



Education PAL

Private Academic Loan Credit Application/Agreement

10/2005MI

Mailing Address
Consumer Solutions Processing
PO Box 82505
Lincoln, NE 68501

Overnight Mail
Consumer Solutions Processing
121 South 13th Street, Suite 201
Lincoln, NE 68508

Phone: 1-866-866-7372
Fax: 1-877-975-3957
www.nelnet.net

PLEASE USE BLUE OR BLACK INK ONLY. DO NOT USE CORRECTION FLUID

School Name, Academic Year, Major/field of study, Degree Program, Grade Level, Enrollment Status, Amount Requested, Anticipated Graduation Date.

Borrower Information

Last Name, First Name, Social Security #, Birth Date, Government Identification, Your Work Phone, Employer, Permanent Street Address, City, State, Zip, Permanent Phone, Home Email, Mobile Phone, Email at School, Check one: I rent, I own, Other, Monthly rent/mortgage payment, Total of all other monthly household debts, Your gross monthly salary, Gross monthly income from spouse and other sources, If Your spouse is applying as the co-borrower, do not include his or her income.

Borrower's Reference Information (Parent, guardian or adult relative not living with you or your Co-borrower)

Last Name, First Name, Relationship to Borrower, Permanent Street Address, City, State, Zip, Home Phone, Mobile Phone.

Co-borrower Information

Last Name, First Name, Social Security #, Birth Date, Government Identification, Your Work Phone, Employer, Permanent Street Address, City, State, Zip, Permanent Phone, Home Email, Mobile Phone, Other Email, Check one: I rent, I own, Other, Monthly rent/mortgage payment, Total of all other monthly household debts, Your gross monthly salary, Gross monthly income from spouse and other sources, If Your spouse is applying as the borrower, do not include his or her income.

Co-borrower's Reference Information (Adult relative not living with you or the borrower)

Last Name, First Name, Relationship to Co-borrower, Permanent Street Address, City, State, Zip, Home Phone, Mobile Phone.

**IMPORTANT NOTICES AND SIGNATURES (Continues on Reverse Side)**

**IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW 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 an account. What this means for You: When You open an account, The Lender will ask for Your name, address, date of birth, and other information that will allow the Lender to identify You. The Lender may also ask to see Your driver's license or other identifying documents.

Notice: Any holder of this consumer credit contract is subject to all claims and defenses, which the debtor could assert against the seller of goods or services obtained with the proceeds hereof. Recovery hereunder by the debtor shall not exceed amounts paid by the debtor hereunder. See the reverse side for additional terms and information.

**Signature/Disclosure Statement:** You, the undersigned applicant (and Co-borrower if applicable), represent that everything disclosed on this Credit Application/Agreement (the "Agreement") is true and complete. You authorize M&I Bank FSB, 3993 Howard Hughes Parkway, Suite 100, Las Vegas, Nevada 89109, and its agents (the "Lender") and/or the school identified in the application for this Agreement (the "School") to gather credit information about You and to give information about Your application and loan account to others in accordance with any applicable law, including as necessary to enforce the Agreement. You authorize the Lender to obtain a credit report in connection with this transaction. In addition, You give Lender permission to also obtain credit reports, in connection with the same transaction or extension of credit, for the purpose of reviewing the account, increasing the credit line on the account, for the purpose of taking collection action on the account, or for other legitimate purposes associated with the account. You further authorize Your School to receive, provide, and confirm information regarding Your attendance, financial aid, status or denial of Your application. You further understand that if the Application is approved, it will be subject to the terms and conditions of this Agreement. By signing this Agreement, You acknowledge that You have received a copy of the Agreement and that You understand and agree to the terms and conditions of the Agreement below and on the reverse side. If more than one person is signing this Agreement, each of You is jointly and severally liable for all obligations to the Lender.

**Notice: 1. By signing this Agreement You certify that before signing this Credit Application/Agreement You have read it in its entirety, including the writing on the reverse side, even if otherwise advised. 2. You are entitled to an exact copy of this Credit Application/Agreement. 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.**

Promise to Pay: You promise to pay to the Lender's order upon the terms of this Agreement all of the principal sum equal to the loan amount requested to the extent it is advanced to You or paid on Your behalf, plus any other amounts that may be added to the principal of Your loan as provided in this Agreement as follows: loan service cost fee, interest, late charges, payment return fees, and, in the event of default, cost of collection, to the extent permitted by applicable law. Subject to any applicable law that may give You a notice and/or right to cure after the occurrence of an event of default, You waive presentment, demand, notice, protest, and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Agreement. This Agreement is under seal.

\_\_\_\_\_  
**Borrower/Applicant Signature**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Co-borrower Signature \***

\_\_\_\_\_  
**Date**

**\*BY SIGNING THIS APPLICATION ABOVE, I CERTIFY THAT I INTEND TO (i) APPLY FOR JOINT CREDIT, AND (ii) BE JOINTLY LIABLE WITH THE BORROWER FOR THIS LOAN.**

**ARIZONA RESIDENTS: If the Co-borrower is Married to Someone Other Than the Borrower.**

**Marital Community Property Joinder: The undersigned spouse of the Co-borrower joins in the execution of this Credit Application/Agreement for the purpose of binding the marital community property of the Co-borrower and the undersigned, in accordance with Ariz. Rev. Stats. § 25-214 or other applicable law.**

\_\_\_\_\_  
**Signature of Co-borrower's Spouse**

\_\_\_\_\_  
**Date**

In this Credit Application/Agreement (Agreement) the words "You", "Your" and "Yours" mean the borrower or, if there is more than one signer of this Agreement, each of the borrowers, individually and collectively. "Lender" means M&I Bank FSB, its successors and assigns, and any other holder of this Agreement.

#### **A. DEFINITIONS**

1. The "Disbursement Date" is the date on which Lender lends money to You in consideration for Your Agreement. If Your loan is disbursed by check, it will be the date shown on Your loan check, not the date on which You endorse or negotiate Your check. Otherwise
2. The "Deferment Period" will begin on Disbursement Date and will end on the earlier of (a) 66 months from the date the loan proceeds are disbursed, or (b) six months after the day the student for whose benefit the loan was made graduates or otherwise ceases to be enrolled at least half time in the School or a Lender approved school. However, if the student has begun a medical residency, medical internship, or enrolls in a graduate program, You may apply in writing for an extended Deferment Period which, if accepted by Lender, would extend the Deferment Period.
3. The "Repayment Period" will begin on the day after the Deferment Period ends. Before Your first repayment is due, Lender will provide You a notice of the anticipated Repayment Period and proposed repayment schedule. The Repayment Period may not exceed twenty-five (25) years. You agree with the proposed repayment schedule if You do not contact Lender and request a different repayment schedule within fourteen (14) days of the date You receive the Disclosure Statement. Any repayment schedule requested by You is subject to approval by Lender in its sole discretion.

#### **B. LOAN AMOUNT**

1. You understand that this Agreement will be binding on You if Lender decides to lend You money, and You agree to accept the loan (See Paragraph B.3.), but that Lender has no obligation to agree to do so. If Lender decides to make a loan to You, Lender will either mail to You or Your School a loan check payable to either You or Your School, or transfer funds electronically to You or Your School for Your benefit. Lender has the right not to make a loan or to lend an amount less than You are requesting. Lender has the right, at Lender's discretion, to disburse Your loan in more than one installment, as payment becomes due to Your School. If You are a student and You cease to be enrolled at Your School prior to any disbursement date, You are required to promptly notify Lender so that the pending disbursement(s) may be canceled.
2. After Lender agrees in its discretion to make a loan to You, Lender will notify You in writing and will disclose to You the amount and terms of the Agreement, as required by U.S. state and Federal regulations. Lender will provide either a single Disclosure Statement covering both the Deferment Period and the Repayment Period, or Lender will provide separate Disclosure Statements for the Deferment Period and the Repayment Period. In addition to other information, the Disclosure Statement(s) will tell You the amount of Your loan and the amount of the loan service cost fee that will be added to Your principal balance on the day the Agreement enters the Repayment Period. All Disclosure Statements provided by Lender are incorporated herein by reference and made a part hereof. You acknowledge and agree that You made a request for this loan by mail, telephone or other written or electronic communication without face-to-face or direct telephone solicitation with or by Lender.
3. You will let Lender know that You agree to the terms of the loan as set forth in this Credit Agreement and in the Disclosure Statement by doing either of the following: (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 without objection. Upon Your first receipt of a Disclosure Statement, You will review the Disclosure Statement and notify Lender in writing if You have any questions. If You are not satisfied with the terms of Your loan as disclosed in the Disclosure Statement, You may cancel Your loan. To cancel Your loan, You must give Lender a written cancellation notice within fourteen (14) days of the date You receive the Disclosure Statement. If loan proceeds have been disbursed, You agree that You will immediately return the loan proceeds to Lender, will not endorse any check which disburses the loan proceeds, and will instruct the School to return any loan proceeds to Lender. If You give notice of cancellation but do not comply with the requirements of this paragraph, this Agreement will not be cancelled and You will be in default of this Agreement.

#### **C. INTEREST**

1. Interest will begin to accrue as of the Disbursement Date on the principal amount of this loan outstanding from time to time and will continue to accrue until the principal is paid in full. Lender will add unpaid accrued interest to the principal balance of Your loan at the end of each calendar quarter during Your Deferment Period, at the end of Your Deferment Period, any forbearance period, and at the time of default. Thereafter, that accrued interest will be treated as principal for all purposes.
2. You will pay interest as provided in paragraph D below. Interest will be calculated on the basis of a 365.25-day year. The rate used to calculate interest will be a variable rate. The variable rate is equal to the Current Index plus the Margin. The Margin for the Deferment Period and the Repayment Period is a maximum of seven and one-half percent (7.50%). In no event will the variable rate exceed the maximum interest rate allowed by the laws of the State of Nevada. The variable rate will change monthly on the first day of each calendar month (the "Change Date(s)") if the Current Index changes. The "Current Index" for any calendar month beginning on a Change Date (or for any shorter period beginning on the Disbursement Date and ending the day before the first Change Date) is based on the Prime Rate as published in the "Money Rates" section of The Wall Street Journal. The index for each calendar month (or for any shorter period beginning on a Disbursement Date and ending on the last day of a calendar month) will equal the Prime Rate as published on the first business day of each month. If The Wall Street Journal is not published or the Current Index is not given on that date, then the Current Index will be determined by using the immediately preceding published Current Index. If the Current Index is no longer available, Lender will choose a comparable index.

## **D. TERMS OF REPAYMENT**

**1. Deferment Period** –If You elected the Full Deferment option, you will not be required to make payments of principal and interest during the Deferment Period. If You elected the Principal Deferment option, You will be required to make monthly payments equal to the amount of accrued interest. If you elected either the Full or Principal Deferment options Lender may require You to pay a monthly fee in the amount of twenty-four dollars (\$24) for every partial or full calendar month during which principal payments are deferred. Your Deferment Period will end if you fail to pay the monthly fee as scheduled. Lender will add unpaid accrued interest and fees to the principal balance of Your loan at the end of Your Deferment Period and any forbearance period. The resulting sum is thereafter considered the principal and interest will accrue on the new principal balance.

**2. Repayment Period** – During the Repayment Period You will make consecutive monthly payments of principal and interest in the amounts and on such payment due dates as specified by Lender until You have paid all of the principal and interest and any other charges You may owe under this Agreement. Failure to receive a statement does not relieve You of the obligation to make payments in accordance with the terms and conditions of this Agreement. Your minimum payment will always be at least \$50 each month or the entire unpaid balance of the Agreement, whichever is less. If the variable interest rate increases, so that the total amount You must pay Lender changes, You will make more monthly payments of the same amount (or balance due whichever is less), unless the monthly payment amount is not sufficient to pay accrued interest and to repay principal in full over the initial maximum Repayment Period, in which case the monthly payment amount will be increased to the minimum amount necessary to do so.

**3. Obligation to Pay Survives Death or Disability** – You acknowledge that if You should die or become disabled while any amount due under this Agreement remains unpaid, the obligation to pay all amounts due under this Agreement will remain in place.

## **E. LATE CHARGES**

If Your payment or any portion of Your payment is more than fifteen (15) days late, You agree to pay a late charge not exceeding \$25.00 or ten percent (10%) of the scheduled monthly payment amount, or the maximum amount permitted by law, whichever is less.

## **F. PAYMENT RETURN AND LOAN SERVICE COST FEES**

If You make a payment, and that payment is returned or refused by Your bank for any reason, You agree to pay a charge of up to \$15.00 for each such payment returned.

You will pay Lender a "loan service cost fee" for the cost of origination, closing, disbursing, servicing and for such other services as provided by law. You will pay Lender a loan service cost fee based upon guidelines established by Lender. The loan service cost fee will not exceed a maximum of five percent (5%) of the amount of this Note to the extent it is advanced to You, and such loan service cost fee will be identified in Your Disclosure Statement. You may be entitled to a refund of the loan service cost fee if required by applicable law, otherwise the loan service cost fee shall be non-refundable. You acknowledge that the loan service cost fee is a fair and reasonable charge for the making, closing, disbursing, servicing, origination and for such other services as provided by law.

## **G. FORBEARANCE**

If You are unable to repay Your loan in accordance with the terms established under paragraph D of this Agreement, You may request that Lender modify these terms via a forbearance from payment. Any such modification will be at Lender's option. Interest will continue to accrue during any period of forbearance and will be capitalized at the end of any forbearance period.

## **H. DEFAULT: WHOLE AGREEMENT DUE**

1. Except as otherwise described below for borrowers residing in certain specified states: You will be in default and the whole outstanding principal balance, accrued interest, and all other amounts payable to Lender under the terms of this Agreement shall become due and payable at once (subject to any law which may give You a right to cure Your default) if: (a) You fail to make any payment to Lender when due; or (b) You fail to notify Lender of a change in Your name, address, or School enrollment status within ten (10) days after a change occurs; or (c) You break any of Your other promises in this Agreement; or (d) any bankruptcy proceeding is begun by or against You, or You assign any of Your assets for the benefit of Your creditors, You are judged incompetent or You die; or (e) You make any false statement in applying for this loan or in any subsequent communication with Lender; or (f) You become or are declared insolvent; or (g) in Lender's judgment there is a significant lessening of Your ability to repay all amounts subject to the terms of this Agreement.

IDAHO, IOWA, KANSAS, MAINE, MISSOURI and SOUTH CAROLINA RESIDENTS: You will be in default and the whole outstanding balance, accrued interest and all other amounts payable to Lender under the terms of this Agreement shall become due and payable at once (subject to any law which may give You a right to cure Your default) if You fail to make any payment as required by this Agreement (or within 10 days of the time required by this Agreement for Iowa residents), or if the prospect of Your payment or performance is significantly impaired. The burden of establishing the prospect of significant impairment is on You.

FOR LOANS OF \$25,000 OR LESS MADE TO WISCONSIN RESIDENTS: You will be in default under this Note (a) if You permit to be outstanding an amount exceeding one (1) full payment which has remained unpaid for more than 10 days after its scheduled or deferred due dates, or You fail to pay the first payment or the last payment, within 40 days of its scheduled or deferred due date, or (b) if You fail to observe any other provision of this Note, the breach of which materially impairs Your ability to pay the amounts due under the Note.

2. If You default, all accrued and outstanding interest and fees will be capitalized. You will be required to pay interest on the

loan made under this Agreement accruing after default at the default rate of twenty-five percent (25%) per annum or the maximum rate allowed under Nevada law if such maximum is less than twenty-five percent (25%). You agree to pay Lender all reasonable amounts, including reasonable collection agency and attorney's fees and court and other collection costs that Lender incurs in enforcing the terms of this Agreement if You are in default, up to the maximum permitted by law.

WEST VIRGINIA RESIDENTS: References to the repayment of attorney fees and court costs in enforcing the terms of this Agreement are void.

NEW HAMPSHIRE RESIDENTS: If You prevail in any action, suit or proceeding Lender brings or in an action you bring, reasonable attorneys' fees shall be awarded to You. If You successfully assert a partial defense, setoff, recoupment or counterclaim to an action brought by Lender, the court may withhold from Lender the entire amount of such portion of the attorneys' fees as the court deems appropriate.

#### **I. NOTICES: ADDRESSES**

1. You will send written notice to Lender within ten (10) days after any change in Your name, address, or School enrollment status.

2. Any notice that Lender is required to give You will be effective when mailed by first class mail to the most recent address Lender has for You.

3. Any notice under this paragraph I may be sent by or to whichever servicer may be authorized by Lender to service Your loan. Payments and notices shall be sent to that servicer, if any, rather than to Lender, unless You are otherwise advised in writing.

#### **J. INFORMATION**

1. You are hereby notified that a negative credit report reflecting on Your credit record may be submitted to a credit-reporting agency if You fail to fulfill the terms of Your credit obligations.

2. You must update the information on Your application whenever Lender asks You to do so. You authorize Lender from time to time to share information about Your credit history and to furnish information about this Agreement to consumer reporting agencies and to others legally allowed to receive such information. You understand that if You default on Your Agreement, disclosure of information about Your Agreement to consumer reporting agencies may adversely affect Your credit rating. You authorize Lender from time to time to request and receive from others credit-related information about You, and about Your spouse if You live in a community property state. If You ask Lender, Lender will tell You whether Lender has requested information from a consumer-reporting agency and will provide You with the name and address of any agency that furnished Lender with a report, and with a copy of the report, to enable You to rectify any errors in Your credit history.

#### **K. ADDITIONAL AGREEMENTS**

1. The proceeds of this Agreement will be used only for Your tuition and other educational expenses (and not for consumer goods) at the School. You may request a loan only if You are enrolled as at least a half time student at the School at the time of application. A married applicant may apply for a separate account.

2. Your responsibility for paying this Agreement is and will be unaffected by the liability of any other person to You or to Lender for repayment of this Agreement, by Lender's release of any other person from liability to pay this Agreement, or by Lender's failure to notify You that a required payment has not been made. Without losing any of Lender's rights under this Agreement Lender may accept (a) late payments, or (b) as permitted by law, partial payments, even if marked "payment in full." Lender may delay or fail to exercise, or waive any of Lender's rights on any occasion without losing Lender's entitlement to exercise the right at any future time or on any future occasion.

3. You understand Lender is a federal savings bank located in Nevada and that this Agreement will be deemed to be entered into and made in Nevada. Lender's decision on whether to lend You money will be made in Nevada. **CONSEQUENTLY, THE PROVISIONS OF THIS AGREEMENT WILL BE GOVERNED BY FEDERAL LAW, THE LAWS OF THE STATE OF NEVADA WITH RESPECT TO PERMITTED INTEREST RATES, FEES AND CHARGES, AND OTHER APPLICABLE LAWS OF YOUR STATE THAT ARE NOT PREEMPTED BY FEDERAL LAW, WITHOUT REGARD TO CONFLICT OF LAWS RULES.** You agree that any suit You bring against Lender must be brought in a court of competent jurisdiction in whatever place Lender has its principal place of business at the time (currently Nevada). You agree any suit against You in the event You default on this Agreement may, to the extent permitted by law, be brought in any court of competent jurisdiction located in Nevada, regardless of where You are now living or where You may be living at the time of suit.

4. You may not assign this Agreement or any of its benefits or obligations. Lender may assign this Agreement at any time.

5. The terms and conditions set forth in this Agreement constitute the entire agreement between You and Lender.

6. If any provision of this Agreement is held invalid or unenforceable that provision shall be considered omitted from this Agreement without affecting the validity or enforceability of the remainder of this Agreement.

7. A provision of this Agreement may only be modified if jointly agreed upon in writing signed by both You and Lender.

8. You do not request credit life insurance or credit disability insurance, and this Agreement shall be unsecured.

9. If this Agreement is executed by more than one person, such person agrees that any communication between Lender and any of them will be binding on all of them, and that the provisions of this Agreement will apply to all signers individually and collectively.

**L. STATE DISCLOSURE NOTICES**

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

**IOWA RESIDENTS: IMPORTANT: READ BEFORE SIGNING. THE TERMS OF THIS AGREEMENT SHOULD BE READ CAREFULLY BECAUSE ONLY THOSE TERMS IN WRITING ARE ENFORCEABLE. NO OTHER TERMS OR ORAL PROMISES NOT CONTAINED IN THIS WRITTEN CONTRACT MAY BE LEGALLY ENFORCED. YOU MAY CHANGE THE TERMS OF THIS AGREEMENT ONLY BY ANOTHER WRITTEN AGREEMENT.**

**MISSOURI RESIDENTS:** Oral agreements or commitments to loan money, extend credit or to forbear from enforcing repayment of a 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.

**TEXAS RESIDENTS: THIS WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS BETWEEN THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

**WISCONSIN RESIDENTS:** For married Wisconsin residents, Your signature on this Credit Application/Agreement confirms that this loan obligation is being incurred in the interest of Your marriage or family. No provision of any marital property agreement (pre-marital agreement), unilateral statement under Section 766.59 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 agreement, statement, or decree or has actual knowledge of the adverse provision when the obligation to the Lender is incurred.

**NOTICE TO COSIGNER**

*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 increase this amount.*

*The Lender or other holder of this Agreement can collect its debt from You without first trying to collect from the borrower. The Lender or other holder of this Agreement can use the same collection methods against You that can be used against the borrower, such as suing You, garnishing Your wages (if You reside in a state other than South Carolina or Texas), 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.*

**AVISO PARA EL FIADOR (Spanish Translation Required By Law)**

*Se le está pidiendo que garantice esta deuda. Piénselo con cuidado antes de ponerse de acuerdo. Si la persona que ha pedido este préstamo no paga la deuda, usted tendrá que pagarla. Esté seguro de que usted podrá pagar si sea obligado a pagarla y de que usted desea aceptar la responsabilidad*

*Si la persona que ha pedido el préstamo no paga la deuda, es posible que usted tenga que pagar la suma total de la deuda, mas los cargos por tardarse en el pago o el costo de cobranza, lo cual aumenta el total de esta suma.*

*El acreedor (financiero) puede cobrarle a usted sin, primeramente, tratar de cobrarle al deudor. Los mismos metodos de cobranza que pueden usarse contra el deudor, podran usarse contra usted, tales como presentar una demanda en corte, quitar parte de su sueldo (A menos que residas en Carolina Del Sur o Tejas), etc. Si alguna vez no se cumpla con la obligación de pagar esta deuda, se puede incluir esa información en la historia de credito de usted.*

*Este aviso no es el contrato mismo en que se le echa a usted la responsabilidad de la deuda.*