NOTE.

In this promissory note the words "I", "me", "my" and "mine" mean the person(s) who signed this Application/Promissory Note as the Student Borrower and/or Cosigner(s), unless the language specifically refers to only one or the other. "You", "your", "yours" and "lender" means U.S. Bank National Association ND, its successors and or assigns and/or any subsequent holder of this Application/Promissory Note.

By signing this Application/Promissory Note and submitting it to you, I am asking that you make this loan in an amount equal to the Loan Amount Requested shown on the first page of this Application/Promissory Note. If you approve this request and agree to make this loan, you will notify me in writing and provide me with a Disclosure Statement at the time the loan proceeds are disbursed. This Disclosure Statement will tell me the amount of the loan that you have approved and will disburse, as well as other important information. I will agree to the loan terms in this Application/Promissory Note and in the Disclosure Statement either by: (a) endorsing the check that disburses the loan proceeds; or (b) allowing the loan proceeds to be used by or on behalf of the Student Borrower, unless I cancel this Application/Promissory Note in the time and manner described in Section X.4. After receiving the Disclosure Statement, I will review the Disclosure Statement and notify you in writing if I have any questions or wish to cancel this Application/Promissory Note.

#### I. PROMISE TO PAY

I promise to pay you according to the terms of this Application/Promissory Note the principal of the Loan Amount Requested shown on the first page of this Application/Promissory Note (to the extent it is advanced to me or paid as requested); interest on such principal sum; interest on any accrued interest added to the principal balance and late charges.

#### II. DEFINITIONS

1. **Disbursement Date** – The "Disbursement Date" means the date or dates on which you lend money to me in consideration for my Application/Promissory Note and will be the date or dates of my loan check or electronic funds transfer.

2. **Interim Period** – The "Interim Period" will begin on the Disbursement Date and end on the Interim Period End Date. The "Interim Period End Date" will be 180 calendar days after (a) the Student Borrower graduates or (b) drops below half-time enrollment at an eligible school. If the Student Borrower is enrolled less than half-time, my Interim Period End Date will be 180 calendar days after my last Disbursement Date. In no event will my Interim Period exceed seven years and six months from my first Disbursement Date.

3. **Repayment Period** – The "Repayment Period" will begin on the day after the Interim Period End Date and continue for no more than 180 months. (See III. 2. "Variable Rate").

#### III. INTEREST

1. **Accrual of Interest** – Beginning on the first Disbursement Date, interest on this Application/Promissory Note will accrue at the Variable Rate (defined in Section III.2. below) on the outstanding principal balance advanced and on any unpaid accrued interest added to the principal balance according to Sections III. and IV., until all amounts owed are paid in full. Interest will be calculated on a daily simple interest basis. The daily interest rate will equal the annual interest rate in effect on that day, divided by the actual number of days in that calendar year.

2. **Variable Rate** – The "Variable Rate" is equal to the Current Index plus a Margin and is described in more detail in the Disclosure Statement. A change in the interest rate may cause the amount of the final payment to change, may cause the amount of the monthly payments to increase and may cause the number of payments to change. Coupon books will be used for payment. The following limitations apply: (1) the amount of the final payment will never be more than twice the amount of the previous payment amount; (2) the amount of the monthly payment will never be less than Fifty Dollars (\$50.00); (3) the amount of the monthly payment will never decrease; (4) the amount of the monthly payment will not change, due to an interest rate change, more often than once a year; and (5) the number of

payments will be no more than 180, except that, at the lender's discretion, the number of payments may be increased by not more than 24 payments.

3. **Capitalization of Interest** - You will add any accrued and unpaid interest to the principal balance of my loan as of the Interim Period End Date and at the end of any forbearance period. Afterwards, this sum will be considered my principal, and interest will accrue on this new principal balance.

#### IV. TERMS OF REPAYMENT

1. **Interim Period** – I am not required to make payments during the Interim Period. If I choose to make voluntary payments during the Interim Period, I understand that all accrued interest must be paid before the principal sum can be reduced. If I choose not to make voluntary payments during the Interim Period, you will add unpaid accrued interest to the principal balance of the loan on the Interim Period End Date as described in Section III.3.

2. **Payment Due Dates** – Payments will be due each month on the same day of the month. The Disclosure Statement I receive before the Repayment Period begins will notify me of the payment due date you and your servicer have selected. You will send me coupon books that show the minimum monthly payment amounts and payment due dates. The first payment will be due approximately thirty (30), but not more than sixty (60), days after the Repayment Period begins. Until the principal, interest and all other charges owed under this Application/Promissory Note have been paid, I will make consecutive monthly payments by the payment due dates in amounts at least equal to the minimum monthly payment you require.

3. **Calculation of Payment Amount** – The consecutive monthly installments of principal and interest will be calculated at the beginning of the Repayment Period to equal the amount needed to amortize the unpaid balance of the loan (as of the date of calculation) in equal monthly installments of principal and interest at the Variable Rate then in effect over the number of months of the Repayment Period.

4. **Changes in Payment Amount** – Each year on the "Payment Change Date", you will determine whether the monthly payment amount must be increased, based upon the outstanding balance, the amount of accrued interest, if any, and any change in the interest rate, subject to the limitations set forth in Section III above. The "Payment Change Date" will be at least nine (9) months after the beginning of the Repayment Period. If necessary, the amount of the scheduled monthly payments will increase based on your calculation of the amount needed to pay the outstanding balance at the interest rate that will then be in effect, so that equal monthly installments will pay the outstanding balance and all accrued interest by the end of the Repayment Period. I will be informed of any payment change.

5. **Repayment Plan Options** – I may choose a repayment option other than a fixed monthly payment. To exercise my right to convert to another repayment option, I will notify your designated servicer by phone and make the request when I receive my Disclosure Statement at the beginning of my Repayment Period.

6. **Amounts owing at the End of the Repayment Period** - Since interest accrues daily upon the unpaid principal balance of my loan, if I make payments after my payment due dates, I may owe additional principal and interest and late charges at the end of the Repayment Period. In such case, I will pay the additional amounts and you will increase the amount of my last monthly payment to the amount needed to repay my loan in full.

7. **Application of Payments** – Payments will be applied first to late charges, then to accrued interest and the remainder to principal.

8. **Security Interest** – Unless it is prohibited by law or would make a nontaxable account taxable, I give you a security interest to secure this Application/Promissory Note in any refunds to which I may be entitled from a school and any deposit account I may at any time have with you and/or U.S. Bank National Association ("U.S. Bank" for the purpose of this Section IV.8). If the loan is in default and its entire balance becomes due as described in Section VII., you may use such funds to pay this Application/Promissory Note and, if the deposit account is a time deposit, any early withdrawal penalties that apply. If you take or place a hold on any such funds to enforce your security interest, you will give any notice and right to cure required by applicable law. If you give me the notice, or if no notice is required by law, I

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will not have a claim against you for wrongful dishonor of checks written against my account or any other damages to me arising from your hold on, or taking of, my funds.

### V. LATE CHARGES

If any part of a monthly payment remains unpaid for more than thirty (30) calendar days after its scheduled payment due date, I will pay a late charge equal to the lesser of \$15.00 or 15% of the late payment amount.

### VI. RIGHT TO REPAY

I have the right to repay all or any part of my loan at any time without penalty.

### VII. WHOLE LOAN DUE

To the extent permitted by applicable law and after receiving such notice as may be required by applicable law, I will be in default if:

1. I fail to make any monthly payment to you when due; or
2. Any payment has not reached you within 30 days after it is due; or
3. I break any of my other promises in this Application/Promissory Note; or
4. Any bankruptcy proceeding is begun by or against me, or I assign any of my assets for the benefit of my creditors; or
5. I make any false written statement in applying for this loan or at any time during the Interim or Repayment Periods; or
6. I die or the cosigner (if any) dies; or
7. I am in default on any loans I may already have with you, or on any loans I may have with you in the future.

Following any of the above events, you will have all rights the law allows, including the right to give me notice that the whole outstanding principal balance, accrued interest, and all other amounts payable to you under this note, are due and payable immediately. You will not make any further disbursements to me or on my behalf. My failure to receive a coupon book or a statement does not relieve me of my responsibility and obligation to make my required loan payments in accordance with the terms and conditions of this Application/Promissory Note. You may report my payment history to credit reporting agencies. If I default, I will be required to pay interest on this loan accruing afterwards at the same rate of interest applicable to this loan prior to such event. The interest rate after default will be subject to adjustment in the same manner as before default.

### VIII. COLLECTION COSTS

To the extent permitted by applicable law, I agree to pay you reasonable amounts, including reasonable attorneys' fees and court costs, that you incur in enforcing the terms of this Application/Promissory Note, if I am in default.

### IX. NOTICES

1. **My Notices to You.** I will send written notice to you, or any subsequent holder of this Application/Promissory Note, within ten (10) days after any change in my name, address, telephone number, or the Student Borrower's school enrollment status, or any Cosigner's status (such as a Cosigner's death, total disability, or bankruptcy).
2. **Your Notices To Me.** Any notice you must give me will be effective when mailed by first-class mail to the latest address you have for me.
3. **Your Notices To Others.** The lender and/or any subsequent holder of this note may report the status of this loan to the school identified in Section B of the application and to a credit bureau.
4. **Notices To Residents of Specific States.**

**CALIFORNIA RESIDENTS ONLY:** A married applicant may apply for a separate account.

**CALIFORNIA AND UTAH RESIDENTS:** As required by California and Utah law, I am hereby notified that a negative credit report reflecting on my credit record may be submitted to a credit reporting agency if I fail to fulfill the terms of my credit obligations.

**IOWA AND KANSAS RESIDENTS:** Notice to Consumer: THIS IS A CONSUMER CREDIT TRANSACTION. 1. Do not sign this Application/Promissory Note before you read it. 2. You are entitled to a copy of this paper. 3. You may prepay the unpaid balance at any time without penalty and may be entitled to receive a refund of unearned charges in accordance with law.

**MARYLAND RESIDENTS ONLY:** You elect Subtitle 10, Credit Grantor Closed End Credit Provisions, of Title 12 of the Commercial Law Article of the Annotated Code of Maryland only to the extent not inconsistent with 12 U.S.C. § 85 and related regulations and opinions, which you expressly reserve.

**MISSOURI RESIDENTS ONLY:** ORAL AGREEMENTS OR COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF DEBT INCLUDING PROMISES TO EXTEND OR RENEW SUCH DEBT ARE NOT ENFORCEABLE. TO PROTECT YOU (BORROWER(S)) AND US (CREDITOR) FROM MISUNDERSTANDING OR DISAPPOINTMENT, ANY AGREEMENTS WE REACH COVERING SUCH MATTERS ARE CONTAINED IN THIS WRITING, WHICH IS THE COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN US, EXCEPT AS WE MAY LATER AGREE IN WRITING TO MODIFY IT.

**NEVADA RESIDENTS ONLY:** This is a loan for study. **NEW JERSEY RESIDENTS:** The section headings of this Promissory Note are a table of contents, not contract terms. References in this Promissory Note to acts or practices (i) by you that are or may be permitted by "applicable law" are those permitted by New Jersey law, and (ii) that may or will be taken by you unless prohibited by "applicable law" are permitted by New Jersey law.

**NEW YORK, RHODE ISLAND & VERMONT RESIDENTS:** A consumer report (credit report) may be obtained from a consumer reporting agency (credit bureau) in connection with this loan. If I request (1) I will be informed whether or not consumer reports were obtained, and (2) if reports were obtained, I will be informed of the names and addresses of the credit bureaus that furnished the reports. If you agree to make this loan to me, a consumer credit report may be requested or used in connection with renewals or extensions of any credit for which I have applied, reviewing my loan, taking collection action on my loan, or legitimate purposes associated with my loan.

**OHIO RESIDENTS ONLY:** The Ohio laws against discrimination require that all creditors make credit equally available to all credit-worthy customers, and that credit reporting agencies maintain separate credit histories on each individual upon request. The Ohio Civil Rights Commission administers compliance with this law.

**WISCONSIN RESIDENTS ONLY:** For married Wisconsin residents, my signature confirms that this loan obligation is being incurred in the interest of my marriage or family. No provision of any marital property agreement (pre-marital agreement), unilateral statement under Section 766.59 of the Wisconsin Statutes or court decree under Section 766.70 adversely affects the interest of the lender unless the lender, prior to the time that the loan is approved, is furnished with a copy of the marital property agreement, a statement, a decree or has actual knowledge of the adverse provision. If the loan for which I am applying is granted, I will notify you if I have a spouse who needs to receive notification that credit has been extended to me.

### X. ADDITIONAL AGREEMENTS

1. The proceeds of this loan will be used only for the educational expense of the Student Borrower listed at the school listed on the first page of this Application/Promissory Note. When you receive my signed Application, you are not agreeing to lend me money. If you decide to make a loan, you will electronically transfer loan funds to school for me, mail a loan check to school for me, or mail a loan check directly to me. You have the right to not make a loan or to lend an amount less than the Loan Amount Requested. I agree to accept an amount less than the Loan Amount Requested and repay the portion of the Loan Amount Requested that you actually lent.

2. I may not assign this Application/Promissory Note or any of its benefits and obligations. You may assign this Application/Promissory Note at any time. If you assign this Application/Promissory Note, the assignee will become the owner of this Application/Promissory Note and as my creditor will have all the same rights of the lender to enforce this Application/Promissory Note against me.

3. I understand that you are located in North Dakota and this Application/Promissory Note will be entered into in North Dakota. Consequently, the provisions of this Application/Promissory Note will be

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governed by federal laws and the laws of North Dakota, without regard to conflict of law rules.

4. If I am not satisfied with the loan terms as disclosed in the Disclosure Statement, provided on or before the Disbursement Date, I may cancel my loan and all disbursements. To cancel my loan, I must give you a written cancellation notice within three (3) days after I receive the Disclosure Statement. If loan proceeds have been disbursed, I agree that I will immediately return the loan proceeds to you. **I WILL NOT ENDORSE OR CASH ANY CHECK THAT WOULD DISBURSE LOAN PROCEEDS**, and I will instruct the School to return any loan proceeds to you. If I give a cancellation notice but do not comply with the requirements of this Section X.4., this Application/Promissory Note will not be canceled and I will be in default of this Note as described above in Section VII unless I otherwise comply with my obligations under this Application/Promissory Note.

5. My responsibility for paying the loan evidenced by this Application/Promissory Note is unaffected by the liability of any other person to me or by your failure to notify me that a required payment has not been made. I consent to any and all extensions, renewals, or releases of any party liable on this loan or any other loans outstanding under the program, and any waiver or modification you may grant, all without affecting or releasing the Borrower or Cosigner from such loan(s). Without losing any of your rights under this Application/Promissory Note, you may accept (a) late payments, (b) partial payments, or (c) payments marked "paid in full" or with other restrictions. You may delay, fail to exercise, or waive any of your rights on any occasion without losing your ability to exercise the right at any future time or on any future occasion. You will not be obligated to make any demand on me, send me any notice, present this Application/Promissory Note to me for payment or make protest of non-payment to me before suing to collect on this Application/Promissory Note if I am in default, and to the extent permitted by applicable law, I hereby waive any right I might otherwise have to require such actions. I hereby waive all my defenses to this note based on suretyship or impairment of collateral. **I WILL NOT SEND YOU PARTIAL PAYMENTS MARKED "PAID IN FULL", "WITHOUT RECOURSE" OR WITH OTHER SIMILAR LANGUAGE UNLESS THOSE PAYMENTS ARE MARKED FOR SPECIAL HANDLING AND ARE SENT TO THE ADDRESS IDENTIFIED FOR SUCH PAYMENTS ON MY COUPON BOOK, BILLING STATEMENTS, OR TO SUCH OTHER ADDRESS AS I MAY BE GIVEN IN THE FUTURE.**

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

7. The terms and conditions set forth in this Application/Promissory Note and Instructions constitute the entire agreement between you and me. Any modification will not affect the validity or enforceability of the remainder of this promissory note. We may change the provisions of this Application/Promissory Note at any time without notice.

**8. I WILL NOT SIGN THIS NOTE IF IT CONTAINS ANY BLANK SPACES IN SECTION "A" OF THE APPLICATION, AND BEFORE READING TERMS AND CONDITIONS OF THIS APPLICATION/PROMISSORY NOTE, INCLUDING THE "NOTICE TO COSIGNERS", EVEN IF OTHERWISE ADVISED. I ACKNOWLEDGE THAT I HAVE RECEIVED AN EXACT COPY AND THAT I HAVE THE RIGHT TO PAY IN ADVANCE THE UNPAID BALANCE DUE UNDER THIS PROMISSORY NOTE WITHOUT PENALTY. (See Section VI).**

9. To the extent permitted by applicable law, I authorize the school and any other school that the Student Borrower may attend to release to you, or to any other persons designated by you, any requested information pertinent to this loan (for example, enrollment status, prior loan history, and current address). To the extent permitted by applicable law, I authorize the Lender, any subsequent holder of this Application/Promissory Note, and their agents to (a) advise the school of the status of my application and my loan, (b) respond to inquiries from prior or subsequent lenders or holders about my Application/Promissory Note and related documents, (c) release information

and make inquiries to the persons I have given you as references, for the purposes of learning my current address and telephone number, (d) check my credit and employment history and to answer questions about their credit experience with me. To the extent permitted by applicable law, I authorize the lender and any holder of any information on any of my (or the student's) outstanding educational loans to release any information on any such loans to the school identified in Section B of the application, and to any other holder of my (or the student's) other such loans.

### XI. MY CERTIFICATION

I certify that the information contained in this Application/Promissory Note is true, complete and correct to the best of my knowledge and belief and is made in good faith, that I am eligible for this loan and that I will repay it according to the terms of this Application/Promissory Note. I understand and agree that my lender is U.S. Bank National Association ND. I authorize the school to pay to the lender any refund which may be due me up to the amount of this loan. I certify that the proceeds of this loan will be used for educational expenses at the school named for the loan period stated on the Application/Promissory Note. I understand that I must immediately repay any funds received that cannot reasonably be attributed to meeting my educational expenses for attendance by the Student Borrower at the school named in Section B for the loan period requested. I authorize the lender either to electronically transmit the school loan funds on the Disbursement Date(s) for application to the student's account or if my lender issues check(s), to issue and send the school a check made jointly payable to the student and the school. I fully understand that the Student Borrower's failure to complete the educational program does not relieve either the Student Borrower or any Cosigner of any obligation under this Application/Promissory Note. I certify that I have read the materials explaining the loan program that have been provided to me and that I have read, understand and agree to the provisions of the program, my responsibilities and my rights under this program, and the terms of this Application/Promissory Note. I certify that I am not now in default on any institutional, state, federal or other private educational loan. I also understand that I will receive a Disclosure Statement that identifies my loan amount and Variable Rate (as determined by the lender).

### XII. SCHOOL CERTIFICATION

For purpose of this certification, the words "I" and "me" refer to the school official, not the student/cosigner. I hereby certify that the student named in Section A is eligible for the U.S. Bank No Fee Educational Loan Program, that the student is eligible for the loan and that the "Authorized Loan Amount" does not exceed the student's cost of education (minus other financial aid). I hereby certify that the school will, at the request of the lender and servicer, provide the lender or servicer with subsequent information regarding the student's whereabouts, that the institution will comply with all applicable policies and provisions, and that the information provided in Sections A and B of the application is true, complete and correct to the best of my knowledge.