

Maine Educational Loan Authority

131 Presumpscot Street
 Portland, ME 04103
 800.922.6352

Loan Interest Rate & Fees

Your **starting interest rate** will be

7.75%

After the starting rate is set, your rate will remain fixed for the life of the loan.

Your Starting Interest Rate (upon approval)

All borrowers receive the same starting fixed interest rate, regardless of credit history, the presence of a co-borrower, or school type.

Your Interest Rate during the life of the loan

Your rate is fixed. This means that your rate will remain constant throughout the life of the loan.

The interest rate is fixed. The **maximum interest rate** will never exceed 7.75%.

Loan Fees

Guarantee Fee: 4% of approved loan amount, added to the loan balance at the time of disbursement. **Late Charge:** \$10.00 or 5% of the amount that is late, whichever is less. **Returned Payment charge:** up to \$15.00

Loan Cost Examples

The total amount you will pay for this loan will vary depending upon when you start to repay it. This example provides estimates based upon two (2) options available to you while enrolled in school.

Repayment Option (while enrolled in school)	Amount Provided (amount provided directly to your school)	Interest Rate (highest possible starting rate)	Loan Term (how long you have to pay off the loan)	Total Paid over 10 years (includes associated fees)
PAY ONLY THE INTEREST Make interest payments but defer payments on the principal amount while enrolled in school.	\$10,000.00	7.75%	10 years starting <u>after</u> the enrollment period	\$18,606.08
MAKE FULL PAYMENTS Pay both the principal and interest amounts while enrolled in school.	\$10,000.00	7.75%	10 years starting <u>after</u> the first disbursement	\$14,980.80

About this example

The example assumes that you remain in school for 4 years and have a 6 month grace period before beginning repayment.

SEE NEXT PAGE

Federal Loan Alternatives

Loan Program	Current Interest Rates by Program Type
PERKINS for Students	5.00% fixed
Direct STAFFORD for Students	4.50% fixed Undergraduate Subsidized
	6.80% fixed Undergraduate unsubsidized & Graduate
Direct PLUS for Parents and Graduate / Professional Students	7.90% fixed

You may qualify for Federal education loans.

For additional information, **contact your school's financial aid office or the Department of Education at:**

www.federalstudentaid.ed.gov

Next Steps

1. Find Out About Other Loan Options.

Some schools have school-specific student loan benefits and terms not detailed on this form. Contact your school's financial aid office or visit the Department of Education's website at www.federalstudentaid.ed.gov for more information about other loans.

2. To Apply for this Loan, Complete the Application and the Self-Certification Form.

You may get the certification form from your school's financial aid office, or complete it online as part of the application process. If you are approved for this loan, the loan terms will be available for 30 days (terms will not change during this period, except as permitted by law).

REFERENCE NOTES

Fixed Interest Rate

This loan has a fixed interest rate for the life of the loan. Borrower(s) are required to make, at minimum, monthly interest payments while in school and during the 6-month grace period.

Eligibility Criteria

* At least one applicant must be a U.S. citizen or permanent resident

Student

* Must be a Maine resident attending an approved school in the U.S. or Canada or an out-of-state resident attending an approved school in Maine.

* Must be enrolled at least half-time.

* Requires sound credit history and ability to repay debt

Co-borrower

* May be necessary for credit approval.

Bankruptcy Limitations

* If you file for bankruptcy you may still be required to pay back this loan.

More information about loan eligibility and repayment deferral or forbearance options is available in your application and promissory note.

The Maine Loan[®]

APPLICATION AND PROMISSORY NOTE

Mail to: MELA c/o MES
131 Presumpscot Street
Portland, ME 04103

Customer Service
800-922-6352
207-791-3600



PLEASE BE SURE TO READ AND FOLLOW ALL INSTRUCTIONS BEFORE SUBMITTING!

A. STUDENT BORROWER	1. DATE OF BIRTH	2. SOCIAL SECURITY NUMBER	3. NAME – LAST	FIRST	M.I.	SUFFIX (JR, SR, 3rd, etc.)
	4. EMAIL ADDRESS * You must provide an e-mail address to take advantage of the online process and promissory note.					
	5. PERMANENT ADDRESS – STREET					
			CITY	STATE	ZIP CODE	
	6. ARE YOU A U.S. CITIZEN? <input type="checkbox"/> YES <input type="checkbox"/> NO <i>If no, Alien ID #</i>		7. HOME TELEPHONE ()		8. BUSINESS TELEPHONE ()	
	9. PRESENT EMPLOYER			10. GROSS MONTHLY SALARY *You do not have to list income from alimony, child support or separate maintenance unless you want us to consider it for a basis of repayment for this loan. \$ /mo.		
11. HOUSING (check one) <input type="checkbox"/> RENT <input type="checkbox"/> OWN: Name of Mortgage Holder(s)			12. TOTAL MONTHLY RENT OR MORTGAGE PAYMENT(S) If mortgage, please include mortgage payment, any home equity payment(s), tax and insurance \$ /mo.			
13. ADDITIONAL MONTHLY INCOME \$ /mo.			14. SOURCE OF ADDITIONAL INCOME			

B. COBORROWER 1	15. ARE YOU THE PARENT, GUARDIAN OR SPOUSE OF THE STUDENT LISTED ON THIS APPLICATION? <input type="checkbox"/> YES <input type="checkbox"/> NO			16. EMAIL ADDRESS * You must provide an e-mail address to take advantage of the online process and promissory note.		
	17. DATE OF BIRTH	18. SOCIAL SECURITY NUMBER	19. NAME – LAST	FIRST	M.I.	SUFFIX (JR, SR, 3rd, etc.)
	20. PERMANENT ADDRESS – STREET					
			CITY	STATE	ZIP CODE	
	21. ARE YOU A U.S. CITIZEN? <input type="checkbox"/> YES <input type="checkbox"/> NO <i>If no, Alien ID #</i>		22. HOME TELEPHONE ()		23. BUSINESS TELEPHONE ()	
	24. PRESENT EMPLOYER			25. GROSS MONTHLY SALARY *You do not have to list income from alimony, child support or separate maintenance unless you want us to consider it for a basis of repayment for this loan. \$ /mo.		
26. HOUSING (check one) <input type="checkbox"/> RENT <input type="checkbox"/> OWN: Name of Mortgage Holder(s)			27. TOTAL MONTHLY RENT OR MORTGAGE PAYMENT(S) If mortgage, please include mortgage payment, any home equity payment(s), tax and insurance \$ /mo.			
28. ADDITIONAL MONTHLY INCOME \$ /mo.			29. SOURCE OF ADDITIONAL INCOME			

C. COBORROWER 2	30. ARE YOU THE PARENT, GUARDIAN OR SPOUSE OF THE STUDENT LISTED ON THIS APPLICATION? <input type="checkbox"/> YES <input type="checkbox"/> NO			31. EMAIL ADDRESS * You must provide an e-mail address to take advantage of the online process and promissory note.		
	32. DATE OF BIRTH	33. SOCIAL SECURITY NUMBER	34. NAME – LAST	FIRST	M.I.	SUFFIX (JR, SR, 3rd, etc.)
	35. PERMANENT ADDRESS – STREET					
			CITY	STATE	ZIP CODE	
	36. ARE YOU A U.S. CITIZEN? <input type="checkbox"/> YES <input type="checkbox"/> NO <i>If no, Alien ID #</i>		37. HOME TELEPHONE ()		38. BUSINESS TELEPHONE ()	
	39. PRESENT EMPLOYER			40. GROSS MONTHLY SALARY *You do not have to list income from alimony, child support or separate maintenance unless you want us to consider it for a basis of repayment for this loan. \$ /mo.		
41. HOUSING (check one) <input type="checkbox"/> RENT <input type="checkbox"/> OWN: Name of Mortgage Holder(s)			42. TOTAL MONTHLY RENT OR MORTGAGE PAYMENT(S) If mortgage, please include mortgage payment, any home equity payment(s), tax and insurance \$ /mo.			
43. ADDITIONAL MONTHLY INCOME \$ /mo.			44. SOURCE OF ADDITIONAL INCOME			

D. LOAN REQUEST INFORMATION <i>MAXIMUM LOAN ELIGIBILITY DEPENDS ON SCHOOL CERTIFICATION OF EDUCATION EXPENSES AND FINANCIAL AID AWARDED.</i>					
45. LOAN AMOUNT REQUESTED THIS PERIOD: <i>The amount of your loan will be the amount your school certifies or the amount you request, whichever is less.</i>		46. LOAN FOR ACADEMIC PERIOD (maximum one year only) FROM MONTH/YEAR / / TO MONTH/YEAR / /		47. ANTICIPATED GRADUATION DATE MONTH/YEAR / /	
		48. NAME OF COLLEGE/UNIVERSITY/SCHOOL		49. <input type="checkbox"/> UNDERGRADUATE <input type="checkbox"/> GRADUATE	
50. ADDRESS OF COLLEGE/UNIVERSITY/SCHOOL		STREET	CITY	STATE	ZIP CODE
				51. STUDENT'S STATE LEGAL RESIDENCE <input type="checkbox"/>	
52. Repayment options (please note: if no box is checked, then (a) will apply): <input type="checkbox"/> a. I would like to have principal payments deferred while the student borrower is enrolled in school at least half time. <input type="checkbox"/> b. I would like to begin paying principal and interest immediately after the loan is disbursed, with no deferment period.			53. How did you hear about The Maine Loan Program?		

E. PROMISSORY NOTE (the "NOTE") CONTINUES ON REVERSE SIDE

OFFERED BY MAINE EDUCATIONAL LOAN AUTHORITY (MELA), VIA AN ADMINISTRATIVE SERVICES CONTRACT WITH MES-MAINE EDUCATION SERVICES (MES).
Lender Name and Address: Maine Educational Loan Authority (MELA) c/o MES, 131 Presumpscot Street, Portland ME 04103.

IMPORTANT INFORMATION ABOUT LOAN APPLICATION PROCEDURES: To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who applies for a loan. What this means to you: When you apply for a loan, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see other identifying documents.

DISCLOSURE STATEMENT: Borrower(s) hereby authorize MELA or its agents to investigate creditworthiness and credit capacity, and to furnish information concerning loan credit activity to consumer reporting agencies and other persons who may receive such information. If I ask, I will be informed whether or not a consumer report was requested, and if a report was requested, I will be informed of the name and address of the consumer reporting agency that furnished the report. Everything disclosed on this form is true, correct and complete to the best of my (our) knowledge. Borrower(s) understand that if the Credit Application is approved, it will be subject to the terms and conditions of this Note. I (we) authorize MELA, its agents and my college to gather credit information and give information about this application and loan account to others in accordance with any applicable laws. I (we) further authorize the college to receive, provide and confirm information regarding my attendance, financial aid, or status as may be relevant to consideration of this application. I (we) understand that the proceeds of this loan must be used for post-secondary educational expenses. This application and supporting documentation remain the property of MELA and its agents.

NOTICE TO ALL CO-SIGNERS OF THIS NOTE: You are being asked to guarantee this debt. Think carefully before you do. If the borrower does not pay the debt you will have to. Be sure you can afford to pay if you have to, and that you want to accept this responsibility. You may have to pay up to the full amount of the debt if the borrower does not pay. You may also have to pay late fees or collection costs, which may increase this amount. The Lender or other holder of this Note can collect this debt from you without first trying to collect from the borrower. The Lender or other holder of this Note can use the same collection methods against you that can be used against the borrower, such as suing you, garnishing your wages, etc. If this debt is ever in default, that fact may become part of your credit record. This notice is not the contract that makes you liable for the debt.

I WILL NOT SIGN THIS NOTE BEFORE READING BOTH SIDES OF IT, EVEN IF OTHERWISE ADVISED. WHERE BLANK SPACES EXIST, I HAVE ENTERED MY REQUESTS. BY SIGNING THIS NOTE I ACKNOWLEDGE THAT I HAVE READ, UNDERSTAND AND AGREE TO THE TERMS OF THIS NOTE. I AM ENTITLED TO AN EXACT COPY. I HAVE THE RIGHT AT ANY TIME TO PAY IN ADVANCE THE UNPAID BALANCE DUE UNDER THIS NOTE WITHOUT PENALTY. IF MORE THAN ONE PERSON IS SIGNING THIS NOTE I ACKNOWLEDGE THAT SUCH PERSONS ARE LIABLE JOINTLY AND SEVERALLY FOR ALL OBLIGATIONS TO YOU.

In this Note the words "I", "me", "my" and "mine" mean the undersigned borrower, or, if there is more than one borrower, all borrowers individually and collectively. "You", "your" and "yours" mean the Maine Educational Loan Authority (MELA), its successors and assigns, and any other holder of this Note.

PROMISE TO PAY
I promise to pay to your order upon the terms of this Note all of the principal sum equal to the loan amount requested on this application to the extent it is disbursed plus any other amounts that may be added to the principal of my loan as provided in this Note, and, as set out as follows: guarantee fee, interest, late charges and in the event of default, costs of collection and reasonable attorney's fees.

Student Borrower _____ Date _____ CoBorrower 1 _____ Date _____ CoBorrower 2 _____ Date _____

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

REV 07/10

A. LOAN AMOUNT

1. I am sending you this signed Note with the understanding that this Note will be binding on me. You will either mail to my school a loan check co-payable to me and my school, or transfer funds electronically to my school. I agree to repay the Loan Amount that you lend to me. If the student borrower ceases to be enrolled at his or her school prior to any disbursement date, I will promptly notify the Lender so that the pending disbursement may be cancelled.
2. In addition to other information, the Disclosure Statements you send me will tell me the amount of my loan, the amount of the guarantee fee, and my right to cancel.
3. I will review my Disclosure Statements and will notify you if I have any questions. If I am not satisfied with the terms of my loan as approved, I may cancel this Note and all disbursements. To cancel this Note, I must contact you in writing within three days of receiving your Final Disclosure Statement, notify my school, and not endorse or negotiate any loan check.

B. DEFINITIONS

1. **Disbursement Date** - The "Disbursement Date" is the date on which you lend money to me in consideration for my Note. If my loan is disbursed by check, it will be the date shown on my loan check, not the date on which I endorse or negotiate my check. Otherwise it will be the date on which funds are transferred to my school.
2. **Deferment Period** - The "Deferment Period" will begin on the first Disbursement Date and will end on a date which is six months after I graduate or otherwise cease to be enrolled at least half time at the school named on my application or any other school, in the U.S. or Canada, offering post-secondary education which is accredited by an organization satisfactory to you.
3. **Repayment Period** - The "Repayment Period" will begin on the date after the Deferment Period ends. (If there is no Deferment Period for my loan then the Repayment Period will begin on the first Disbursement Date, although you may choose to delay my first payment date to as late as 51 days after my loan is fully disbursed.) The Repayment Period shall be as set forth in Paragraph D.4. below.

C. INTEREST

I will pay interest monthly until the principal sum of this Note is paid in full, on the first day of the month or such other day as you may specify in writing from time to time, and in any case on the date and for the period specified in an interest bill from you. Interest begins to accrue on the Disbursement Date and will continue to accrue until the principal is paid in full. Interest will be calculated on the basis of either the actual number of days in the year or 365.25 days and the actual number of days elapsed including holidays and days on which you are not open for the conduct of business. Interest will be at a fixed rate of 7.75%.

D. TERMS OF REPAYMENT

1. **Deferment Period** - If I have elected to defer payment of principal, I will be obligated to make interest only payments during the Deferment Period. I will be billed on a monthly basis. Failure to make interest only payments when due during the Deferment Period will be a default as provided in paragraph H.1.
2. **Repayment Period** - During my Repayment Period I will make consecutive monthly payments in the amounts and on the first day of each month or on such other payment due dates as you may specify in writing from time to time until I have paid all of the principal and interest and any other charges I may owe under this Note.
3. **Repayment Terms** - I will repay my loan in consecutive monthly payments of principal and interest, made up partly of principal and partly of interest. Initially, principal of this Note shall be amortized over the applicable Repayment Period as set forth in Paragraph D.4. or as otherwise disclosed to me and based on the interest rate in effect on the Disbursement Date, so that my monthly payments (including principal and interest) are substantially equal over the life of the loan. My minimum payment will always be at least \$50 each month or the entire unpaid balance of my loan, whichever is less.
4. **Principal Repayment Period** - The Principal Repayment Period for this Note is fixed by the Lender beginning with the date on which principal repayments begin in accordance with the following:

If the principal amount equals or exceeds:	Up to a principal amount of:	The Principal Repayment Period is:
\$ 1,000	\$ 5,000	60 months (5 years)
\$ 5,001	\$10,000	120 months (10 years)
\$10,001 and above	NA	180 months (15 years)

5. **Application of Payments** - Each payment you receive will be applied first to any applicable late charges to the extent permitted by law, second to interest accrued to the date you receive the payment, and third to the outstanding principal balance of this Note.
6. **Obligation to Pay Survives Death or Disability** - I acknowledge that if I should die or become disabled while any amount due under this Note remains unpaid, a claim will be made against my estate in the case of death, and any deficiency not paid by my estate will be the responsibility of my co-borrowers. If I should become disabled my obligation to pay this loan will remain in force.
7. **Prepayment Without Penalty** - I have the right to repay all or any part of my loan at any time without penalty.

E. LATE CHARGES

If my payment or any portion of my payments is more than 15 days late, I agree to pay at your request a late charge not exceeding \$10.00 or 5% of the amount that is late, whichever is less, subject to the maximum permitted by law. I will pay only one late charge for any monthly payment, regardless of the number of days it is late.

F. GUARANTEE FEE

I agree to pay you a total guarantee fee based upon guidelines established by the Lender. The guarantee fee will not exceed a maximum of four percent (4%) of my approved loan amount. This fee assessed will be identified in your Disclosure Statements. I acknowledge that you will be increasing my loan amount to cover the guarantee fee and the fee will then be deducted from the loan proceeds at the time of disbursement, for the guaranty of the Note. If for any reason you do not deduct the loan fee at disbursement, I agree to pay it when you bill me for it.

G. FORBEARANCE

If I am unable to repay my loan in accordance with the terms established under Paragraph D. of this Note, I may request that you modify these terms. I understand that such modification would be at your option. I also understand that interest will continue to accrue during any period of forbearance. If I choose not to make interest payments during the forbearance period, I agree that the holder will capitalize such interest at the end of the forbearance period. Any such modification approved by you at your discretion shall not result in an extension of the final maturity of this Note by more than 30 months.

H. DEFAULT: WHOLE LOAN DUE

To the extent permitted by law, I will be in default and you will have the right to give me notice that the whole outstanding principal balance, accrued interest and all other amounts payable to you under the terms of this Note, are due and payable at once (subject to any law which may give me a right to cure my default) if:

1. I fail to make any monthly payments to you when due; or
2. I fail to notify you of a change in my name, address, or school enrollment status within ten days after a change occurs; or
3. I break any of my other promises in this Note; or
4. Any bankruptcy proceeding is begun by or against me, or I assign any of my assets for the benefits of my creditors; or
5. I make any false statement in applying for this loan or in any subsequent communication with you.

If I default, I will be required to pay interest on this loan accruing after default. All the provisions of Paragraph C. above will continue to apply after default. I understand that this loan is an educational loan and is made under a program which is funded in part by a governmental unit and as such is generally not dischargeable in bankruptcy, pursuant to Section 523(a)(8) of the United States Bankruptcy Code.

I. COLLECTION COSTS

I agree to pay you all reasonable amounts, including reasonable collection agency and attorney's fees and court and other collection costs, that you incur in enforcing the terms of this Note if I am in default, up to the maximum permitted by law.

J. NOTICES; ADDRESSES

1. I will send written notice to you within ten days after any change in my name, address, or school enrollment status.
2. Any notice that you are required to give me will be effective when mailed by first class mail to the latest address you have for me, except for Disclosures which allow additional time in accordance with the laws governing them.
3. Any notice under this Paragraph J. may be sent by or to whatever servicer may be authorized by you to service my loan account. I understand that payments and notices should be sent to that servicer, if any, rather than to you, unless I am otherwise advised in writing.

K. PRIVACY

1. You will give me notice of your policies regarding the disclosure of nonpublic information regarding me to your affiliates and unrelated third parties, and I will be given the right to restrict such disclosures as required by law.
2. I must update the information on my application whenever you ask me to do so. I authorize you from time to time to furnish information about my loan to consumer reporting agencies and to others legally allowed to receive such information. I understand that if I default on my loan, disclosure of information about my loan to consumer reporting agencies may adversely affect my credit rating.
3. I authorize you from time to time to request and receive from others credit related information about me, and about my spouse if I live in a community property state. If I ask you, you will tell me whether you have requested information from a consumer reporting agency and will provide me with the name and address of any agency that furnished you with a report.
4. Unless prohibited by law, you are authorized to share information about my loan, including, but not limited to, my name, social security number, and address, with your subsidiaries and affiliates, and/or with my school.

L. ADDITIONAL AGREEMENTS

1. By signing this Note, I certify the student is enrolled at least half time. The proceeds of this loan will be used only for tuition and other post-secondary educational expenses at the school listed on my application for this loan, and, subject to your consent, to pay off other education loans of mine.
2. My responsibility for paying this Note is and will be unaffected by the liability of any other person to me or to you for repayment of this Note, by your release of any other person from liability to pay this Note, or by your failure to notify me that a required payment has not been made. Without losing any of your rights under this Note you may accept (a) late payments, or (b) as permitted by law, partial payments, even if marked "payment in full." You may delay or fail to exercise, or waive any of your rights on any occasion without losing your entitlement to exercise the right at any future time or on any future occasion. You will not be obligated to make any demand upon me, send me any notice, present this Note to me for payment or make protest of nonpayment to me before suing to collect on this Note. If I am in default, and to the extent permitted by applicable law, I hereby waive any right I might otherwise have to require such actions.
3. You are located in Maine. This Note will be deemed to be entered into in Maine. Your decision on whether to lend me money will be made in Maine. Consequently, the provisions of this Note will be governed by federal laws and the laws of Maine, without regard to conflict of law rules. I agree that any suit I bring against you must be brought in a court of competent jurisdiction in whatever place (currently Maine) you have your principal place of business at the time. I agree that any suit against me in the event I default on this Note may, to the extent permitted by law, be brought in any court located in Maine, regardless of where I am now living or where I may be living at the time of suit.
4. I may not assign this Note or any of its benefits or obligations. You may assign this Note at any time.
5. The terms and conditions set forth in this Note constitute the entire agreement between you and me.
6. If any provision of this Note is held invalid or unenforceable, that provision shall be considered omitted from this Note without affecting the validity or enforceability of the remainder of the Note.
7. A provision of this Note may only be modified if jointly agreed upon in writing and signed by both you and me. No modification will affect the validity or enforceability of the remainder of the Note.
8. I authorize my school to pay to the Lender any refund that may be due up to the full amount of the loan(s).
9. If this Note is executed by more than one borrower, each borrower agrees that any communication between you and any of the borrowers will be binding on all of the borrowers, and that the provisions of this Note will apply to all borrowers individually and collectively.