

**PENNSYLVANIA NATIONAL GUARD
EDUCATIONAL ASSISTANCE PROGRAM (EAP)
MASTER PROMISSORY NOTE**

(NOTE: Read carefully, provide all information
requested on pages 1 and 6, and sign on page 8.)

Name: _____
(Please Print)

Address: _____

SS#: _____

The application process for scholarship grant aid under the Pennsylvania National Guard Educational Assistance Program (hereafter referred to as the "Program"), established by the Act of June 19, 1996 (effective July 1, 1996), requires your completion of this Master Promissory Note (hereafter referred to as the "Promissory Note"). This Promissory Note, upon your signature hereof, becomes a legally binding agreement wherein you agree to fully repay any scholarship grant monies disbursed to you plus interest, collection costs, and attorneys' fees in the event that you fail to meet the Pennsylvania National Guard Educational Assistance Program requirements.

Prior to signing, carefully read the language of this Promissory Note. Eligibility for scholarship grant aid under the Pennsylvania National Guard Educational Assistance Program is contingent upon your compliance with all eligibility requirements and execution of this Promissory Note. **Complete this Promissory Note with the required information, sign, and submit it to your unit commander's office along with your Educational Assistance Program application. Your application will not be processed if it is not accompanied by this Promissory Note.**

IN ACCEPTING EDUCATIONAL ASSISTANCE PROGRAM FUNDING, YOU UNDERSTAND AND AGREE TO THE FOLLOWING TERMS AND CONDITIONS:

SECTION I: DEFINITIONS

- A. "Disclosure Statement" means a document provided by PHEAA to the applicant for scholarship grant aid that establishes the principal amount of the scholarship grant aid disbursed under the Program to the applicant during the scholarship grant term.

- B. “Loan” means your obligation to repay PHEAA the principal balance of scholarship grant aid, disbursed and received by you under the Program, in addition to interest, collection costs, legal and attorneys’ fees, arising from your failure to meet the Program requirements set forth in Section II.
- C. “PHEAA” means the Pennsylvania Higher Education Assistance Agency, an Agency of and on behalf of the Commonwealth of Pennsylvania.
- D. “Program” means the Pennsylvania National Guard Educational Assistance Program.
- E. “Term” means the academic term for which the scholarship grant aid is awarded.
- F. “You,” “Your,” “I,” all mean the undersigned individual applying for scholarship aid under the Pennsylvania National Guard Educational Assistance Program regardless of whether or not the individual is determined eligible for scholarship aid by the Pennsylvania Higher Education Assistance Agency.

SECTION II: REQUIREMENTS OF APPLICANT

In consideration of the Program’s disbursement and your receipt of scholarship grant aid through the Program, you hereby agree to:

- A. An obligation to serve in the Pennsylvania National Guard for a period of six (6) years from the date of entry into the Program by enlistment, reenlistment, extension of enlistment or execution of a service commitment.

SECTION III: TERMS OF REPAYMENT

In the event that you are required to repay your Pennsylvania National Guard Educational Assistance Program Grant(s) (hereinafter referred to as “Grants”), because you failed to fulfill the service commitment agreement you signed with the Pennsylvania National Guard, you hereby agree to:

- A. **REPAYMENT:** (i) You shall enter repayment status on the first day of the first calendar month after the Pennsylvania National Guard notifies the Pennsylvania Higher Education Assistance Agency that you have failed to fulfill the service commitment agreement to serve in the Pennsylvania National Guard for a period of six years from the date of entry into the Pennsylvania National Guard by enlistment, reenlistment, extension of enlistment, or execution of a service commitment. (ii) You shall make payments to PHEAA which cover interest at the rate set forth herein at Section III – Paragraph B, principal, attorneys’ fees, collection costs and court costs, if applicable, according to the schedule established by PHEAA, which calls for complete repayment within ten (10) years after you enter repayment status (except as provided in Section III – Paragraph D), and which amounts annually to no less than \$1,200 or the unpaid balance, whichever is less, unless your inability to pay this amount because of your financial condition has been established to PHEAA’s satisfaction. (iii) PHEAA shall notify you of the exact principal amount of Program Grant aid in a separate Disclosure Statement for Program Grant aid and PHEAA shall provide you a written copy of a repayment schedule of the loan. PHEAA will not require loan repayment amounting to more than \$1,200 annually unless higher payments are needed to complete the entire repayment within the ten-year period. PHEAA may require a repayment period of less than ten (10) years to ensure payment of at least \$1,200 per year or the outstanding balance, whichever is less. The terms and conditions of repayment shall be set forth in the repayment schedule which PHEAA will establish and provide to you at the time you enter repayment status. (iv) You shall continue the repayment schedule until completion. However, if you feel you may be covered by any items listed in Section III – Paragraph D below, you may submit to PHEAA, in writing, documentation which is satisfactory to PHEAA, which substantiates your coverage by any of those items listed in Section III – Paragraph D below.
- B. **INTEREST:** The interest charge accrues from the date you fail to fulfill your service commitment agreement with the Pennsylvania National Guard. The annual interest rate shall be fixed at 7 percent.
- C. **PREPAYMENT:** You may at your option and without penalty, prepay all or any part of the principal and/or accrued interest of this loan at any time.
- D. **DEFERMENT:** PHEAA may defer your duty to repay principal and interest under the terms of this Promissory Note if written proof acceptable to PHEAA is submitted by you to evidence that you are: (i) engaging in a full-time course of study at an institution of higher education, as defined in Section 1201(a) of the

Higher Education Act (hereinafter "HEA") (20 U.S.C. §1071 *et seq.*); (ii) serving on active duty as a member of the armed services of the United States; or serving as a member of VISTA or the peace corps, for a period not in excess of three years; (iii) temporarily totally disabled, for a period not to exceed three years, as established by sworn affidavit of a qualified physician; (iv) unable to secure employment for a period not to exceed twelve months by reason of the care required by a disabled spouse, child, or parent; or (v) seeking and unable to find full-time employment for a single period not to exceed twelve months. During the time you qualify for many of the exceptions described herein, you need not make the loan repayment described in Section III – Paragraph A, so long as you have received written notification from PHEAA which verifies that you so qualify. Interest does accrue during the deferment period and you acknowledge that you understand that interest, which accrues during this period, will be capitalized when the deferment period ends. PHEAA shall extend the ten-year scholarship repayment period described in Section III – Paragraph A by a period equal to the length of time you meet any of the conditions herein. You are required to notify PHEAA promptly, in writing, as soon as the condition for which deferment was granted no longer exists.

- E. **LATE FEES:** If you are delinquent in making payments when due, you agree to pay a late charge of \$5.00 or 5 percent of the payment due, whichever is less, for any payment not received by PHEAA within ten (10) days after it is due.
- F. **DEFAULT:** This Promissory Note may be declared in default at any time if it is determined that you have failed to make an installment payment when due, provided that your failure persists for 120 days, or if you have failed to meet other terms of the Promissory Note under circumstances leading PHEAA reasonably to conclude that you no longer intend to honor the obligation to repay. Upon your default, the full amount of this Promissory Note shall be immediately due and payable to PHEAA. PHEAA may report your failure to pay the loan to one or more credit bureau organizations. If you fail to repay the loan evidenced by this Promissory Note, PHEAA may institute legal action to require you to repay the loan.
- G. **COLLECTION CHARGES:** If this Promissory Note is declared in default, you agree to pay reasonable collection costs incurred by PHEAA in attempting to collect any overdue amount. These costs may include attorneys' fees, court costs, and the costs of telegrams, long-distance telephone call, and facsimile transmissions.
- H. **ADMINISTRATIVE LOAN COLLECTION PROCESS:** You hereby agree that should you default for non-payment of your loan, PHEAA may utilize its

administrative loan collection process as established in 24 P.S. §5104.3 in the collection of your loan. This process may result in the garnishment of your disposable wages.

- I. VENUE: You hereby agree that venue for all legal action in which the Agency is a party shall be proper in the Commonwealth of Pennsylvania, Dauphin County, pursuant to 24 P.S. §5105.9.
- J. CANCELLATION: The obligation to repay the loan evidenced by this Promissory Note shall be cancelled: (i) upon submission to PHEAA of documentation of your death; and (ii) upon notification by the Pennsylvania National Guard that your failure to fulfill the six-year service obligation was the result of your discharge because of your disability incurred in the line of duty, or discharge because of a medical determination that you were medically unfit for duty and the medical condition was outside your control, and not due to your misconduct; or your discharge or release was because of other compelling circumstances outside your control.
- K. AGE: You hereby agree that if you are less than the age of majority in Pennsylvania, eighteen (18) years of age, that this Promissory Note is a binding legal document that may not be invalidated through any defenses arising from age including but not limited to the defense of infancy. If you are less than the age of majority when executing this document you must also have your parent or legal guardian sign this Promissory Note in the capacity of a co-maker of the note.
- L. CHANGE TO NAME, ADDRESS, DEFERMENT STATUS, ETC.: You hereby agree to update, supplement and provide PHEAA with the most current information concerning any change in information supplied on your application for scholarship grant aid including but not limited to name, address, phone number, and deferment status. This obligation shall continue through both the required eligibility period for the scholarship grant aid and the repayment period of the loan.
- M. CHOICE OF LAW: This Promissory Note shall be construed according to laws of the Commonwealth of Pennsylvania. The Promissory Note's terms and conditions shall be interpreted in accordance with the applicable State statutes and regulations regarding the National Guard Educational Assistance Program. PHEAA will make copies of the applicable laws and regulations available for you to inspect upon your request.

SECTION IV: REFERENCES

Please provide two separate references with different U.S. addresses. References may be contacted by PHEAA in the future for the purpose of obtaining your current valid address or telephone number. Both references must be completed in full:

Reference 1:

Name: _____
Street Address: _____

City _____
State/Zip Code: _____
Telephone Number: (____) _____
Area Code

Reference 2:

Name: _____
Street Address: _____

City _____
State/Zip Code: _____
Telephone Number: (____) _____
Area Code

SECTION V: EMPLOYMENT

Enter place of employment, address, telephone number, and name of immediate supervisor. If unemployed, enter N/A.

Name of Employer: _____
Name of Supervisor: _____
Employer Address: _____
City: _____
State/Zip Code: _____
Telephone Number (____) _____
Area Code

SECTION VI: CERTIFICATION

I certify that I currently meet and shall continue to meet the requirements of the Program as set forth in Section II herein above. I certify that by affixing my signature to this Promissory Note that all of the information contained on the application for scholarship grant aid was truthful and accurate. I fully understand obtaining or procuring scholarship grant aid through PHEAA through false pretenses, knowingly and with intent to defraud, is punishable upon conviction as a felony carrying a fine not to exceed five thousand dollars (\$5,000.00), imprisonment for a period not to exceed five (5) years or both. 24 P.S. §5158.1.

I PROMISE TO PAY. I, the undersigned for value received, understand and agree that upon my failure to satisfy the Program requirements including but not limited to my failure to fulfill a service commitment agreement which I have entered into with the Pennsylvania National Guard, I am obligated and promise to pay to the order of PHEAA or subsequent holders, the principal sum, equal to the amount of all scholarship grant aid received under the Program as established in the Disclosure Statement for Program scholarship grant aid, plus an amount equivalent to simple interest at the rate set forth in Section III – Paragraph B.

If I fail to pay any of these amounts when they are due, I will also pay all charges and other costs, including reasonable collection costs, attorneys' fees and court costs, if applicable, and any and all charges which may become due as provided in the Promissory Note.

I UNDERSTAND THAT THIS IS A PROMISSORY NOTE. I WILL NOT SIGN THE PROMISSORY NOTE BEFORE COMPLETELY READING EACH AND EVERY PAGE OF THE PROMISSORY NOTE. By signing the Promissory Note, I hereby acknowledge that I have read all pages of this Master Promissory Note, including all the disclosures, and I have raised any questions if not understood. I understand that this is a multi-year Promissory Note, and applies to multiple Grants which may be awarded to me in future academic years as well as the present academic year. I understand that by accepting any Grants awarded at any time under this Promissory Note, I accept the obligation to repay the Grant(s), with the interest and fees set forth in this Promissory Note if I fail to fulfill my service commitment agreement with the Pennsylvania National Guard. **I ACKNOWLEDGE THAT I HAVE RECEIVED AN EXACT COPY OF THE PROMISSORY NOTE. MY SIGNATURE CERTIFIES THAT I HAVE READ, UNDERSTOOD, AND AGREED TO THE REQUIREMENTS AND CONDITIONS SET FORTH IN THE PROMISSORY**

Applicant Name

**NOTE INCLUDING THE CERTIFICATION CONTAINED IN SECTION VI.
COPIES OF MY SIGNATURE CARRY THE SAME WEIGHT AS THE
ORIGINAL.**

WARNING:

The penalty for submission of fraudulent information concerning your eligibility and receipt of scholarship grant aid under the Program may be the repayment of triple any amount of money received plus a fine and/or imprisonment. 24 P.S. §5104(9).

SIGN HERE:

Applicant Signature

Date (Month/Day/Year)

Social Security Number of Applicant

Parent or Legal Guardian Signature

Date (Month/Day/Year)

(Required only if the applicant is less than eighteen years of age)

Social Security Number of Co-Maker