



## NC Student Assist Education Loan Terms and Conditions



### SECTION 1 – DEFINITIONS

These definitions explain what particular words mean in these Terms and Conditions.

**“Capitalized Interest”** means any accrued, unpaid interest that is added to the principal balance of my loan under the Note.

**“Date of Disbursement”** means the date or dates on which you lend money to me in consideration for the Note. If the disbursement is made by check, it will be the date shown on my loan check. If the disbursement is made by electronic funds transfer, it will be the date the loan funds are electronically transferred to my School.

**“Fixed Rate”** means the rate at which interest accrues on my NC Student Assist Education Loan as set by the Lender in accordance with the provisions of the Note in SECTION 5 - INTEREST.

**“Grace Period”** means the six-month period after I graduate or cease to be enrolled at least half time at an eligible institution as that term is defined in the Higher Education Act of 1965, as amended (20 U.S.C. 1070 et seq.).

**“Lender”** means the original lender, College Foundation, Inc., acting as agent of the North Carolina State Education Assistance Authority, and its successors and assigns, including any subsequent holder of the Note.

**“Loan Amount”** means the total of all disbursements made to me under the Note.

**“Note”** means the NC Student Assist Education Loan Promissory Note, which is the legally binding agreement between the Lender and the borrower (and cosigner if applicable) that provides the conditions under which the NC Student Assist loan is borrowed and the terms under which it is repaid.

**“Parties”** means the Lender and the borrower and cosigner. Except for SECTION 3A – COSIGNER NOTICE, "I," "Me" or "My" means the borrower and cosigner. "You" means the Lender.

**“Pre-Disbursement Disclosure”** means the document that I will receive which identifies the interest rate for my loan, the number of payments that I must make, the number of years within which the payments must be made and other information.

**“Repayment Period”** means the period during which I am required to repay the Loan Amount in accordance with the Note; the Repayment Period begins on the day after the Grace Period ends and continues for no more than 120 months, excluding periods of deferment and forbearance to the extent permitted under the program.

**“School”** means an eligible institution (as that term is defined in the Higher Education Act of 1965, as amended (20 U.S.C. 1070 et seq.)) that is approved by the Lender for the NC Student Assist Education Loan Program.

## **SECTION 2 – PROMISE TO PAY**

I promise to pay the Lender the Loan Amount plus accrued interest, Capitalized Interest and other charges and fees that may become due as provided in the Note, even if I do not complete my program of study or education. I promise to make these payments on or before the scheduled due date. If I fail to make payments on my loan when due, I also will pay reasonable collection costs, including but not limited to attorney's fees, court costs and other fees to the extent permitted by law.

**SECTION 3A – COSIGNER NOTICE (IF A COSIGNER IS REQUIRED)**

3A.1. Cosigner guarantee. You are being asked to guarantee repayment of 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.

3A.2. Promise to pay full amount. 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 and all reasonable costs of collection, including without limitation, attorney’s fees and court costs, which increase this amount.

3A.3. Collection methods & credit reporting. The Lender can collect this debt from you without first trying to collect from the borrower. The Lender can use the same collection methods against you that can be used against the borrower. If this debt is ever in default, that fact may become a part of your own credit record.

3A.4. This notice is not the contract that makes you liable for the debt.

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**SECTION 3B – COSIGNER PROMISE TO PAY (IF A COSIGNER IS REQUIRED)**

3B.1. Terms of the Note binding on cosigner. In addition to the borrower, I promise to pay the Lender the Loan Amount plus accrued interest, Capitalized Interest and other charges and fees that may become due as provided in the Note, even if the borrower does not complete his or her program of study or education. I promise to make arrangements with the borrower to ensure these payments are made on or before the scheduled due date, even if that means paying myself. If I fail to make payments on my loan when due, I also will pay reasonable collection costs, including but not limited to attorney’s fees, court costs and other fees to the extent permitted by law. By signing as cosigner, I specifically waive any right I have to require the Lender to proceed in accordance with the provisions of North Carolina General Statutes § 26-7 through § 26-9 and acknowledge that the Lender may proceed against me without first proceeding against the borrower. I further waive the suretyship defenses in § 25-3-605 of the North Carolina General Statutes.

## SECTION 4 - CERTIFICATIONS & AUTHORIZATIONS

4.1. Responsibility for reading terms of Note. I will not sign the Note before reading the entire Note, even if I am told or encouraged not to read it.

4.2. Not a federal loan. I understand that this is an education loan provided under a program authorized and funded by the State Education Assistance Authority, an agency of the State of North Carolina. This education loan is not a federal student loan, and consequently, does not qualify for various benefits currently available for federal loans, such as interest subsidies, loan forgiveness or income-based repayment options. I acknowledge that the Lender has made information on federal student loans and other financial aid available at [www.CFNC.org](http://www.CFNC.org) and I agree to familiarize myself with the differences between federal and private education loans before accepting this loan.

4.3. No discharge in bankruptcy. I understand that the Note represents an educational loan that is made under a program funded by a governmental unit, and as such, the obligations hereunder are not dischargeable in bankruptcy except as permitted under 11 U.S.C. § 523(a)(8).

4.4. Right to cancel. I understand that I have the right to cancel this loan prior to the first disbursement. I must give the Lender notice as described on the Pre-Disbursement Disclosure.

4.5. School certification. I authorize my School to certify my eligibility for this loan, and I understand that the School certification must be submitted in order to receive this loan.

4.6. Release of information to and from School. I authorize my School and its agents and contractors to release to the Lender any requested information pertinent to this loan (e.g. eligibility, enrollment status, current address, employment). I additionally authorize the Lender to release personal and financial information to the School in connection with this loan.

4.7. Disbursement of Funds. I understand that the Lender may either electronically transmit funds to the School to be applied to my student account or issue checks. If checks are issued, I authorize the Lender to issue checks a) made jointly payable to me and the School; or, b) made payable to the School. I authorize the School to transfer loan proceeds received by electronic funds transfer to my student account. I authorize the School to pay to the Lender any refund that may be due up to the Loan Amount.

4.8. Use of funds for education related expenses. I certify that I will use the entire Loan Amount received under the Note solely to pay for education related expenses included in the cost of attendance as determined by my School for the period of enrollment certified by my School.

4.9. Consent to be contacted, including by auto dialer. I understand that by providing you with my mobile phone number, the number for any other mobile device, or a number which is later converted to a cellular or mobile phone number, I am providing you with express written consent to contact me on such provided number(s), both directly and with automatic telephone dialing systems, by human operators and/or artificial or prerecorded voice or text messages, with regards to the status of my application or account for the loan made under the Note, even if the number is on a do not call registry or list. I understand that my mobile phone plan charges may apply.

4.10. Privacy. I understand that the [Lender's Privacy Policy](#) includes a summary of the personal information collected and when it is shared with others (including when it is shared with affiliates for marketing purposes). I certify that I have read, understood, and agreed to the information contained in the Privacy Policy.

4.11. Release of personal and financial information between borrower and cosigner. I, as the borrower, authorize the Lender to share personal and financial information about me with the cosigner. If I am the cosigner, I authorize the Lender to share personal and financial information about me with the borrower.

4.12. No Infancy Defense. I understand that I am legally obligated, under § 116-174.1 of the North Carolina General Statutes, for the repayment of the Note even though I may be under eighteen (18) years of age.

## **SECTION 5 – INTEREST**

5.1. Interest always accrues. Interest will accrue at the Fixed Rate on the unpaid principal balance of my loan from the Date of Disbursement until the Loan Amount and any accrued interest or Capitalized Interest is paid in full. Interest on my loan will accrue during all periods of repayment including any periods of deferment or forbearance at the Fixed Rate as stated on the Pre-Disbursement Disclosure. If litigation becomes necessary to enforce the terms of the Note and collect the balance due on my loan and a judgment is obtained, the interest rate applicable to the judgment amount may be higher than the Fixed Rate.

5.2. Interest accrues daily. Interest on my loan is calculated on a daily basis on the outstanding principal balance and any Capitalized Interest until such amounts are paid in full. The daily interest rate is equal to the annual interest rate in effect on that day divided by 365.25 (the additional .25 annualizes the interest rate calculation for a leap year). Because interest is calculated daily, the amount of interest I will be required to pay with each monthly payment will vary based on the number of days between my previous payment and my current payment.

5.3. Fixed rate. This is a fixed interest rate loan. The specific Fixed Rate will be identified on the Pre-Disbursement Disclosure for this loan. For a fixed interest loan like this one, the interest rate will remain constant over the term of the loan, except as explained in SECTION 5.1 above.

## **SECTION 6 – MILITARY ANNUAL PERCENTAGE RATE (“APR”) STATEMENT**

Federal law provides important protections to members of the Armed Forces and their dependents relating to extensions of consumer credit. In general, the cost of consumer credit to a member of the Armed Forces and his or her dependent may not exceed an APR of 36 percent. This rate must include, as applicable to the credit transaction or account: the costs associated with credit insurance premiums; fees for ancillary products sold in connection with the credit transaction; any application fee charged (other than certain application fees for specified credit transactions or accounts); and any participation fee charged (other than certain participation fees for a credit card account).

I understand that I may call 1-833-670-1866 to hear this Military APR Statement and to obtain a description of my payment obligation.

## SECTION 7 – TERMS OF REPAYMENT

7.1. Prepayment. I have the right to prepay all or part of the amount due under the Note (including principal, accrued, unpaid interest and fees) at any time without penalty. If I prepay part of my loan, I will continue making payments until the entire Loan Amount, plus accrued interest, Capitalized Interest and any fees or costs are paid in full.

7.2. Grace Period. I may, but am not required to, make payments on my loan while in school and during the Grace Period. Interest continues to accrue on this loan while I am in school and during the Grace Period. Any unpaid, accrued interest will be added to the principal balance of the loan at the commencement of the Repayment Period.

**Paying interest while in school and during the Grace Period can save me money.** I understand that if I am able, making any kind of payment on my loan while in school and during the Grace Period can significantly reduce the total amount I will pay during the Repayment Period. The example below does not provide the savings for this specific loan. Rather, it is an illustration of how much money can be saved over the life of a sample loan by making interest payments while in school and during the Grace Period.

<b>Loan Attribute</b>	<b>If I cannot or do not pay the interest that accrues during the in-school period and Grace Period:</b>	<b>If I pay the interest that accrues during the in-school period and Grace Period:</b>
Loan Amount	\$20,000	\$20,000
Capitalized Interest	\$5,850	\$0
Total interest paid prior to repayment	\$0	\$5,850
Loan balance when entering repayment	\$25,850	\$20,000
Interest rate	6.5%	6.5%
Monthly payment	\$293.52	\$227.10
Total repayment amount	\$35,222.58	\$33,101.51

The example above assumes a four-year in-school period and a sixth-month Grace Period prior to entering repayment. By paying all interest that accrues during the in-school and Grace Periods prior to entering repayment, the required monthly payment during repayment is approximately \$65 lower and the total amount repaid during the Repayment Period is approximately \$2,000 less.

7.3. Monthly Payments. I will make consecutive monthly payments of principal and interest on or before the due dates stated on my monthly statements in order to pay my loan in full within the Repayment Period. I understand that my payments must be at least \$50 per month and will be more if necessary to repay the loan within the Repayment Period.



7.4. Term of Repayment of Loan. I will be required to begin making monthly payments after the Grace Period ends and will continue making payments during the Repayment Period.

7.5. Order in Which Payments are Applied. My payments will be applied first to late charges, if any, fees or costs, as applicable, then to accrued, unpaid interest, and the remainder to principal on the day on which my payment is credited to my account.

I understand that I can reduce principal faster by making a payment greater than the required minimum, or an extra payment at any time. I understand that I can and should learn about the methods used to apply my payments, including the Lender's policies on making payments greater than the required minimum, or extra payments, by visiting the following website: [www.NCAssist.org](http://www.NCAssist.org).

7.6. Methods in Which Payments are Allocated. I understand that if I have more than one NC Student Assist Education Loan, I can and should learn about how my payments are allocated across loans, and how I can elect to allocate my payments across loans, by visiting the following website: [www.NCAssist.org](http://www.NCAssist.org).

7.7. Payments in U.S. dollars and not in cash. I agree to make all payments in U.S. dollars from a financial institution domiciled in the United States. I agree not to send cash and understand that cash may not be accepted.

7.8. Attempt to Satisfy Obligation. I understand and agree that the Lender reserves the right to reject a check, money order, or other payment instrument marked "payment in full." Marking my payment as such will not satisfy or discharge my obligation under the Note, disputed or otherwise, even if such instrument is processed by the Lender, unless such payment is in fact sufficient to pay the amount due according to the Lender's records.

7.9. Late Charges. At this time, the Lender will not assess any late payment charges, but may do so in the future. If the Lender intends to assess late charges, I understand that I will be notified in writing at least 60 days before the policy becomes effective.

7.10. Returned Payment Charges. At this time, the Lender will not assess any returned payment charges, but may do so in the future. If the Lender intends to assess a returned payment charge, I understand that I will be notified in writing at least 60 days before the policy becomes effective. I also understand that the financial institution from which I make payments might assess a returned payment charge pursuant to my agreement with that financial institution.

7.11. Repayment Assistance. If I am unable to repay my loan in accordance with the terms of the Note, I may request repayment assistance options. I understand that any such repayment assistance will be at the Lender's discretion. **I understand that this is not a federal student loan and accordingly, this loan is not eligible for any federal student loan repayment options.**

Once the Repayment Period begins, I may be eligible for up to 3 years of in-school deferment on my loan while I attend School on at least a half-time basis. I understand that the maximum 3 years of in-school deferment applies regardless of the number of NC Student Assist Education Loans that I borrow. **DURING THIS DEFERMENT, I WILL BE RESPONSIBLE FOR INTEREST THAT ACCRUES.** Any accrued, unpaid interest that is outstanding at the end of a deferment period will become Capitalized Interest and significantly increase the cost of my loan. I understand that this in-school deferment option is available only to the borrower of the loan under the Note.

I agree that if I am eligible, I may request increments of 3 consecutive months of forbearance of payments, up to a maximum period of 12 months of forbearance, on the loan made under the Note. **DURING THIS FORBEARANCE, I WILL BE RESPONSIBLE FOR INTEREST THAT ACCRUES.** Any accrued, unpaid interest that is outstanding at the end of a forbearance period will become Capitalized Interest and significantly increase the cost of my loan. I agree that I can and should learn about the limited benefits and consequences of receiving forbearance by visiting the following website: [www.NCAssist.org](http://www.NCAssist.org).

## **SECTION 8 – CREDIT REPORTING**

8.1. Requesting Consumer Credit Report. I understand and agree that the Lender may request my consumer credit report from one or more consumer reporting agencies to evaluate my application and any time before I repay my loan in full. At any time, I may ask if the Lender requested a consumer credit report and the Lender will provide the name and address of the consumer reporting agency that provided it.

8.2. Reporting. I authorize the Lender to report information about my loan to consumer reporting agencies, such as late payments, missed payments or other delinquencies and defaults on my loan that may reflect in my credit report. I understand that the Lender will report both positive and negative payment history.

8.3. Credit Reporting Disputes. I understand that if I believe you have reported inaccurate information about my loan to a consumer reporting agency, I can visit [www.NCAssist.org](http://www.NCAssist.org) to learn about the procedures to alert you.

## SECTION 9 – DEFAULT & COLLECTION COSTS

9.1. Default. I will be in default, and you, the Lender, shall, at your sole discretion, have the right to declare the entire Loan Amount, accrued, unpaid interest, Capitalized Interest and all other amounts that I owe under the Note at once due and payable without further notice to me, if:

- (a) I fail to make my monthly payment for 180 days or more; or
- (b) I fail to provide a notice required in SECTION 10.1 on time; or
- (c) I make an assignment for the benefit of my creditors, or have voluntary or involuntary bankruptcy proceedings initiated by or against me; or
- (d) I make any false written statement in applying for this loan, or at any time before or during the Repayment Period; or
- (e) I am in default on any other loans that I already have with you, or on any other loans I may have with you in the future; or
- (f) I break any of my other promises in the Note.

9.2. Delay in Enforcement. I agree that the Lender's failure or delay to exercise this right to declare the Note in default shall not constitute a waiver of the right to exercise the same at any later time.

9.3. Contact References. I understand and agree that you may contact the references listed on my application for this loan or any other references provided by me in the event I do not make my payments as required and may discuss the details of this loan with them.

9.4. Collection Costs and Attorney's Fees. In the event of a default under the Note, I agree to pay all reasonable costs of collection, including without limitation attorney's fees and court costs, that are permitted by law and are necessary for the collection of any amount not paid when due. I understand that under § 6-21.2 of the North Carolina General Statutes, if the services of an attorney are necessary for you to enforce the Note, I will pay reasonable attorney's fees of 15% of the outstanding balance owing on the Note, even if the Lender or a subsequent holder utilizes the services of the North Carolina Attorney General's office.

9.5. Waiver of Statute of Limitations. I expressly waive the right to assert the statute of limitations as a defense in any civil action, suit or other proceeding for the collection or recovery of any amount due under the Note.

## **SECTION 10 – NOTICES**

10.1. Notices I need to provide. I will notify the Lender of a change in my name, mailing address, email address or telephone number within fifteen (15) days of such change.

10.2. Notices provided to me. Any notice required to be given to me will be effective when mailed by first-class mail to the latest address you have for me, or when posted to my online account. For any notice posted to my online account, you will notify me of such posting via email to the latest email address you have for me.

## SECTION 11 - ADDITIONAL AGREEMENTS

11.1. Governing Law. I understand that College Foundation, Inc. is a nonprofit corporation organized under the laws of the State of North Carolina and its only office is located in Raleigh, North Carolina. I further understand that this loan is authorized and funded by the State Education Assistance Authority, an agency of the State of North Carolina. I agree that the Note is entered into in North Carolina; accordingly, the provisions of the Note will be governed by and construed in accordance with the laws of the State of North Carolina and any applicable federal laws, without regard to conflict of law rules. Any other laws are inapplicable to the enforceability of the Note.

11.2. State Specific Disclosures. I understand that these disclosures do not disclaim, negate, or provide evidence to the contrary concerning the law governing the Note, as set forth in SECTION 11.1 above. For the purpose of this SECTION 11.2 only, “you” and “your” refer to the borrower and cosigner, as applicable.

(a) **California**: A married applicant may apply for a separate loan. A negative credit report reflecting on your credit may be submitted to a credit reporting agency if you fail to fulfill the terms of the Note.

(b) **Iowa and Kansas**: NOTICE TO CONSUMER: a) Do not sign this agreement before you read it; b) you are entitled to a copy of this agreement; c) you may prepay the unpaid balance at any time without penalty and may be entitled to receive a refund of unearned finance charges in accordance with law.

(c) **Missouri**: 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 debts, are not enforceable. To protect borrowers and creditors from misunderstanding or disappointment, any agreements we reach covering such matters are contained in writing, which is the complete and exclusive statement of the agreement between us, except as we may later agree in writing to modify it.

(d) **New York, Rhode Island, and Vermont**: A consumer credit report may be ordered on you in connection with your application for credit. If you ask, we will tell you whether or not one was ordered and if one was the name and address of the consumer credit reporting agency that provided it. Subsequent consumer credit reports may be requested or used in connection with an update, renewal, or extension of the credit applied for without further notice to you.

(e) **Ohio**: The Ohio laws against discrimination require that all creditors make credit equally available to all credit-worthy customers and that consumer credit reporting agencies maintain separate credit histories on each individual upon request.

(f) **Texas**: 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 of the parties. There are no unwritten oral agreements between the parties.

(g) **Wisconsin**: If you are a married Wisconsin resident, your signature confirms that this loan obligation is being incurred in the interest of your marriage or family.

11.3. Modification. A provision of the Note may only be modified if jointly agreed upon in writing by you and me. No modification will affect the validity or enforceability of the remainder of the Note.

11.4. Severability. If any provision of the Note is held to be illegal, invalid or unenforceable, such provision shall be fully severable, and the remaining provisions of the Note shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision.

11.5. Assignment. If the Note is assigned, the assignee will become the owner of the Note and as my creditor will have all the rights of the Lender to enforce the Note against me. The Lender may sell, transfer, or assign the Note without notice to me, and my rights and obligations under the Note will continue unchanged. I authorize the release of the Note, accompanying application and disclosures, and records related to this loan to any subsequent holder(s) of the Note. I may not assign, otherwise transfer my rights under the Note to anyone else.

11.6. Agents. I authorize the release of the Note, accompanying application and disclosures, and records related to this loan to agents of the Lender.

11.7. Waiver. I have waived presentment for payment, demand, protest, notice of protest, dishonor, suretyship, and all other notices or demands in connection with the delivery, acceptance, performance, default or enforcement of the Note. The Lender can accept late payments, partial payments, or check and money orders marked "payment in full" or with any other restrictive endorsement without losing any rights under the Note.

11.8. Correction of Errors. I agree to cooperate fully with any adjustments to all typographical or clerical errors discovered in any or all of the loan documents including the application, Note, and related disclosures. In the event that the Lender discovers any errors of this nature, I understand that I will be notified and will receive a corrected copy of the applicable document.

## **CERTIFICATIONS & SIGNATURES**

I certify that I have read and understand the materials explaining the NC Student Assist Education Loan Program that have been made available or otherwise provided to me. I have read, understand and agree to the provisions of the program including my responsibilities and my rights under this program.

I certify that the information I provided on the application is true, correct and complete to the best of my knowledge and belief and made in good faith.

I certify that I have read, understand and agree to the provisions of the Note.

I certify that my agreements and certifications to the terms of the Note are true, correct and complete to the best of my knowledge and belief and made in good faith.

I understand that the Lender and its agents are relying on this certification.

I further understand that if any information provided herein is willfully false, I am subject to civil and criminal punishment.

I agree that by submitting my application and agreeing to the terms of the Note electronically, and clicking "E-sign" or its equivalent such as "I accept", "I agree", "I certify" or "I approve", such e-signature indicates my intent to sign the applicable documents, will be deemed my original signature and will constitute delivery of such.