



BORROWER APPLICATION AND PROMISSORY NOTE

DAKOTA EDUCATION ALTERNATIVE LOAN (DEAL & MEDICAL DEAL)

BANK OF NORTH DAKOTA
STUDENT LOAN SERVICES
SFN 50962 (03-2008)

PLEASE MAIL COMPLETED APPLICATION TO:

Bank of North Dakota (BND) PO Box 5509, Bismarck, ND 58502-5509 1-800-472-2166 ext. 5660 1-800-643-3916

WARNING: Any person who knowingly makes a false statement or misrepresentation on this form is subject to criminal penalties.

BORROWER (STUDENT) SECTION (Please print neatly or type. Read the instructions carefully.)

1. Last Name			First Name		Middle Initial	2. Social Security Number		
3. Permanent Street Address (if P.O. Box, see instructions)						4. Telephone Number ()		5. Date of Birth (mm/dd/yyyy)
City		State	Zip Code		6. E-mail Address			7. Major Course of Study
8. Driver's License State and Number State: #:				9. Loan Period (month/year) From: To:			10. Requested Loan Amount \$	
11. School Name and Address (city and state)								
12. U.S. Citizenship Status <input type="checkbox"/> a. Citizen <input type="checkbox"/> b. Eligible Non-Citizen (If b. is checked, list Alien ID # _____ and provide copy of card.)								
13. Are you currently in default on any education loan? <input type="checkbox"/> Yes <input type="checkbox"/> No					14. Are you a high school student taking college courses? <input type="checkbox"/> Yes <input type="checkbox"/> No			
15. Place of Employment								
16. Employer's Address (Street Address, City, State, Zip Code)								
17. Employer's Phone Number					18. Position			

19. CREDIT REQUIREMENTS — YOU MUST SELECT ONE OF THE OPTIONS BELOW

_____ I am under the age of 24; therefore, I must have a creditworthy cosigner complete the enclosed Credit Application. My loan request cannot be processed until the Credit Application is returned to BND.

_____ I am at least 24 years of age and believe that I will qualify for this loan based upon my own credit score and history. I authorize BND to review my credit to verify I am eligible for this loan. If I do not meet the credit requirements, I will need to have a creditworthy cosigner complete the enclosed Credit Application before my loan can be processed.

_____ I am at least 24 years of age and do not believe I will meet the credit requirements; therefore, I will have a creditworthy cosigner complete the enclosed Credit Application. My loan request cannot be processed until the Credit Application is returned to BND.

20. REFERENCES — YOU MUST LIST 3 REFERENCES (Please refer to instructions.)

Reference Name	Reference Name	Reference Name
Street Address	Street Address	Street Address
City, State, Zip Code	City, State, Zip Code	City, State, Zip Code
E-mail Address	E-mail Address	E-mail Address
Telephone Number ()	Telephone Number ()	Telephone Number ()
Relationship to Student	Relationship to Student	Relationship to Student

PROMISSORY NOTE

I promise to pay to the lender, or a subsequent holder of this Promissory Note, all sums disbursed (hereafter "loan") 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 when due, I will also pay collection costs, not to exceed the maximum allowed under North Dakota State law including court costs, collection fees, and attorney 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, the Borrower Certification printed on the reverse side and the Borrower's Rights and Responsibilities.

THIS IS A LOAN THAT MUST BE REPAYED.

21. I choose a: _____ Fixed Interest Rate DEAL _____ Variable Interest Rate DEAL (You MUST select one.)

22. Borrower's Signature _____ Today's Date (mm/dd/yyyy) _____

LENDER SECTION (lender use only)

23. Amount Approved \$	Date	Initials	Loan #
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INSTRUCTIONS FOR COMPLETING THE DAKOTA EDUCATION ALTERNATIVE LOAN (DEAL & MEDICAL DEAL) APPLICATION

BORROWER SECTION

Item 1: Enter your last name, then your first name and middle initial.

Item 2: Enter your Social Security Number. An application without a Social Security Number will not be processed. Read the Privacy Act and the Right to Financial Privacy Act Notices in this booklet before completing this item.

Item 3: Enter your permanent home street address, apartment number, city, state, and zip code. If you have a Post Office Box and a street address, you must list both. A temporary school address is not acceptable.

Item 4: Enter the area code and telephone number for the address listed in Item 3. If you have no telephone, enter N/A.

Item 5: Enter the month, day and year of your birth. Use only numbers.

Item 6: Enter your e-mail address if applicable.

Item 7: Please list your major course of study.

Item 8: Be sure to list the state that issued this license, followed by the number. If you do not have a valid driver's license, enter N/A.

Item 9: Enter the beginning and ending dates (month/year) of the academic period for which this loan is to be used. These dates must not be more than 12 months apart.

Item 10: Enter the maximum amount you wish to borrow under the DEAL loan program. Apply only for what you will need to pay for your educational expenses this year, keeping in mind your ability to repay your loan(s). You may borrow up to the estimated cost of education at the school you will attend minus any estimated financial assistance that has or will be awarded during the period of enrollment.

Item 11: Enter the name of the school that you are attending. Include the city and state where the school is located.

Item 12: Check the appropriate citizenship status. If you are a permanent resident alien with an Alien Registration Card (Form I-15 or I-1551), enter your Alien ID number, and attach a copy of your Alien Registration Card.

Item 13: If you have ever defaulted on any educational loan, you must check the box marked "Yes". Default means that you have been severely delinquent in making payments on your loan and that a default claim has been paid to your lender.

If you answered yes to this question, you must attach a written statement from the holder of your loan explaining your current status.

Item 14: Check 'yes' if you are a high school student taking college courses.

Item 15: Enter your place of employment. Enter N/A if you are currently not employed.

Item 16: Enter your employer's address (street address, city, state, and zip code).

Item 17: Enter your employer's phone number.

Item 18: Enter your position with your employer.

Item 19: You must select one of the options. The DEAL program is an alternative loan program guaranteed by the State of North Dakota and requires applicants under the age of 24 to have a creditworthy cosigner. Applicants that are at least 24 years old require a cosigner if the applicants themselves are not creditworthy. Criteria used to determine creditworthiness includes but is not limited to credit score, information on the credit report about late payments, and prior bankruptcy information.

Item 20: Enter the requested information for three adult references with different United States addresses. References with addresses outside the U.S. are not acceptable. The first reference should be a parent or legal guardian. If both your parents or legal guardians are deceased, enter information for an adult relative. All requested items, including telephone number, must be complete or your application will be delayed.

Item 21: You must select a fixed interest rate or a variable interest rate. Important information you should consider prior to making this selection is located under the "Interest" sections of the Promissory Note and the Borrower's Rights and Responsibilities.

Item 22: Use blue or black ink to sign your full name, including your first, middle initial and last name. Enter the date you are signing the Application/Promissory Note. By signing, you:

1) Acknowledge that you have read, understand, and agree to the provisions in the Borrower Certification, the Promissory Note, and the Borrower's Rights and Responsibilities.

2) Agree to repay the loan in full according to the terms and conditions in the Promissory Note.

Note: Borrower Signature and Date are required. If you fail to sign and date the Promissory Note, processing of your application will be delayed.

LENDER SECTION

(To be completed by the lender)

Item 23: Bank of North Dakota will indicate the approved amount for the DEAL loan. The amount will be disclosed to you on the Notice of Loan Guarantee and Disclosure Statement. The approved amount cannot exceed the cost of education minus other financial aid awarded for the same loan period, and will be the lesser of the amount the school certified, or the amount the borrower requested.

PROMISSORY NOTE (continued)**Disclosure of Terms**

This Note applies to the Dakota Education Alternative Loan and the Medical Dakota Education Alternative Loan (DEAL). I agree that the lender or any subsequent holder may sell or transfer my loan. At or before the time of my first disbursement, the lender will send me a disclosure statement identifying additional terms of the loan. Important additional information is also disclosed in the statement of Borrower's Rights and Responsibilities accompanying this Note.

Information concerning the amount, disbursement, and repayment of my loan will be reported to one or more national credit bureau organizations.

Interest

I must choose between a fixed or variable interest rate option. If I choose a fixed rate, the interest rate will be set on the day my loan is first disbursed and remains the same until my loan is paid in full. If I choose a variable rate, the interest rate will change as interest rates decrease or increase throughout the life of the loan. The interest rate has no minimum or maximum limit. Current interest rates are listed at mystudentloanonline.nd.gov or call 1-800-472-2166 ext. 5763.

Interest accrues on the unpaid principal balance of each loan from the date of disbursement by the lender until the entire principal balance is paid in full. I agree to pay all interest charges on my DEAL loan.

Unless I pay the accrued interest as billed monthly or quarterly by the holder of my DEAL loan, the interest will be capitalized (added to the principal), upon entering into repayment status.

Administrative Fee

I will pay an administrative fee in an amount identified in the disclosure statement, which will be deducted proportionately from each disbursement of my loan. I understand the administrative fee is refundable only if the loan is totally canceled prior to issuing the first disbursement, or if the first disbursement check is returned and total cancellation is requested. Bank of North Dakota may pay this fee on your behalf.

Late Charges and Collection Costs

If I fail to make any part of an installment payment within 15 days after it becomes due, the holder may collect from me a late charge not to exceed 15% of each late installment, or a maximum amount of \$15. There may be a charge on non-sufficient funds payments in an amount not to exceed the maximum allowed under the North Dakota Century Code.

If I default on this DEAL loan, I shall pay collection fees and costs, plus court costs. At the time of default, these fees may be assessed up to the maximum amount allowed under the North Dakota Century Code.

Repayment

I am obligated to repay the full amount of the loan and accrued interest. DEAL loans have a repayment grace period of six months after I end enrollment as at least a half-time student at an eligible school. DEAL loans for borrowers attending less than half-time at the time the loan is made will enter repayment on the day following the final disbursement.

I will repay my loan in periodic installments during a repayment period that begins on the day immediately following the end of my grace period or the day following final disbursement if attending less than half-time. My repayment term for each loan may not exceed 10 years, or 15 years for the Medical DEAL (except under an Extended Repayment Plan). The repayment term does not include any periods of deferment or forbearance.

The holder of my loan will provide me with a repayment schedule that identifies my payment amounts and due dates.

I agree that the holder may grant me a forbearance for purposes of aligning payment dates on my DEAL loans.

I may prepay all or any part of the unpaid balance on my loans at any time without penalty. If I do not specify which loans I am prepaying, the holder will determine how to apply the prepayment.

Acceleration and Default

At the option of the holder, the entire unpaid balance shall become immediately due and payable upon the occurrence of any one of the following events: (i) I fail to enroll as certified on my application; (ii) I fail to use the proceeds of the loan solely for educational expenses; (iii) I make a false representation that results in my receiving a loan for which I am not eligible; or (iv) I default on the loan.

The following events shall constitute a default on a loan: (I) I fail to pay the entire unpaid balance after the holder has exercised its option under the preceding paragraph; or (II) I fail to make installment payments when due, or fail to comply with other terms of the loan, and SLND-Guarantor reasonably concludes I no longer intend to honor my repayment obligation, provided my failure has persisted for at least 270 days for payments due monthly. If I default, the guarantor may purchase my loan. Collection fees will become immediately due and payable.

If I default, this will be reported to national credit bureau organizations and will significantly and adversely affect my credit history. I acknowledge that a default shall have additional adverse consequences to me as disclosed in the statement of Borrower's Rights and Responsibilities. Following default, the loan may be subject to income-sensitive repayment (including potential collection of amounts in excess of the principal and interest).

Governing Law and Notices

The terms of this Note will be interpreted in accordance with 15-62.1-02 of the North Dakota Century Code.

If I reside in North Dakota, the guarantor may sue to enforce this loan in any judicial district as allowed by law. Any notice required to be given to me will be effective if mailed by first class mail to the latest address I have provided to the holder of this Note, or if the holder reasonably determines that this address is no longer my address, to the latest address secured by the holder or other reliable source. Failure by the holder to enforce or insist on compliance with any term on this Note shall not be a waiver of any right of the holder. No provision of this Note may be modified or waived except in writing. If any provision of this Note is determined to be unenforceable, the remaining provisions shall remain in force.

BORROWER CERTIFICATION

I declare under penalty of perjury under the laws of the United States of America that the following is true and correct:

- (1) I certify that the information contained in my application for the DEAL loan is true, complete, and correct to the best of my knowledge and belief and is made in good faith.
- (2) I certify that the proceeds of this loan will be used for educational purposes for the loan period at the school named on the application.
- (3) I hereby authorize my school to pay to Bank of North Dakota, any refund that may be due to me, up to the amount of the loan.
- (4) I authorize Bank of North Dakota, subsequent holders, their agents, collection agencies, or educational institutions to: (i) make inquiries of my cosigner, prior or subsequent lenders or holders with respect to my loan application and related documents; (ii) release information and make inquiries to the persons I have listed on my loan application as references, for the purpose of learning my current address and telephone number; (iii) contact me at any phone number or e-mail address (whether it is a land line or wireless service) that I have provided or the loan holder receives from any reliable source. I authorize the use of live or automated messages to any of these numbers or e-mail addresses. I understand that persons other than myself may access these messages or e-mails, which may include content concerning my indebtedness.
- (5) I also authorize Bank of North Dakota, subsequent holders, or their agents to check my credit and employment history and to answer questions about their credit experience with me.
- (6) I authorize the release of information pertinent to this loan by and amongst my schools, Bank of North Dakota, SLND-Guarantor, subsequent holders, and their agents, and members of my immediate family unless I submit written directions otherwise.
- (7) I authorize Bank of North Dakota to have the option to make my loan check(s) jointly payable to me and my school.
- (8) 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.
- (9) Prior DEAL loans in repayment will be deferred while I am in school if I am attending at least half-time, unless I choose to repay the loan(s).
- (10) I will be responsible for paying the interest on my DEAL loan, which begins to accrue upon my first disbursement. If I fail to make required interest payments while I am in school at least half-time, during grace or deferment, Bank of North Dakota or subsequent holders may capitalize such interest, upon entering into repayment status.

DAKOTA EDUCATION ALTERNATIVE LOAN (DEAL & MEDICAL DEAL) Borrower's Rights and Responsibilities

1. Eligibility. A student is eligible to receive funds from the DEAL loan program only after he/she has applied for all the Federal Title IV aid that the institution's Financial Aid Office has determined the student may be eligible to receive. This pertains to all federal loan programs including the Stafford loan (FFELP and Direct), the Perkins loan, all of the health professional loans and all Federal grant and work-study programs.

2. Loan Limits. Under the DEAL loan program, I may borrow an amount not to exceed the estimated cost of attendance minus any estimated financial assistance I will be awarded during the period of enrollment. The minimum amount I may borrow is \$500 (five hundred dollars).

3. Loan Proceeds. I must use the loan money for authorized educational expenses incurred to attend the school named for the loan period shown on the application. Loan proceeds may not be used for other purposes.

The loan money may be disbursed in a prorated amount based on academic terms at the school. At a school without academic terms, disbursement may be made at the beginning and midpoint of the period of enrollment. If disbursed by check, the check will be made payable to me and disbursed to the school. If the school participates in an electronic funds transfer process (EFT), the funds will be electronically transmitted to the institution.

4. Change of Status. The DEAL program requires me to notify my lender (or any subsequent holders of my loan), if any of the following events occur before my loan is repaid:

- I change my address;
- I change my name (for example, maiden name to married name);
- I do not enroll as certified on my application;
- I withdraw from school or change my enrollment status to less than half-time;
- I transfer to another school;
- I change my employer or my employer's address changes; or
- I have any other change that would affect my loan status (for example, the loss of eligibility for an unemployment deferment by obtaining a job).

I understand I must notify the school of any address changes while I am enrolled.

5. Interest. Interest rate information for this DEAL loan is indicated on the Notice of Loan Guarantee and Disclosure Statement.

I understand that it is my responsibility to pay interest on the unpaid principal amount of the loan from the date of disbursement until the entire principal amount and accrued interest are paid in full. I am responsible for the payment of all interest that accrues on this loan.

6. Deferring Interest Payments. Under certain circumstances, for example during forbearance or deferment, I may not be required to make interest payments, but interest on my DEAL loan will accrue. If this

interest is not paid, outstanding interest will be capitalized (added to the principal) when regular monthly payments resume.

7. Sale or Transfer. I consent to the sale or transfer of my loan. Should ownership of a loan be transferred, I understand I will be notified of the name, address, and telephone number of the new holder of my loan, if the address where I make my payments changes. Sale or transfer of my loan to subsequent holders does not affect my rights and responsibilities.

8. Consequences of Default. Default is defined in the Note. If I default, the entire unpaid balance and collection fees will become immediately due and payable. Failure to repay this DEAL loan may result in any or all of the following: loss of state income tax refunds, loss of state lottery prizes, legal action, assessment of collection charges, loss of professional license, loss of eligibility for deferments and forbearances, and negative credit reports.

9. Credit Bureau Notification. Information concerning the amount, disbursement, and repayment of my loan will be reported to one or more national credit bureau organizations. I will be notified at least 30 days in advance that default information will be disclosed to a credit bureau unless I enter into repayment arrangements on the loan within 30 days of the date on the notice. I will be given a chance to ask for a review of the debt before it is reported. My holder must provide a timely response to a request from any credit organization regarding objections I might raise with that organization about the accuracy and completeness of information.

10. Repayment. If I am enrolled at least half-time at the time I receive this loan, I understand that repayment begins 6 months after I leave school or fall below half-time enrollment as determined by my educational institution.

If I am enrolled less than half-time at the time I receive this loan, the loan will enter repayment on the day following the final disbursement.

I understand that I will be given a choice of repayment options. I also understand that I must make payments on my loans even if I do not receive a bill or repayment notice.

A cosigner release option may be available once the loan(s) have entered repayment and the requirements established by Bank of North Dakota have been met.

11. Loan Cancellation. I understand that my loan debt will be canceled if I die. A certified death certificate must be submitted as documentation to the holder of this Note. My loan debt may also be canceled if I become permanently and totally disabled. However, the holder of my loan may not approve the request for cancellation based on permanent and total disability if the condition existed before I applied for this loan.

If the condition did exist, my doctor must certify that the condition substantially deteriorated after the loan was approved. An application for cancellation must be submitted to my holder, and documentation verifying the

permanent and total disability must be certified by my doctor and accepted by the holder of this loan.

I understand my loan(s) will not automatically be discharged in bankruptcy.

I understand that neither the holder, nor the guarantor vouch for the quality or the suitability of the academic programs offered by participating schools. Repayment of this loan is not contingent upon the performance of my school of attendance, or my obtaining employment in my field of study. I understand that under certain conditions my DEAL loan may be canceled if I am unable to complete my course of study due to school closure or if my eligibility was falsely certified by the institution.

12. Deferments. Under certain circumstances, I have a right to postpone repayment of the principal if I provide the holder of my loan(s), or its servicing agent, with a request for a deferment together with the evidence that verifies my eligibility. The types of deferments that may be available are:

- While I am enrolled at least half-time at an eligible institution;
- While I am pursuing a graduate fellowship program or rehabilitation-training program for individuals with disabilities, if the program has been approved by the Department of Education for the FFELP program;
- For up to three years, while I am conscientiously seeking but unable to find full time employment; or
- While I am experiencing an economic hardship as determined by federal law; or
- While serving on Active Duty during a war or other military operation.

You should contact Bank of North Dakota or the current holder of your loan for more details on your options.

13. Forbearance. If I am unable to make my scheduled payments, the lender or holder of my promissory note may allow me to reduce the amount of my payment or to temporarily stop making payments as long as I intend to repay my loan. This action is called forbearance. During a period of forbearance, interest charges continue to accrue.

My holder is not required to grant a forbearance and may require me to provide my reasons for the request and other information.

ESTIMATED PAYMENT CHART

ANNUAL LOAN AMOUNT	ESTIMATED MONTHLY INTEREST ONLY PAYMENT WHILE THE STUDENT IS IN SCHOOL*	TOTAL PRINCIPAL BORROWED OVER 4-R PERIOD	ESTIMATED TOTAL INTEREST ACCRUING IF INTEREST PAYMENTS ARE NOT MADE*	ESTIMATED MONTHLY PAYMENT WHEN DEAL LOAN ENTERS REPAYMENT WHEN NO INTEREST PAYMENTS MADE PRIOR TO REPAYMENT	ESTIMATED MONTHLY PAYMENT WHEN DEAL LOAN ENTERS REPAYMENT WHEN INTEREST PAYMENTS ARE MADE MONTHLY
\$1,000	\$7	\$4,000	\$825	\$65	\$55
\$2,000	\$14	\$8,000	\$1,650	\$130	\$105
\$3,000	\$21	\$12,000	\$2,442	\$190	\$160
\$4,000	\$28	\$16,000	\$3,300	\$255	\$210

* Based on 8.25% fixed interest rate.

PRIVACY ACT DISCLOSURE

To participate in the DEAL program you must apply for Federal Title IV funds if you are enrolled at least half-time. In order to apply for those funds the Privacy Act 1974 (5 U.S.C. 552a) requires the following notice be provided to you.

The authority for collecting the requested information from and about you is 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 DEAL program is voluntary, but the requested information is necessary for participation.

The principle purpose of this information is to verify your identity, to determine your 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 it becomes delinquent.

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, to educational and financial institutions, and to agency contractors in order to verify your identity, to determine your program eligibility and benefits, to permit the servicing or collecting of your loan(s), to counsel you in repayment efforts, to investigate possible fraud and to verify compliance with Program regulations, or to locate you if you become delinquent in your loan(s) payments or you default.

You must provide all 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 agency 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 DEAL loan program. The Bank of North Dakota has required disclosure of social security numbers on application forms and other necessary bank documents since prior to January 1, 1975.

Your social security number will be used to verify your identity, and as an account number (identifier) throughout the life of your loan(s) so data can be accurately recorded. We will also use it to determine your eligibility for the program, to certify school attendance and student status, and to determine eligibility for deferment of payments, and disability or death claims. Your social security number will also be used for tracing and collecting from you in the event you default on your loan, and IRS reporting requirements.