

NURSE FACULTY LOAN PROGRAM (NFLP) PROMISSORY NOTE

I, _____ (Borrower Name) (hereinafter "the Borrower"), promise to pay to **Cleveland State University** (Name of School) (hereinafter "the school") located at **2121 Euclid Ave, Cleveland, OH, 44115-2214**, the sum of such loan amount(s) as may be advanced to me and endorsed in the Schedule of Advances below, with interest at the rate of three (3) percent per annum or the prevailing market rate, together with all attorney's fees, collection agent costs, and other related costs and charges for the collection of any amount not paid when in default according to the terms of this Promissory Note, (hereinafter "the Note").

SCHEDULE OF ADVANCES				
This Note represents the total of combined NFLP loans, as identified below.				
Number	Amount of Loan Advanced to Borrower	Total of Loan(s) Advanced to Date	Date	Signature of Borrower
1				
2				
3				
4				
5				

The Borrower and the school further understand and agree that:

The school must determine that an NFLP loan applicant is eligible before making the loan. To be eligible to receive an NFLP loan, a borrower must: (1) be a U.S. citizen or national of the U.S, or a lawful permanent resident of the U.S. and its territories, (2) be enrolled full-time or part-time in an eligible program at the time the NFLP loan is established and must complete the education component(s) to prepare qualified nurse faculty, (3) be in good academic standing in an advanced nurse education program at the school, and (4) have no judgment liens entered against him/her based on the default on a Federal debt, 28 U.S.C. 3201(e). The borrower should maintain full time or part-time enrollment status for a minimum of 2 terms/semesters during an academic year while receiving the NFLP loan.

Loan Support: The school will make NFLP loans to eligible students for the cost of tuition, fees, books, lab expenses, and other reasonable education expenses. An NFLP loan may not exceed \$35,500 per student for the fiscal years 2010 and 2011 (and such amounts shall be adjusted to provide for a cost-of-attendance increase for the yearly loan rate and the aggregate loan) and not to exceed 5 years per student.

Cancellation Provision: The NFLP is a loan cancellation program with a service obligation for recipients of the loans. To be eligible for the maximum 85 percent cancellation, the Borrower must agree to serve as full-time nurse faculty at an accredited school of nursing for a consecutive four-year period following graduation from the program. Following graduation, the Borrower must submit certification of employment within a reasonable timeframe to be determined by the school. NFLP borrowers are limited to a 12-month timeframe to establish employment as full time nurse faculty at an accredited school of nursing following graduation from the program. If employment verification is not submitted within the 12-month period, the borrower will **NOT** be eligible for the loan cancellation provision.

1. **Cancellation:** To receive loan cancellation, the Borrower must be employed full-time as nurse faculty at an accredited school of nursing for a complete year, as is defined by the employing school of nursing or 12 consecutive months. The school will cancel an amount up to 85 percent of the loan (plus interest) as follows:

- A. Upon completion by the Borrower of each of the first, second and third year of full-time employment as a faculty member in an accredited school of nursing, the school will cancel **20 percent** of the principal of, and the interest on, the amount of the unpaid loan on the first day of employment.
- B. Upon completion by the individual of the fourth year of full-time employment as a faculty member in an accredited school of nursing, the school will cancel **25 percent** of the principal of, and the interest on, the amount of the unpaid loan on the first day of employment.

To receive loan cancellation, the Borrower must submit the **Request for Partial Cancellation of Loan** form to the lending school at the end of each complete year of full-time employment as faculty at a school of nursing.

2. **Postponement:** The beginning of the Borrower's repayment period may be postponed only if the Borrower is employed full-time as nurse faculty at an accredited school of nursing and will request loan cancellation at the end of each complete year of this employment. To receive postponement of the repayment period, the Borrower must submit a **Request for Postponement of Installment Payment** form to the lending school 30 days before the end of the 9-month grace period, and annually thereafter. Subsequent requests for postponement must be filed 30 days before the expiration date of the initial request for postponement for each year of employment. If the Borrower ceases to be employed full-time as nurse faculty prior to completion of a year, the postponement ends and the repayment period begins immediately.

EXHIBIT A continued

3. **Grace Period:** The grace period begins immediately following completion of the program or voluntary termination as a student for a period of nine (9) consecutive months. During the grace period repayment of the loan is NOT required.
4. **Repayment Period:** The NFLP loan is repayable in equal or graduated periodic installments (with the right of the Borrower to accelerate repayment) over a 10-year period that begins 9 months after the Borrower completes the program, ceases to be enrolled as a student in the advanced nurse education program, or ceases to be employed as full-time nurse faculty.
5. **Interest:** The NFLP loan will bear interest on the unpaid balance of the loan at: **(a) the rate of 3 percent per annum** beginning 3 months after the Borrower graduates from the program, or **(b) bear interest on the unpaid balance of the loan at the prevailing market rate** if the Borrower fails to complete the advanced nurse education program or when the Borrower fails to establish employment as full-time nurse faculty at an accredited school of nursing. Borrowers employed as full-time nurse faculty at a school of nursing for a consecutive four-year period will bear interest at the rate of 3 percent for the four year period and the remaining six years of the "repayment period". If the borrower ceases full-time employment as nurse faculty at a school of nursing, the NFLP loan will bear interest at the prevailing market rate.
6. **Prepayment:** The Borrower may, at his or her option and without penalty, prepay all or any part of the principal and accrued interest on the loan at any time.
7. **Acceleration:** If the Borrower fails to make a scheduled repayment or fails to comply with any other term of this Promissory Note, the entire unpaid balance of the loan, including interest due and accrued and any applicable penalty charges, will, at the option of the school, become immediately due and payable.
8. **Deferment:** NFLP borrowers are eligible for deferment for up to 3 years, (1) when the borrower is ordered to active duty as a member of a uniformed service of the United States (Army, Navy, Marine Corps, Air Force, Coast Guard, the National Oceanic and Atmospheric Administration Corps, or the U.S. Public Health Service Commissioned Corps); a borrower who voluntarily joins a uniformed service is NOT eligible for deferment, nor is a borrower who is employed by one of the uniformed services in a civilian capacity, or (2) when the borrower that graduates and is employed, and decides to return to a graduate nursing education program to pursue a doctoral degree to further their preparation as nurse faculty. During periods of deferment, interest on the loan continues to accrue at the prevailing market rate but is not required to be paid during this period. During the period of deferment, the borrower may repay the interest if they wish but is not required to do so.
9. **Death and Disability:** In the event of the Borrower's total and permanent disability or death, the school will cancel any remaining payments on the Note.
10. **Forbearance:** The school may, in its discretion, place the Borrower's NFLP loan in forbearance whenever extraordinary circumstances such as poor health or hardship temporarily affect the Borrower's ability to make scheduled loan repayments. During periods of forbearance, interest continues to accrue on the unpaid principal balance of the loan.
11. **Default:** If an NFLP borrower defaults on the loan, the school must immediately stop the disbursement of the NFLP loan and begin collection on the loan. Default will occur in the following situations: failure to complete the advanced nurse education program; loss of the status as a student in good standing, as used by the School for the advanced nurse training program; failure to become or maintain employment as a full-time faculty member at an accredited school of nursing ("full-time" has the meaning used by the employing school of nursing for its faculty); failure to provide certification of employment; failure to make payments as required by the NFLP borrower's Promissory Note and repayment agreement; or if the Borrower fails to make an installment payment when due or fails to comply with any other term of this Promissory Note.
12. **Exit Interview:** The Borrower agrees to attend an exit interview prior to completing or terminating student status at the school.
13. **Credit Bureaus:** The school may disclose any delinquency or default on the Borrower's loan to credit bureaus.
14. **Collection Agents, Litigation, and Withholding of Services:** If the Borrower fails to make a scheduled repayment, or fails to comply with any other term of the Note, the school may:
 - a) refer the Borrower's loan to a collection agent; b) initiate legal proceedings against the Borrower; c) withhold school services from the Borrower, such as transcripts and letters of recommendation; d) refer the Borrower's loan to the Secretary for collection assistance, including offset of Federal salaries; and e) pursue judicial remedies.
15. **General:** The Borrower will promptly inform the school of any change in name or address.
16. **Disclosure:** The school will provide to the Borrower a disclosure statement regarding the financial charges on the NFLP loans (i.e., State of Rights and Responsibilities, Truth-in-Lending). Schools that do not require signature of disclosure statements are urged to consult with institutional legal counsel to determine what is appropriate to the school's particular situation.

The terms of this Note shall be construed according to Section 846A of the Public Health Service Act, authorizing the Nurse Faculty Loan Program.

I **CERTIFY** and **ACKNOWLEDGE** that the above information is true and correct, and I have read and understand the provisions of the Note and my rights and responsibilities regarding the NFLP loan made under the Note.

(Printed Name of Borrower)

(Signature of Borrower)

(Date)

WARNING: Any person who knowingly makes a false statement or misrepresentation to obtain funds from the Federal Government is subject to penalties that include fines and imprisonment under Federal statute.

Nurse Faculty Loan Program
Statement of Borrower's Rights and Responsibilities

1. I understand that I must, without exception, report any of the following changes to lending school if:
 - a. I withdraw as full-time nurse faculty from the school of nursing
 - b. I transfer my employment as full-time nurse faculty to another accredited school of nursing
 - c. I should be called to ACTIVE military service
 - d. I change my address
 - e. I change my name (for example, because of marriage)
2. I understand that when I graduate or withdraw from the lending school, I must be available for the school to conduct an exit interview.
3. I understand that the NFLP service obligation requires me to be employed as full-time nurse faculty in an accredited school of nursing. In return, I will receive cancellation of up to 85% of my unpaid loan balance (including interest)
4.) and postponement of installment payments of my NFLP loan.
5. I understand that my first installment payment will be due 9 months after I, 1) graduate and do not establish full-time employment as nurse faculty; or 2) cease to be enrolled as a student.
6. I understand that if I terminate my employment as full-time nurse faculty at a school of nursing, repayment of the NFLP loan must begin after the 9-month grace period.
7. I understand that:
 - a. an annual percentage rate of 3 percent will be charged on the unpaid loan balance that will begin to accrue 3 months after I graduate from the advanced education nursing program
 - b. during the period of time that I am employed as full-time nurse faculty at a school of nursing, the unpaid loan balance will bear interest at 3 percent per annum
 - c. following graduation from the program and after the 9-month grace period, if I fail to establish full-time employment as nurse faculty the unpaid loan balance will bear interest at the prevailing market rate
 - d. if I cease to be employed full-time or terminate employment as nurse faculty at an accredited school of nursing, the unpaid loan balance will bear interest at the prevailing market rate
 - e. the cancellation provision is NOT available if I do not establish employment within 12 months following graduation from the program
8. I understand that cancellation of any remaining payment of the NFLP loan may be granted for death or permanent and total disability. I also understand that I must inform the lending school of my disability and provide documentation.
9. I understand that I am eligible for deferment for up to 3 years, (1) if I am ordered to active duty as a member of a uniformed service of the United States (Army, Navy, Marine Corps, Air Force, Coast Guard, the National Oceanic and Atmospheric Administration Corps, or the U.S. Public Health Service Commissioned Corps); if I voluntarily join a uniformed service, I am NOT eligible for deferment, nor if I am employed by one of the uniformed services in a civilian capacity, or (2) if I graduate and am employed, and decide to return to a graduate nursing education program to pursue a doctoral degree to further my preparation as nurse faculty. During periods of deferment, interest on the loan continues to accrue at the prevailing market rate but is not required to be paid during this period. During the period of deferment, the borrower may repay the interest if they wish but is not required to do so.

EXHIBIT B continued

- 10. I understand that the lending school may, based on its discretion, place my NFLP loan in forbearance when extraordinary circumstances such as poor health or hardships temporarily affect my ability to make scheduled loan repayments.
- 11. I understand that if I fail to repay my loan as agreed in the NFLP Promissory Note, the total loan may become due and payable immediately and legal action could be taken against me.
- 12. I understand that I must promptly answer any communication from the lending school regarding my NFLP loan.
- 13. I authorize the lending school to contact any school of nursing in which I may be employed, to obtain information concerning my employment status, my period of employment or termination, my transfer to another school of nursing, or my current address.
- 14. I authorize the lending school to report any delinquency or default on this loan to credit bureaus.

ANNUAL PERCENTAGE RATE	AMOUNT of LOAN	PREPAYMENT
The annual percentage rate on the NFLP loan: <u>3 percent or the Prevailing Market Rate</u> – As determined by the borrower status.	The amount of NFLP loan(s) made to you. \$ _____	If you pay off early, you will not have to pay a penalty. See the Promissory Note for any additional information about nonpayment, default, and any required repayment in full before the schedule date.

I understand I have a right to request an itemization of the loan amount(s) awarded. I do ___/do not ___ request an itemization.

I have received a copy of this statement.

(Signature of Student)

(Student I.D. Number)

(Date)