

COMMONWEALTH OF KENTUCKY
FRANKLIN CIRCUIT COURT
DIVISION II
CIVIL ACTION NO. 15-C-799

FILED
JUL 13 2015
FRANKLIN CIRCUIT COURT
SALLY JUMP, CLERK

COMMONWEALTH OF KENTUCKY, EX. REL.
JACK CONWAY, ATTORNEY GENERAL
Office of Consumer Protection
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601

PETITIONER
ENTERED
JUL 13 2015
FRANKLIN CIRCUIT COURT
SALLY JUMP, CLERK

V.

ASSURANCE OF VOLUNTARY COMPLIANCE
MID-CONTINENT UNIVERSITY

RESPONDENT

* * * * *

Pursuant to Kentucky Revised Statute ("KRS") 367.230, this Assurance of Voluntary Compliance is provided to the Commonwealth of Kentucky, ex. rel. Jack Conway, Attorney General, by MID-CONTINENT UNIVERSITY.

I.
PARTIES

1. The Petitioner is the duly elected Attorney General of the Commonwealth of Kentucky and is responsible for enforcement and administration of Kentucky law, including the consumer protection laws set forth in KRS Chapter 367. The Petitioner is sometimes referred to herein as "Petitioner" or "Attorney General".

2. Respondent, Mid-Continent University ("MCU"), was a non-profit university with its principal place of business in Mayfield, Kentucky. Beginning in January 1949, MCU offered and provided services as a post-secondary education institution in the Commonwealth of Kentucky. MCU ceased operating as a university on June 30, 2014 but represents that it continues operation to the extent necessary to respond to student concerns, respond to regulatory

agencies, and administer loans and with the intent to resume instruction in biblical studies in the future consistent with all applicable state and federal law.

**II.
JURISDICTION AND VENUE**

3. This Court has jurisdiction over the parties and the subject matter of this Assurance of Voluntary Compliance (“AVC”) pursuant to KRS 367.230.

**III.
SUPPORTING STATEMENTS**

4. Paragraphs 1 through 3 are hereby restated and incorporated by reference.

5. Petitioner alleges that MCU, during the regular course of business, failed to provide correct and complete information to students about the financial aid available to them and offered and entered into loans with students in a manner that Petitioner alleges violated Kentucky law.

6. MCU has cooperated in the course of the investigation of the Office of Attorney General and has agreed to this AVC to resolve the allegations and concerns of the Office of Attorney General without conceding or agreeing that it violated Kentucky or any other state or federal law. This AVC resolves only Petitioner’s allegations of MCU’s violations of the consumer protection laws set forth in KRS Chapter 367.

A. STATUTES AND REGULATIONS

7. KRS 367.170(1) states that “[u]nfair, false, misleading, or deceptive acts or practices in the conduct of any trade or commerce are hereby declared unlawful.”

8. KRS 367.200 states:

The court may make such additional orders or judgments as may be necessary to restore to any person in interest any moneys or property, real or personal, which may have been paid out as a result of any practice declared to be unlawful by KRS 367.130 to 367.300, including the appointment of a receiver or the revocation

of a license or certificate authorizing any person to engage in business in the Commonwealth, or both.

9. KRS 367.230 states:

In the administration of KRS 367.110 to 367.300, the Attorney General may accept an assurance of voluntary compliance with respect to any method, act, or practice deemed to be violative of KRS 367.110 to 367.300 from any person who has engaged or was about to engage in that method, act, or practice. This assurance shall be in writing and shall be filed with and subject to the approval of the Circuit Court in which the alleged violator resides or has his principal place of business, or the Franklin Circuit Court. An assurance of voluntary compliance shall not be considered an admission of violation for any purpose. It shall be a willful violation of KRS 367.170 if a person who enters into an assurance of voluntary compliance fails to comply. Matters thus closed may at any time be reopened by the Attorney General for further proceedings in the public interest, pursuant to KRS 367.190.

B. FINDINGS

10. The Kentucky Attorney General is charged with, among other things, the responsibility of enforcing the Consumer Protection Act, KRS 367.190.

11. MCU at all times relevant hereto has done and continues to do business in Kentucky.

12. MCU at all times relevant hereto engaged in trade and commerce within the meaning of the Consumer Protection Act in the Commonwealth of Kentucky.

13. Petitioner has alleged that MCU engaged in unfair, false, misleading or deceptive acts or practices in the conduct of trade and commerce in violation of KRS 367.170.

14. MCU denies the factual allegations and legal contentions of the Petitioner and specifically denies that it has violated Kentucky or any other state or federal law.

C. PETITIONER'S ALLEGATIONS OF VIOLATIONS

15. Petitioner alleges that in November 2010, the U.S. Department of Education ("Department of Education") initiated a program review of MCU to assess MCU's

administration of the federal programs of student financial assistance under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070 *et seq.*, hereinafter "Title IV."

16. As a result of that program review, by letter dated August 13, 2013, the Department of Education placed MCU on the heightened cash monitoring Level 2 ("HCM2") system of payment for Title IV funds. As a result, MCU did not receive any Title IV funds after August 13, 2013. The August 13, 2013 letter from the Department of Education stated: "The institution [MCU] is required under 34 C.F.R. § 668.162(e) to credit students' accounts, or otherwise use its own funds to pay students, for the amount and type of Federal aid they are eligible to receive prior to requesting reimbursement of those funds from the Department."

17. MCU extended credit to the accounts of students who had applied for and anticipated receiving Title IV aid for academic year 2013-2014, in the amounts of the federal loans and grants students expected to receive, consistent with the Department of Education requirements for HCM2, in anticipation of students receiving the Title IV funds. However, MCU could not produce documents satisfactory to the Department of Education to obtain reimbursement for the Title IV funds which it credited to the student accounts and which it believes it was eligible to receive. Petitioner alleges that MCU failed to timely disclose to students that it had extended credit to their accounts for 2013-2014 and that there was a risk that Title IV funds would not be received by MCU.

18. Petitioner alleges that on June 26, 2014, MCU mailed notices to all students who had applied for and anticipated receiving Title IV funds for academic year 2013-2014. A copy of the notice MCU mailed to students on June 26, 2014, as posted on MCU's website, is attached as Exhibit 1. In this notice, MCU informed these students that, because the Department of

Education did not approve documentation necessary for MCU to receive payment on Federal Direct Loans, Federal Pell Grants ("Pell"), and Federal Supplemental Educational Opportunity Grants ("FSEOG"), from August 13, 2013 to June 30, 2014, the students owed a balance to MCU. MCU further informed these students that it would offer them interest-free institutional loans to be repaid over a ten-year period. MCU stated in the notice that it was offering these loans instead of "exercising our legal right to require immediate payment" of students' unpaid balances. MCU further stated that payment on the loans would begin 30 days after students agreed to the terms, that there would be no further grace period, and that the loan terms would not include automatic deferment or forbearance options.

19. Petitioner alleges that the June 26, 2014 letter failed to notify students of their rights to apply for a closed school discharge of their federal student loans as permitted under federal regulations.

20. In addition, in connection with the program review, the Department assessed MCU's administration of Title IV funds for its Advantage Program, a program through which students took classes at off-site locations.

21. MCU identified several Advantage Program sites that had not been reported to the Department of Education for approval. In October 2011, MCU ceased disbursing Title IV funds to students at the affected Advantage Program sites pending approval of the sites by the Department of Education. MCU did not obtain approval for these sites until after the 2011-2012 federal student aid award year, and therefore did not receive Title IV funds for students at these sites for that award year.

22. Petitioner alleges that students at the affected Advantage Program sites had completed applications for and anticipated receiving Title IV aid and that MCU extended credit

to the students' accounts for the amount of federal loans and grants the students anticipated receiving. However, MCU did not disclose to the students that it had extended credit to their accounts and had not received the Title IV funds. Petitioner alleges that MCU failed to timely disclose to these students that they would not receive Title IV aid for 2011-2012.

23. In early 2013, MCU informed the students that it had not received Title IV eligibility for the affected Advantage Program sites and offered the students promissory notes for ten-year, interest-free loans at a 20% discount to repay the credit extended to their accounts. The institutional loans offered did not include all the provisions of the Federal Direct Loans students expected to receive, including but not limited to grace periods, deferment, forbearance, and income-based repayment options.

24. Petitioner alleges that, separate from the Advantage Program site issues that occurred during 2011-2012, MCU extended credit to at least one student who anticipated receiving a Title IV loan for the 2012-2013 award year. In this instance, MCU failed to process the loan on time and extended credit to the student's account without her knowledge. On May 24, 2013, the student entered into a promissory note with MCU to repay the amount of the institutional loan. Upon information and belief, MCU may have also failed to timely or correctly process other students' financial aid paperwork during 2012-2013 and extended credit to the students' accounts without their knowledge.

25. Petitioner alleges that MCU violated KRS 367.170 by failing to disclose to students in a timely fashion that they would not be able to receive Title IV aid to pay their costs of education at MCU, by giving students the false impression that they would receive Title IV aid, and by offering and entering into institutional loans with students to pay for their costs of attending when students had incurred those costs under the misimpression that they would be

receiving Title IV aid. The institutional loans offered by MCU did not include all the provisions of the Federal Direct Loans students expected to receive. When MCU ceased providing educational services, it did not offer the option of discharging the institutional loans to students who would have qualified for a closed school discharge of any unpaid Title IV federal loans under 34 C.F.R. § 685.214.

26. MCU contends that students are obligated to pay for the educational services they received from MCU without regard to eligibility for Title IV funds. However, MCU agrees that it will offer students who had applied and would have been eligible for Title IV aid no fewer benefits and protections than they would have received had MCU been able to establish the students' eligibility for Title IV funds to pay for their costs of attending.

IV. MISCELLANEOUS PROVISIONS

27. Nothing in this AVC shall relieve MCU of its obligation to comply with all applicable state and federal law.

28. Except as otherwise provided herein, nothing in this AVC is intended to affect any rights any consumer may have regarding any matter described herein.

29. This AVC may be enforced by the parties hereto.

30. The settlement negotiations resulting in this AVC have been undertaken by the Petitioner and MCU in good faith and for settlement purposes only.

31. If any clause, provision or section of this AVC shall, for any reason, be held illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect any other clause, provision or section of this AVC and this AVC shall be construed and enforced as if such illegal, invalid or unenforceable clause, section or other provision had not been contained herein.

32. This AVC sets forth the entire agreement between the parties. There are no representations, agreements, arrangements, or understandings, oral or written, between the parties relating to the subject matter of this AVC that are not fully expressed herein or attached hereto.

33. This AVC may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall together constitute one and the same instrument.

34. The titles and headers of this AVC are for convenience purposes only and are not intended by the parties to lend meaning to the actual provisions of the document.

**V.
GENERAL STATEMENTS**

35. MCU states that it has been advised by an attorney relating to this matter.

36. MCU, and the officers signing this AVC on behalf of MCU, state that they are under no disability, have read and knowingly consent and agree to this AVC, and that the officers signing this AVC have authority to sign and enter into this AVC on behalf of MCU. MCU acknowledges that this AVC is binding on all of its officers and employees in their official capacity, successors, parent companies, subsidiaries or assigns. MCU and those signing in their duly authorized capacity as officers on behalf of MCU represent that MCU has the authority and ability to provide the revision of loan accounts and relief required by this AVC. Further, MCU understands that it shall take the action necessary to assure that any agents, employees, and/or other person(s) acquiring or servicing the loans now and in the future shall be notified of the requirements of and comply with the terms of this AVC.

37. This AVC shall be binding and effective as of the date of its entry by the Clerk.

38. MCU does not object to the Attorney General's *ex parte* submission of this AVC to the Franklin Circuit Court for approval and agrees that the Franklin Circuit Court (the

“Court”) has jurisdiction with respect to this AVC and is the proper venue for this action. MCU expressly reserves its right to have counsel present during any on the record hearing or other on the record proceeding regarding this AVC; and to be provided with reasonable advance notice of such hearing or proceeding.

39. MCU does not object to the Franklin Circuit Court approving and signing this AVC and does not object to the AVC’s entry by the clerk of said court.

WHEREFORE, the parties being in agreement and having agreed to entry of this AVC, the requirements of KRS 367.230 having been met, and the Court being well and sufficiently advised in regard to this matter, it is hereby agreed and ordered:

A. SUMMARY OF ACTIONS TO BE TAKEN BY MCU

This AVC addresses all MCU students to whom MCU extended credit and/or who were offered institutional loans (the “Applicable Students”) for educational services they received during the 2011-2012, 2012-2013, and/or 2013-2014 award years (the “Applicable Period”) in place of anticipated federal student aid.¹ MCU will offer, among other options, institutional loans matching the terms and conditions of the Federal Direct Loan for all remaining balances of MCU students who applied for and qualified for but did not receive Federal Direct Loans for the Applicable Period.² These loans will include terms providing all the benefits and protections of the Federal Direct Loans, including but not limited to, grace periods, deferment, forbearance,

¹As stated in paragraph 24, the Petitioner has identified at least one student who anticipated the receipt of a Federal Direct Loan for 2012-2013 but did not receive it due to MCU’s error and who was offered and accepted a promissory note for an MCU institutional loan. In addition to the students who anticipated but did not receive Federal Direct Loans in 2011-2012 and 2013-2014, this and any other student who anticipated the receipt of a Federal Direct Loan during 2012-2013 and did not receive it due to MCU’s error or ineligibility will be offered a loan under the terms described in Section V.E.3 of this AVC.

²MCU represents that there is a category of students who anticipated but did not receive Pell and FSEOG funds but who did not anticipate receiving Federal Direct Loans. For these students, MCU shall credit the students’ accounts with MCU institutional grants equal to the amount of Pell and FSEOG funds the students would have been eligible to receive or the amount sufficient to clear the students’ remaining balances, whichever is less. If the amount a student would have been eligible to receive in Pell and FSEOG funds is not sufficient to clear a student’s balance, that student will not be offered an institutional loan matching the terms and conditions of the Federal Direct Loan, because the student never qualified for or anticipated a Federal Direct Loan.

and income-based and other repayment options. In addition, upon application, MCU will discharge the alleged institutional debt of students who would have qualified for a closed school discharge of the Federal Direct Loans they expected to but did not receive.

B. PROCEDURAL STEPS

In April 2015, prior to the finalization of this AVC, MCU sent letters to students who, based on its records, MCU deemed not to be Applicable Students for purposes of this AVC. These students included students who MCU determined did not anticipate the receipt of Federal Direct Loans on the basis of the student's status and not because of any ineligibility or error on the part of MCU. MCU offered these students discounted repayment options not including the option under Section V.E.3 below. The letters sent to these students included a provision that, if the student completed a Free Application for Federal Student Aid ("FAFSA") and anticipated receiving a Federal Direct Loan for the amount of the remaining balance owed to MCU, the student should check a box and return the form to MCU immediately. Upon receiving executed forms from these students, MCU may request that any such student provide a written statement to MCU that he or she anticipated a Federal Direct Loan or Loans to cover a portion or all of his or her MCU balance. Upon receiving such a written statement, MCU will offer any such student the loan described in Section V.E.3 below or, upon application, will discharge the student's loan as described in Sections V.C and V.E.3(c) below, unless MCU has documentary information contrary to such written statement. MCU will also mail the notice to Applicable Students described below to all students who execute the form indicating that they completed a FAFSA and anticipated receiving a Federal Direct Loan for the amount of the remaining balance owed to MCU. If MCU denies the loan described in Section V.E.3 below or denies a discharge application described in Sections V.C and V.E.3(c) below to any student on the basis that MCU has documentary information indicating that the student did not complete a FAFSA and did not

anticipate receiving a Federal Direct Loan, MCU will notify the student in writing and inform the student that he or she may dispute the determination pursuant to the processes described in Sections V.H and V.I below.

With respect to Applicable Students, first, MCU will mail a notice to the Applicable Students (the "Mailing") which: includes a summary of the students' rights under this AVC with a link to a website for the AVC (the "Notice"); states the balance owed; includes a worksheet (the "Worksheet") showing all charges, the Title IV funds the student expected to receive, any residual expected and/or received, and the resulting balance deemed owed to MCU, as shown in the examples in Exhibit 2 of this AVC;³ describes in detail the payment options; includes a form for students to request one of the options; includes an application for discharge of debt to MCU; and includes a copy of this AVC, which MCU shall also post on its website. An exemplar copy of the Mailing is attached as Exhibit 3. The mailing will also include loan and cash payment agreements ("Student Agreement(s)") clearly identified as to the options with which they correspond. Second, upon receiving a student's option election and executed Student Agreement, MCU promptly will confirm that the option election and the executed Student Agreement are for the same repayment option. Third, for Options A and B below, MCU will send statements to students along with a repayment schedule that is consistent with the type of repayment option selected by the student ("Request for Payment"). MCU will also promptly evaluate each application for discharge of MCU debt upon receipt of such application. As described and consistent with Section C below, MCU will grant institutional discharges to students who would qualify for the discharge of their Title IV loans under the Higher Education

³ A residual, as reflected in MCU's student account ledgers, means any amount of a student's federal aid exceeding the amount due to MCU in tuition, fees, and other authorized charges.

Act of 1965 and the Department of Education's regulations, as amended, had they received the Title IV loan funds the student anticipated.

C. CERTAIN STUDENTS ENTITLED TO DISCHARGE OF FEDERAL AND/OR INSTITUTIONAL LOANS

All students who were enrolled at MCU or on an approved leave of absence on June 30, 2014, or who withdrew from MCU 120 days or less before this date and have not completed their educational program either at MCU or at another institution through a teach-out or by transferring credits earned at MCU may apply for a discharge of their existing federal loans and of any amount owed to MCU for which the student anticipated receiving a federal loan but did not. For purposes of determining whether a student anticipated that all or a portion of his or her MCU balance would be covered by the receipt of a federal loan, MCU may request that a student provide a written statement to this effect to MCU. Upon receipt of such statement, and unless MCU has documentary information contrary to such statement, MCU will grant a discharge of all or the applicable portion of the MCU balance of any student who applies and meets the requirements for federal loan discharge. The 120 day period may be extended under exceptional circumstances related to MCU's closure. MCU shall exercise reasonable discretion to extend the 120 day period consistent with the actions of the Secretary of Education in extending that period for MCU students who qualify for discharge of their federal loans. If a student receives a discharge, the student's transcripts will include the notation that the credits earned at MCU will only be available for transfer to another institution if the loan discharge is reversed and the discharged loan(s) or balance returned to repayment status. MCU's mailings to Applicable Students will include the following notice regarding eligibility for discharge of loans which shall appear clearly and conspicuously. In addition, MCU will mail the following notice to any other students, excluding MCU graduates, who were attending MCU or were on an approved leave of

absence on June 30, 2014, or who withdrew or transferred from MCU 120 days or less before June 30, 2014.

If you have received a federal loan for attendance at the University or have a remaining MCU balance for which you anticipated receipt of a federal loan, you may be eligible for forgiveness ("discharge") of such federal loan or balance if you were attending the University or were on an approved leave of absence on June 30, 2014, or you withdrew or transferred from the University 120 days or less before that date and, in either case, you have not completed your educational program either at the University or at another institution through a teach-out or by transferring credits earned at MCU. The 120 day period may be extended under exceptional circumstances related to the school's closure. For more information on federal loan discharge, go to www.studentaid.gov/closedschool. If you elect the option of a loan or balance discharge, you will have to complete an application process for such discharge. For discharge of your federal loans, you must complete an application to the U.S. Department of Education. Your eligibility to receive a discharge of your federal student loan will be determined by the U.S. Department of Education. For discharge of your MCU balance for which you anticipated receipt of a federal loan, you must complete an application to MCU. **Please note:** If your federal loan or balance is discharged, your transcripts will include a notation that the credits you earned at MCU will only be available for transfer to another institution if the discharge is reversed and the discharged loan(s) or balance returned to repayment status.

D. INCORPORATION OF FEDERAL DIRECT LOAN MASTER PROMISSORY NOTE

A copy of the Federal Direct Stafford/Ford Loan Federal Direct Unsubsidized Stafford/Ford Loan Master Promissory Note ("Master Promissory Note") is attached as Exhibit 4. The loans matching the Federal Direct Loan described in Section VI.E.3 below shall include and incorporate all material terms of the Master Promissory Note, including but not limited to grace period, deferment, forbearance, and repayment plans. All terms used in this AVC to refer to the loans described in Section V.E.3 are defined in the Master Promissory Note and interpreted in accordance with the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070

et seq., the Department of Education's regulations, any amendments to the Higher Education Act and the Department of Education's regulations in accordance with the effective date of those amendments, and other applicable federal laws and regulations, all as effective as of the date this AVC is executed by MCU.

E. MCU SHALL OFFER LOANS ON FEDERAL TERMS AND CLOSED SCHOOL LOAN DISCHARGES TO ELIGIBLE STUDENTS

MCU intends to offer the Applicable Students an opportunity to choose among several options to pay the tuition, fees, and all other charges for which the students anticipated receiving Title IV loans and any additional balance which would not have otherwise been covered by the students' Title IV funds or other financial aid.⁴ Copies of the Student Agreements for each of the options MCU intends to offer students are attached hereto as Exhibits 5, 6, and 7.

1. In all options, student account balances shall reflect an amount after their accounts have been credited with institutional grant amounts in the same amount as the Federal Pell and FSEOG funds which the student would have been eligible to receive or in an amount sufficient to clear all of the student's remaining balance, whichever is less.

2. In Options A and B, MCU shall provide students 30 days from the date the Request for Payment is mailed to commence payment.⁵ In Option C, MCU shall provide 30 days from the date the agreement is mailed to the student to make payment.

3. Further, MCU shall include as an option for selection by students who were eligible for but did not receive Federal Direct Loans an institutional loan for the remaining balance that matches the terms, conditions, benefits, and protections of Federal Direct Loans, including, but not limited to, grace periods, in-school and other deferments, forbearance, and

⁴If the student has a preexisting payment plan in place for any additional balance, the student may continue that payment plan at his or her discretion for that portion of the balance or accept one of the options identified in this AVC.

⁵This time period will apply to students who are not enrolled at least half-time at a postsecondary institution or otherwise entitled to a longer grace period.

income-based and other repayment options. Unless otherwise provided herein, the terms of the loans referenced in this subpart are defined in the Master Promissory Note (attached hereto as Exhibit 4) and the students' rights in regard thereto are interpreted in accordance with the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070 *et seq.*, the Department of Education's regulations, and any amendments to the Higher Education Act and the Department of Education's regulations in accordance with the effective date of any subsequent amendments.

(a) Consistent with Federal Direct Subsidized Loans, students choosing loans under this subpart are not required to pay the interest that accrues on the loans during an in-school period, grace period, or deferment period, and during certain periods of repayment under the Income-Based Repayment Plan and the Pay as You Earn Repayment Plan.

(b) The interest rate shall be 3.40%, which is the lowest interest rate applicable to Federal Direct Subsidized Loans from 2011 to 2014.

(c) All students who were enrolled at MCU or were on an approved leave of absence on June 30, 2014, or who withdrew or transferred from MCU 120 days or less before this date and have not completed their educational program either at MCU or at another institution through a teach-out or by transferring credits earned at MCU shall be provided the option of applying for a discharge of any amount owed to MCU for which the student anticipated receiving a federal loan but did not.⁶ Said applications shall be granted upon proof that the students were enrolled at MCU or on an approved leave of absence on June 30, 2014 or withdrew or transferred from MCU 120 days or less before June 30, 2014 and have not completed their program either at MCU or at another institution through a teach-out or by

⁶ As stated in Section V.C, MCU may request that a student provide a written statement that the student anticipated that all or a portion of his or her MCU balance would be covered by the receipt of a federal loan. Such written statement will be accepted by MCU unless MCU has documentary information contrary to such statement. MCU will not require further proof that the student anticipated a federal loan to cover all or a portion of his or her balance.

transferring credits earned at MCU. In the event such application is granted, the student's transcripts will include the notation that the credits earned at MCU will only be available for transfer to another institution if the discharge is reversed and the discharged loan(s) or balance returned to repayment status.

F. AVC NOT BINDING ON STUDENTS

No student is bound by the terms of this AVC, and this AVC does not require students to accept any payment option provided herein. The student may dispute the charges owed and/or negotiate payment terms individually with MCU. In addition, the student may make any claim against MCU or offer any defense to payment to MCU based on the student's individual circumstances.

G. CALCULATION OF LOAN AMOUNTS

On March 23, 2014, MCU stopped paying cash residuals to students who would have received residuals had they received the federal loans they anticipated. Any student who was due a residual cash payment on or after March 23, 2014 and who did not receive such payment will have his or her loan amount that he or she would have been eligible for during the Applicable Period reduced by the amount of the residual disbursement the student would have received but did not. Any student who was due a residual cash payment on or after March 23, 2014 who was eligible for Pell and/or FSEOG grants but not Title IV loans will have his or her institutional grant reduced by the amount of the residual disbursement the student would have received but did not. For students to whom MCU made residual payments prior to March 23, 2014 in anticipation of the Title IV funds they expected to receive but did not, the students' account balances, including any residual amounts they received, will be reduced by the full amount of the Pell and FSEOG grants they would have received but did not. The hypotheticals attached as Exhibit 2 are being included for purposes of illustrating the calculation of loan

amounts for tuition, school fees, and living expenses, but are not exhaustive or descriptive of all possible borrower scenarios.

H. DISPUTES OF FEDERAL MATCHING LOAN OFFERS

If any student informs MCU that he or she anticipated federal loans but MCU determines that it has documentary information contrary to that assertion and denies the student a loan described in Section V.E.3 above, the student may dispute MCU's determination. MCU shall promptly notify Petitioner of all student disputes regarding MCU's denial of any loan described in Section V.E.3 above. Upon request, MCU shall submit to Petitioner all relevant documentation surrounding such disputes. Petitioner may review such disputes and attempt to assist in resolving them.

I. DISPUTES OF DISCHARGE APPLICATION DETERMINATIONS

If any student applies to MCU for the discharge of any institutional account balance in accordance with Section V.C and MCU denies the discharge, the student may dispute MCU's determination. The student may dispute any discharge denial, including a denial on the basis that MCU has documentary information contrary to a student's assertion that he or she anticipated federal loans to cover any portion of an MCU balance. MCU shall promptly notify Petitioner of all student disputes regarding MCU's denial of any application for discharge pursuant to the terms of this AVC. Upon request, MCU shall submit to Petitioner all correspondence with the student and any other relevant documentation surrounding such disputes. Petitioner may review such disputes and attempt to assist in resolving them.

J. DISPUTES OF ACCOUNT BALANCES

If any student disputes the balance MCU asserts that the student owes, the student may dispute the balance. If MCU is unable to resolve the dispute with the student, MCU shall promptly notify Petitioner of the dispute. Upon request, MCU shall submit to Petitioner: the

student's Worksheet; the student's account ledger; all correspondence with the student surrounding the dispute; and any other relevant documentation. Petitioner may review such disputes and attempt to assist in resolving them.

K. DISPUTES OF LOAN ADMINISTRATION

If any student disputes any decision made by MCU or its servicer as to the administration of the loans referenced in Section V.E.3 above, the student may dispute MCU's administration of the terms of the loan. Among other terms, students may dispute MCU's decisions regarding their eligibility for grace period, deferment, forbearance, and repayment options. If MCU is unable to resolve the dispute with the student, MCU shall promptly notify Petitioner of the dispute. Upon request, MCU shall submit to Petitioner the student's loan agreement, all correspondence with the student surrounding the dispute, and any other relevant documentation. Petitioner may review such disputes and attempt to assist in resolving them.

L. AVC WILL BE INTEGRAL PART OF ANY REORGANIZATION PLAN

MCU agrees that this AVC, upon execution, will be an integral part of any reorganization plan, consistent with the applicable bankruptcy laws.

M. AVC CONTINUES TO BE BINDING UPON TRANSFER

This AVC is binding upon MCU, its officers and employees in their official capacity, its successors, and its assigns. In the event that MCU sells, assigns, and/or transfers any note, debt, or account to another person or entity, the terms of this AVC shall continue to govern. Prior to any such transfer, MCU shall notify the proposed transferee in writing of the terms of this AVC.

N. LEGAL COMPLIANCE BY MCU

MCU shall comply with the requirements of: Kentucky's Consumer Protection Act, KRS 367.170 to 367.300, KRS 367.990 to 367.993, and related administrative regulations; the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070 *et seq.*, the Department of

Education's regulations, and any amendments to the Higher Education Act and the Department of Education's regulations in accordance with the effective date of those amendments; the Truth in Lending Act, 15 U.S.C. § 1601, *et seq.*, and related regulations; the Fair Debt Collection Practices Act, 15 U.S.C. § 1692, *et seq.* and related regulations; and with the Federal Trade Commission's Regulations and Rules, 15 U.S.C. § 41, *et seq.* and 16 C.F.R. Subchapter D, as all such statutes and rules are currently in effect or hereafter amended.

O. FAILURE TO COMPLY WITH AVC

It shall be deemed a willful violation of KRS 367.170 if MCU fails to comply with any and all terms set forth in this AVC as provided in KRS 367.230.

DATE: 7-13-15

Philip Shepherd
JUDGE, FRANKLIN CIRCUIT COURT

HAVE SEEN AND AGREED TO ENTRY:

JACK CONWAY
ATTORNEY GENERAL

MID-CONTINENT UNIVERSITY.

By: Todd E. Leatherman
Todd E. Leatherman, Executive Director
Angela L. Sierra, Assistant Attorney General
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1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601
Telephone: (502) 696-5389

By: Michael Allen

Date: 6-23-15

By: _____
COUNSEL FOR RESPONDENT⁷

Date: 7-9-15

⁷COUNSEL FOR RESPONDENT IS SIGNING THIS AVC FOR THE SOLE PURPOSE OF CONFIRMING THAT RESPONDENT WAS REPRESENTED BY COUNSEL IN CONNECTION WITH NEGOTIATING THE TERMS OF THIS AVC. COUNSEL FOR RESPONDENT IS NOT A PARTY TO THIS AVC AND DOES NOT GUARANTEE THE PERFORMANCE OF ANY PARTY'S OBLIGATIONS UNDER THIS AVC.

Education's regulations, and any amendments to the Higher Education Act and the Department of Education's regulations in accordance with the effective date of those amendments; the Truth in Lending Act, 15 U.S.C. § 1601, *et seq.*, and related regulations; the Fair Debt Collection Practices Act, 15 U.S.C. § 1692, *et seq.* and related regulations; and with the Federal Trade Commission's Regulations and Rules, 15 U.S.C. § 41, *et seq.* and 16 C.F.R. Subchapter D, as all such statutes and rules are currently in effect or hereafter amended.

O. FAILURE TO COMPLY WITH AVC

It shall be deemed a willful violation of KRS 367.170 if MCU fails to comply with any and all terms set forth in this AVC as provided in KRS 367.230.

DATE: _____

JUDGE, FRANKLIN CIRCUIT COURT

HAVE SEEN AND AGREED TO ENTRY:

JACK CONWAY
ATTORNEY GENERAL

MID-CONTINENT UNIVERSITY.

By: _____

Todd E. Leatherman, Executive Director
Angela L. Sierra, Assistant Attorney General
Office of Consumer Protection
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601
Telephone:(502) 696-5389

By: _____

Date: _____

By: Lisa C. Bureau
COUNSEL FOR RESPONDENT⁷

Date: _____

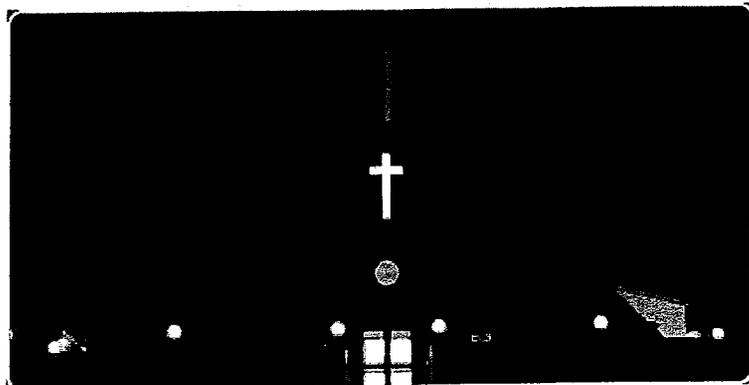
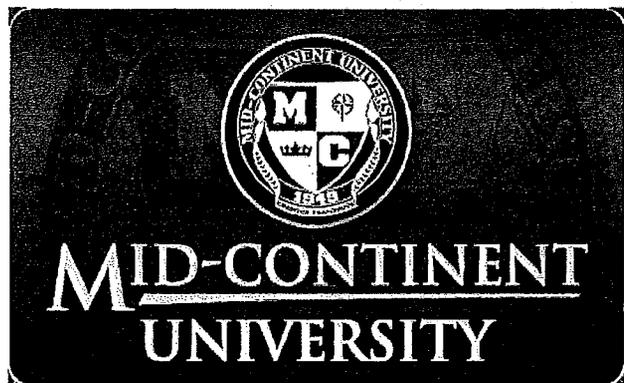
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Exhibit 1

STUDENT RESOURCES

CATALOGS

FAQ



MCU Student Accounts Receivable Information

6/27/2014

On June 26, 2014 the following letter was mailed to MCU students who have had interaction with the Federal Student Loan program from August 1 2013 - June 30, 2014.

NOTICE TO STUDENTS

June 26, 2014

You are receiving this notice because you have a remaining balance owed to Mid-Continent University for previous educational services which you have received. Mid-Continent University is a non-profit institution and amounts collected in payment for educational services are used to continue the institution's mission and do not and cannot as a matter of law enrich any individual or entity.

As you may be aware, MCU is experiencing a difficult financial situation, in large measure the result of the U.S. Department of Education not approving certain documentation necessary for the University to receive payment on Federal Direct Loans and Federal Pell and Federal Supplemental Educational Opportunity Grants (SEOG) intended to defray the costs of your MCU education (and the education of others like you) during the period from August 13, 2013 to June 30, 2014. However, instead of exercising our legal right to require immediate payment of your unpaid balance, MCU has decided that in fairness to our students who assumed they would pay for their educational program over time, the University will offer you an interest-free institutional loan, to be repaid over a period of 10 years, in the remaining amount of your balance due to the institution. This institutional loan will be for the exact amount you remain obligated to pay MCU, after applying any Pell and SEOG you received or to which you would have been entitled. Mid-Continent University will therefore provide you with an MCU Institutional Grant in the amount exactly equal to the Pell and SEOG to which you would have been entitled but did not receive. You will not be charged any origination fees or incur any costs in receiving this loan. The loan will be repayable over the span of ten years, in equal monthly installments. This calculates to a monthly repayment amount of \$8.33 per \$1,000 of loan.

As at no time will any interest be charged, you can estimate the substantial savings you can obtain by visiting the Repayment Estimator website at <https://studentloans.gov/myDirectLoan/mobile/repayment/repaymentEstimator.action>.

Repayment on this loan will begin the month following your agreeing to its terms. As it is directly paying your MCU balance there is no further grace period. There will also be no automatic deferment or forbearance as in the case of a Federal Direct Loan. However, should your circumstances warrant, the University will consider such assistance on a case-by-case basis.

You will be receiving documents you will need to sign in order to receive this interest-free loan, along with documentation describing in detail the amount you owe MCU. In the event that we do not receive a response from you, we will assume that you have made other arrangements to pay the amounts due to the institution for the education you have received.

If you have any questions about this, you may contact Mid-Continent University at 270-247-8521. Please visit the MCU website on a regular basis to remain updated on important information for students.

7/1/2015

MCU Student Accounts Receivable Information | Mid-Continent University

Sincerely,

R. Tom Walden, PhD

Acting President

108469637 v1

MCU Main Line: 270-247-3521
Student Loan Department: 270-251-8200
Address: 99 East Powell Road, Mayfield, KY 42065

Exhibit 2

EXHIBIT 2 – EXAMPLES OF CALCULATION OF LOAN AMOUNTS

EXAMPLE 1: STUDENT ANTICIPATED RECEIVING FEDERAL LOANS AND GRANTS AND WAS NOT DUE ANY RESIDUAL.

Tuition and Fees:	\$10,000
Student Expected to Receive:	\$1,500 in Pell Grants \$3,000 in Subsidized Direct Loans \$5,500 in Unsubsidized Direct Loans
Total Anticipated Aid:	\$10,000
Account Balance:	\$10,000 in Tuition and Fees - \$1,500 in Pell Grants = \$8,500

EXAMPLE 2: STUDENT ANTICIPATED RECEIVING FEDERAL LOANS AND GRANTS. STUDENT EXPECTED BUT WAS NOT PAID RESIDUAL.

Tuition and Fees:	\$10,000
Student Expected to Receive:	\$1,500 in Pell Grants \$3,000 in Subsidized Direct Loans \$8,500 in Unsubsidized Direct Loans
Total Anticipated Aid:	\$13,000
Student Expected Residual of:	\$3,000
Account Balance:	\$10,000 in Tuition and Fees - \$1,500 in Pell Grants = \$8,500

EXHIBIT 2 – EXAMPLES OF CALCULATION OF LOAN AMOUNTS

EXAMPLE 3: STUDENT ANTICIPATED RECEIVING FEDERAL LOANS AND GRANTS. STUDENT RECEIVED A RESIDUAL FROM MCU.

Tuition and Fees:	\$10,000
Student Expected to Receive:	\$1,500 in Pell Grants \$3,000 in Subsidized Direct Loans \$8,500 in Unsubsidized Direct Loans
Total Anticipated Aid:	\$13,000
MCU Paid a Residual of:	\$3,000
Account Balance:	\$10,000 in Tuition and Fees + \$3,000 Residual - \$1,500 Pell Grants = \$11,500

EXAMPLE 4: STUDENT ANTICIPATED GRANTS BUT NO LOANS.

Tuition and Fees:	\$1,500
Student Expected to Receive:	\$1,500 in Pell Grants
Total Anticipated Aid:	\$1,500
Account Balance:	\$1,500 in Tuition and Fees - \$1,500 in Pell Grants = 0

EXHIBIT 2 – EXAMPLES OF CALCULATION OF LOAN AMOUNTS

EXAMPLE 5: STUDENT DID NOT ANTICIPATE ENOUGH
FEDERAL AID TO COVER ACCOUNT BALANCE.

Tuition and Fees:	\$10,000
Student Expected to Receive:	\$1,500 in Pell Grants \$2,000 in Subsidized Direct Loans \$3,000 in Unsubsidized Direct Loans
Total Anticipated Aid:	\$6,500
Account Balance:	\$10,000 in Tuition and Fees - \$1,500 in Pell Grants = \$8,500

*The student in Example 5 did not anticipate enough federal aid to cover the amount owed to MCU. However, under the terms of this AVC, MCU will offer such students loans matching the Federal Direct Loan for the full amount owed to MCU, not just for the portion of the federal aid anticipated.

Exhibit 3

[Date], 2015

[Student Name]

[Address]

Dear [Student Name]:

You are receiving this notice in connection with an Assurance of Voluntary Compliance (“AVC”) entered into by Mid-Continent University (“MCU”) with the Kentucky Office of the Attorney General (“KYOAG”). A copy of the AVC is enclosed; please read it thoroughly before making any decisions about the options described in this notice. You may also access the AVC online at either www.midcontinent.edu or www.ag.ky.gov/mcu. You are being provided two copies of this notice, one to return to MCU should you choose to do so and one to retain for your records.

Background and Terms of AVC

On August 13, 2013, MCU was informed by the United States Department of Education that the institution was not approved to receive federal student aid funds for 2013-2014. In addition, MCU did not receive approval from the Department of Education during 2011-2012 for disbursement of federal student aid funds at certain Advantage sites and also may have prevented certain students from receiving federal student aid funds due to administrative error during 2012-2013. Accordingly, certain students who attended MCU during 2011-2014 did not receive federal loans and grants for which they would have qualified, leaving students with a debt to MCU for classes students attended during that time period. In response to concerns raised by the KYOAG about these matters, MCU has provided an AVC to the KYOAG. The AVC essentially requires MCU to offer students loans with the same terms as the federal loans students were supposed to receive. The loans being offered by MCU under the AVC are not affiliated with the United States Department of Education’s Federal Student Aid program. The AVC seeks to put students in at least as good a position as they would have been in had they received the federal student aid they expected to receive but did not. As described in the “MCU Payment Options” section of this notice below, MCU will also offer two other repayment options at a substantial discount.

Students are not bound by the terms of the AVC, and the AVC does not require students to accept any payment option offered by MCU. Students may dispute the charges owed and/or negotiate payment terms individually with MCU. In addition, students may make any claim against MCU or offer any defense to payment to MCU based on their individual circumstances. However, MCU may take legal action against students to try to collect the amounts owed.

MCU has determined that you have a remaining balance of **[\$insert amount]** on your student account which remains unpaid by financial aid. Because the school closed, you may be

eligible for a discharge – or forgiveness – of the balance, as well as any federal loans you received for attendance at MCU. **Note: If you receive a discharge, your transcript will include a notation that your credits earned at MCU will only be available for transfer to another institution if the discharge is reversed and the discharged loan(s) or balance returned to repayment status.** Please see the “Closed School Discharge Option” below to learn if you are eligible for a discharge of the balance owed.

If you are not eligible for or do not want a discharge, MCU offers you the repayment options listed in the “MCU Payment Options” section of this notice below. MCU has credited your account for the amount of any Federal Pell (“Pell”) and Federal Supplemental Educational Opportunity Grant (“FSEOG”) funds you would have received, so you are being asked to essentially repay the same or less than your original federal loans.

Are You Eligible For a Closed School Discharge of Your Federal Loans or MCU Balance?

Certain students may have the right under the AVC to a discharge of any amount they owe to MCU for which they anticipated receiving federal student loan funds but did not. Separately, students may be entitled to a discharge of their federal student loans if they meet certain requirements. Please see the notice below to determine whether you may qualify for a discharge of your loans.

Important Notice: Discharge of federal student loans or MCU balance: If you have received a federal loan for attendance at the University or have a remaining MCU balance for which you anticipated receipt of a federal loan, you may be eligible for forgiveness (“discharge”) of such federal loan or balance if you were attending the University or were on an approved leave of absence on June 30, 2014, or you withdrew or transferred from the University 120 days or less before that date and, in either case, you have not completed your educational program either at the University or at another institution through a teach-out or by transferring credits earned at MCU. The 120 day period may be extended under exceptional circumstances related to the school’s closure. For more information on federal loan discharge, go to www.studentaid.gov/closedschool. If you elect the option of loan or balance discharge, you will have to complete an application process for such discharge. For discharge of your federal loans, you must complete an application to the U.S. Department of Education. Your eligibility to receive a discharge of your federal student loan will be determined by the U.S. Department of Education. For discharge of your MCU balance for which you anticipated receipt of a federal loan, you must complete an application to MCU. **Please note: If your federal loan or balance is discharged, your transcripts will include a notation that the credits you earned at MCU will only be available for transfer to another institution if the discharge is reversed and the discharged loan(s) or balance returned to repayment status.**

To apply for a discharge of your MCU balance, you should complete the enclosed MCU Closed School Discharge application and return it to the address provided by [insert due date 60

days from mailing date]. Although MCU will consider closed school discharge applications beyond this date, please adhere to the due date to ensure that your application is promptly processed.

MCU Payment Options

If your balance to MCU is not discharged, MCU is offering you three repayment options for payment.¹ You will find documents for each repayment option included in this packet. You will also find a copy of your current account statement which has been reviewed by MCU's accounting staff to ensure that all changes and payments are reflected. The ending balance shown on your statement of \$[insert amount] would be the amount of your loan, which could be reduced by up to an additional 20% to 30% if you choose Payment Option B or C, below.

□ **Payment Option A:**

An institutional loan with the **same terms and features of the Subsidized Stafford Federal Direct Loan Program ("Federal Direct Loan")**, which includes a 3.40% interest rate, 10 year standard repayment period, 6-month grace period, various income-based repayment plans, deferment and forbearance options, and opportunities for loan forgiveness or cancellation. Under this option, you are entitled to a deferment of your loan payments while you are enrolled in school at least half-time and under certain other circumstances. There is no origination fee associated with the institutional loan, which is a substantial savings over a Federal Direct Loan. This institutional loan will be for the amount you would have been obligated to pay MCU after applying any Pell and FSEOG funds to which you were entitled but did not receive. This loan will begin repayment after the grace period which you would have received had you been disbursed a Federal Direct Loan for the 2011-2012, 2012-2013, and/or 2013-2014 award years. If the grace period has elapsed, this loan will begin repayment within thirty (30) days of the date MCU mails you a statement and repayment schedule.

□ **Payment Option B:**

An institutional loan with **zero interest** and up to a 10-year repayment period. If you choose this payment option you will also receive a 20% discount of your remaining balance after reducing your balance by the amount of Pell and FSEOG funds to which you were entitled but did not receive. MCU will forego interest and provide the 20% discount to reduce your loan amount. Payments will begin within thirty (30) days of the date MCU mails you a statement and repayment schedule. Under this option, there is one repayment plan and very limited deferment and forbearance options which MCU will consider on a case-by-case basis. The minimum payment for Option B is \$50 per month for loan amounts up to \$6,000. For loan amounts in excess of \$6,000, the payment amount would be the loan amount divided by 120 payments.

¹ Payment Option A will be offered only to students who qualified for and anticipated but did not receive Federal Direct Loans. If MCU has documentary information indicating that a student did not reasonably anticipate a Federal Direct Loan, MCU may not offer the student Payment Option A.

Payment Option C:

A single cash payment for the balance due within thirty (30) days of the date MCU mails you the offer. If you elect this option, the amount owed to MCU will be discounted by 30%.

If you accept MCU's offer to select one of the above options, **please indicate which option you have selected by checking the box next to your choice above.**

Once you select an option, review and complete the documents included in the packet for the payment option you have selected. **Return this form along with the packet documents in the enclosed envelope by [insert due date].** Please retain the extra copy of this notice for your records. For options A or B, MCU will then mail you a statement and repayment schedule, and payments will be due within thirty (30) days of the mailing date unless, under Payment Option A, a longer grace period applies or you are granted a deferment or forbearance. For option C, payment will be due within 30 days of the date MCU mails you the offer.

Disputes of Payment Option A Offers

If you inform MCU that you anticipated federal loans to cover your balance but MCU determines that it has documentary information contrary to that assertion and denies you the loan described in Payment Option A, you may dispute MCU's determination. You should notify MCU of the basis for your dispute in writing at Mid-Continent University, 99 Powell Road East, Mayfield, KY 42066-9007 and attach copies of any supporting documentation. You may also make inquiries about your dispute to MCU at 270-251-8900. MCU will notify the KYOAG, which may review your dispute and attempt to assist in resolving it.

Disputes of Discharge Application Determinations

If you apply for the discharge of any portion of your account balance and MCU denies the discharge, you may dispute MCU's determination. You may dispute any discharge denial, including a denial on the basis that MCU has documentary information contrary to your assertion that you anticipated federal loans to cover any portion of your MCU balance. If you dispute a discharge denial, you should notify MCU of the basis for your dispute in writing at Mid-Continent University, 99 Powell Road East, Mayfield, KY 42066-9007 and attach copies of any supporting documentation. You may also make inquiries about your dispute to MCU at 270-251-8900. MCU will notify the KYOAG, which may review your dispute and attempt to assist in resolving it.

Balance Disputes

If you believe you owe less than the amount shown on your account balance, you should notify MCU of the basis for the dispute of your balance in writing at Mid-Continent University, 99 Powell Road East, Mayfield, KY 42066-9007 and attach copies of any supporting documentation. You may also make inquiries about your dispute to MCU at 270-251-8900. If

MCU is unable to resolve your dispute, MCU will notify the KYOAG, which may review your dispute and attempt to assist in resolving it.

Loan Administration Disputes

If you choose MCU Payment Option A and you dispute any decision made by MCU or its loan servicer as to the administration of loans matching the terms of Federal Direct Loans, including but not limited to decisions regarding your eligibility for grace period, deferment, forbearance, and repayment options, you should notify MCU of the basis for your dispute in writing at Mid-Continent University, 99 Powell Road East, Mayfield, KY 42066-9007 and attach copies of any supporting documentation. You may also make inquiries about your dispute to MCU at 270-251-8900. If MCU is unable to resolve your dispute, MCU will notify the KYOAG, which may review your dispute and attempt to assist in resolving it.

Education Tax Credit Questions

Students may have filed for a federal education tax credit during the year or years that they anticipated receiving but did not receive federal aid to pay for their attendance at MCU. The KYOAG has received general informational guidance from the Internal Revenue Service indicating that students who qualified for but did not receive Federal Direct Loans could claim an education tax credit for the taxable years in which MCU extended credit to their accounts and furnished educational services. However, individual students' circumstances may differ. In order to obtain a binding legal determination on this or any tax issue, a taxpayer must request a private letter ruling from the Internal Revenue Service.

Thank you in advance for your cooperation during these difficult circumstances. If you have any questions about this matter, you may contact Mid-Continent University at 270-251-8900.

Sincerely,

XXX

COMMONWEALTH OF KENTUCKY
FRANKLIN CIRCUIT COURT
DIVISION _____
CIVIL ACTION NO. _____

COMMONWEALTH OF KENTUCKY, EX. REL.
JACK CONWAY, ATTORNEY GENERAL
Office of Consumer Protection
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601

PETITIONER

V.

ASSURANCE OF VOLUNTARY COMPLIANCE
MID-CONTINENT UNIVERSITY

RESPONDENT

* * * * *

Pursuant to Kentucky Revised Statute (“KRS”) 367.230, this Assurance of Voluntary Compliance is provided to the Commonwealth of Kentucky, ex. rel. Jack Conway, Attorney General, by MID-CONTINENT UNIVERSITY.

I.
PARTIES

1. The Petitioner is the duly elected Attorney General of the Commonwealth of Kentucky and is responsible for enforcement and administration of Kentucky law, including the consumer protection laws set forth in KRS Chapter 367. The Petitioner is sometimes referred to herein as “Petitioner” or “Attorney General”.

2. Respondent, Mid-Continent University (“MCU”), was a non-profit university with its principal place of business in Mayfield, Kentucky. Beginning in January 1949, MCU offered and provided services as a post-secondary education institution in the Commonwealth of Kentucky. MCU ceased operating as a university on June 30, 2014 but represents that it continues operation to the extent necessary to respond to student concerns, respond to regulatory

agencies, and administer loans and with the intent to resume instruction in biblical studies in the future consistent with all applicable state and federal law.

**II.
JURISDICTION AND VENUE**

3. This Court has jurisdiction over the parties and the subject matter of this Assurance of Voluntary Compliance ("AVC") pursuant to KRS 367.230.

**III.
SUPPORTING STATEMENTS**

4. Paragraphs 1 through 3 are hereby restated and incorporated by reference.

5. Petitioner alleges that MCU, during the regular course of business, failed to provide correct and complete information to students about the financial aid available to them and offered and entered into loans with students in a manner that Petitioner alleges violated Kentucky law.

6. MCU has cooperated in the course of the investigation of the Office of Attorney General and has agreed to this AVC to resolve the allegations and concerns of the Office of Attorney General without conceding or agreeing that it violated Kentucky or any other state or federal law. This AVC resolves only Petitioner's allegations of MCU's violations of the consumer protection laws set forth in KRS Chapter 367.

A. STATUTES AND REGULATIONS

7. KRS 367.170(1) states that "[u]nfair, false, misleading, or deceptive acts or practices in the conduct of any trade or commerce are hereby declared unlawful."

8. KRS 367.200 states:

The court may make such additional orders or judgments as may be necessary to restore to any person in interest any moneys or property, real or personal, which may have been paid out as a result of any practice declared to be unlawful by KRS 367.130 to 367.300, including the appointment of a receiver or the revocation

of a license or certificate authorizing any person to engage in business in the Commonwealth, or both.

9. KRS 367.230 states:

In the administration of KRS 367.110 to 367.300, the Attorney General may accept an assurance of voluntary compliance with respect to any method, act, or practice deemed to be violative of KRS 367.110 to 367.300 from any person who has engaged or was about to engage in that method, act, or practice. This assurance shall be in writing and shall be filed with and subject to the approval of the Circuit Court in which the alleged violator resides or has his principal place of business, or the Franklin Circuit Court. An assurance of voluntary compliance shall not be considered an admission of violation for any purpose. It shall be a willful violation of KRS 367.170 if a person who enters into an assurance of voluntary compliance fails to comply. Matters thus closed may at any time be reopened by the Attorney General for further proceedings in the public interest, pursuant to KRS 367.190.

B. FINDINGS

10. The Kentucky Attorney General is charged with, among other things, the responsibility of enforcing the Consumer Protection Act, KRS 367.190.

11. MCU at all times relevant hereto has done and continues to do business in Kentucky.

12. MCU at all times relevant hereto engaged in trade and commerce within the meaning of the Consumer Protection Act in the Commonwealth of Kentucky.

13. Petitioner has alleged that MCU engaged in unfair, false, misleading or deceptive acts or practices in the conduct of trade and commerce in violation of KRS 367.170.

14. MCU denies the factual allegations and legal contentions of the Petitioner and specifically denies that it has violated Kentucky or any other state or federal law.

C. PETITIONER'S ALLEGATIONS OF VIOLATIONS

15. Petitioner alleges that in November 2010, the U.S. Department of Education ("Department of Education") initiated a program review of MCU to assess MCU's

administration of the federal programs of student financial assistance under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070 *et seq.*, hereinafter "Title IV."

16. As a result of that program review, by letter dated August 13, 2013, the Department of Education placed MCU on the heightened cash monitoring Level 2 ("HCM2") system of payment for Title IV funds. As a result, MCU did not receive any Title IV funds after August 13, 2013. The August 13, 2013 letter from the Department of Education stated: "The institution [MCU] is required under 34 C.F.R. §668.162(e) to credit students' accounts, or otherwise use its own funds to pay students, for the amount and type of Federal aid they are eligible to receive prior to requesting reimbursement of those funds from the Department."

17. MCU extended credit to the accounts of students who had applied for and anticipated receiving Title IV aid for academic year 2013-2014, in the amounts of the federal loans and grants students expected to receive, consistent with the Department of Education requirements for HCM2, in anticipation of students receiving the Title IV funds. However, MCU could not produce documents satisfactory to the Department of Education to obtain reimbursement for the Title IV funds which it credited to the student accounts and which it believes it was eligible to receive. Petitioner alleges that MCU failed to timely disclose to students that it had extended credit to their accounts for 2013-2014 and that there was a risk that Title IV funds would not be received by MCU.

18. Petitioner alleges that on June 26, 2014, MCU mailed notices to all students who had applied for and anticipated receiving Title IV funds for academic year 2013-2014. A copy of the notice MCU mailed to students on June 26, 2014, as posted on MCU's website, is attached as Exhibit 1. In this notice, MCU informed these students that, because the Department of

Education did not approve documentation necessary for MCU to receive payment on Federal Direct Loans, Federal Pell Grants ("Pell"), and Federal Supplemental Educational Opportunity Grants ("FSEOG"), from August 13, 2013 to June 30, 2014, the students owed a balance to MCU. MCU further informed these students that it would offer them interest-free institutional loans to be repaid over a ten-year period. MCU stated in the notice that it was offering these loans instead of "exercising our legal right to require immediate payment" of students' unpaid balances. MCU further stated that payment on the loans would begin 30 days after students agreed to the terms, that there would be no further grace period, and that the loan terms would not include automatic deferment or forbearance options.

19. Petitioner alleges that the June 26, 2014 letter failed to notify students of their rights to apply for a closed school discharge of their federal student loans as permitted under federal regulations.

20. In addition, in connection with the program review, the Department assessed MCU's administration of Title IV funds for its Advantage Program, a program through which students took classes at off-site locations.

21. MCU identified several Advantage Program sites that had not been reported to the Department of Education for approval. In October 2011, MCU ceased disbursing Title IV funds to students at the affected Advantage Program sites pending approval of the sites by the Department of Education. MCU did not obtain approval for these sites until after the 2011-2012 federal student aid award year, and therefore did not receive Title IV funds for students at these sites for that award year.

22. Petitioner alleges that students at the affected Advantage Program sites had completed applications for and anticipated receiving Title IV aid and that MCU extended credit

to the students' accounts for the amount of federal loans and grants the students anticipated receiving. However, MCU did not disclose to the students that it had extended credit to their accounts and had not received the Title IV funds. Petitioner alleges that MCU failed to timely disclose to these students that they would not receive Title IV aid for 2011-2012.

23. In early 2013, MCU informed the students that it had not received Title IV eligibility for the affected Advantage Program sites and offered the students promissory notes for ten-year, interest-free loans at a 20% discount to repay the credit extended to their accounts. The institutional loans offered did not include all the provisions of the Federal Direct Loans students expected to receive, including but not limited to grace periods, deferment, forbearance, and income-based repayment options.

24. Petitioner alleges that, separate from the Advantage Program site issues that occurred during 2011-2012, MCU extended credit to at least one student who anticipated receiving a Title IV loan for the 2012-2013 award year. In this instance, MCU failed to process the loan on time and extended credit to the student's account without her knowledge. On May 24, 2013, the student entered into a promissory note with MCU to repay the amount of the institutional loan. Upon information and belief, MCU may have also failed to timely or correctly process other students' financial aid paperwork during 2012-2013 and extended credit to the students' accounts without their knowledge.

25. Petitioner alleges that MCU violated KRS 367.170 by failing to disclose to students in a timely fashion that they would not be able to receive Title IV aid to pay their costs of education at MCU, by giving students the false impression that they would receive Title IV aid, and by offering and entering into institutional loans with students to pay for their costs of attending when students had incurred those costs under the misimpression that they would be

receiving Title IV aid. The institutional loans offered by MCU did not include all the provisions of the Federal Direct Loans students expected to receive. When MCU ceased providing educational services, it did not offer the option of discharging the institutional loans to students who would have qualified for a closed school discharge of any unpaid Title IV federal loans under 34 C.F.R. § 685.214.

26. MCU contends that students are obligated to pay for the educational services they received from MCU without regard to eligibility for Title IV funds. However, MCU agrees that it will offer students who had applied and would have been eligible for Title IV aid no fewer benefits and protections than they would have received had MCU been able to establish the students' eligibility for Title IV funds to pay for their costs of attending.

IV. MISCELLANEOUS PROVISIONS

27. Nothing in this AVC shall relieve MCU of its obligation to comply with all applicable state and federal law.

28. Except as otherwise provided herein, nothing in this AVC is intended to affect any rights any consumer may have regarding any matter described herein.

29. This AVC may be enforced by the parties hereto.

30. The settlement negotiations resulting in this AVC have been undertaken by the Petitioner and MCU in good faith and for settlement purposes only.

31. If any clause, provision or section of this AVC shall, for any reason, be held illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect any other clause, provision or section of this AVC and this AVC shall be construed and enforced as if such illegal, invalid or unenforceable clause, section or other provision had not been contained herein.

32. This AVC sets forth the entire agreement between the parties. There are no representations, agreements, arrangements, or understandings, oral or written, between the parties relating to the subject matter of this AVC that are not fully expressed herein or attached hereto.

33. This AVC may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall together constitute one and the same instrument.

34. The titles and headers of this AVC are for convenience purposes only and are not intended by the parties to lend meaning to the actual provisions of the document.

**V.
GENERAL STATEMENTS**

35. MCU states that it has been advised by an attorney relating to this matter.

36. MCU, and the officers signing this AVC on behalf of MCU, state that they are under no disability, have read and knowingly consent and agree to this AVC, and that the officers signing this AVC have authority to sign and enter into this AVC on behalf of MCU. MCU acknowledges that this AVC is binding on all of its officers and employees in their official capacity, successors, parent companies, subsidiaries or assigns. MCU and those signing in their duly authorized capacity as officers on behalf of MCU represent that MCU has the authority and ability to provide the revision of loan accounts and relief required by this AVC. Further, MCU understands that it shall take the action necessary to assure that any agents, employees, and/or other person(s) acquiring or servicing the loans now and in the future shall be notified of the requirements of and comply with the terms of this AVC.

37. This AVC shall be binding and effective as of the date of its entry by the Clerk.

38. MCU does not object to the Attorney General's *ex parte* submission of this AVC to the Franklin Circuit Court for approval and agrees that the Franklin Circuit Court (the

“Court”) has jurisdiction with respect to this AVC and is the proper venue for this action. MCU expressly reserves its right to have counsel present during any on the record hearing or other on the record proceeding regarding this AVC; and to be provided with reasonable advance notice of such hearing or proceeding.

39. MCU does not object to the Franklin Circuit Court approving and signing this AVC and does not object to the AVC’s entry by the clerk of said court.

WHEREFORE, the parties being in agreement and having agreed to entry of this AVC, the requirements of KRS 367.230 having been met, and the Court being well and sufficiently advised in regard to this matter, it is hereby agreed and ordered:

A. SUMMARY OF ACTIONS TO BE TAKEN BY MCU

This AVC addresses all MCU students to whom MCU extended credit and/or who were offered institutional loans (the “Applicable Students”) for educational services they received during the 2011-2012, 2012-2013, and/or 2013-2014 award years (the “Applicable Period”) in place of anticipated federal student aid.¹ MCU will offer, among other options, institutional loans matching the terms and conditions of the Federal Direct Loan for all remaining balances of MCU students who applied for and qualified for but did not receive Federal Direct Loans for the Applicable Period.² These loans will include terms providing all the benefits and protections of the Federal Direct Loans, including but not limited to, grace periods, deferment, forbearance,

¹As stated in paragraph 24, the Petitioner has identified at least one student who anticipated the receipt of a Federal Direct Loan for 2012-2013 but did not receive it due to MCU’s error and who was offered and accepted a promissory note for an MCU institutional loan. In addition to the students who anticipated but did not receive Federal Direct Loans in 2011-2012 and 2013-2014, this and any other student who anticipated the receipt of a Federal Direct Loan during 2012-2013 and did not receive it due to MCU’s error or ineligibility will be offered a loan under the terms described in Section V.E.3 of this AVC.

²MCU represents that there is a category of students who anticipated but did not receive Pell and FSEOG funds but who did not anticipate receiving Federal Direct Loans. For these students, MCU shall credit the students’ accounts with MCU institutional grants equal to the amount of Pell and FSEOG funds the students would have been eligible to receive or the amount sufficient to clear the students’ remaining balances, whichever is less. If the amount a student would have been eligible to receive in Pell and FSEOG funds is not sufficient to clear a student’s balance, that student will not be offered an institutional loan matching the terms and conditions of the Federal Direct Loan, because the student never qualified for or anticipated a Federal Direct Loan.

and income-based and other repayment options. In addition, upon application, MCU will discharge the alleged institutional debt of students who would have qualified for a closed school discharge of the Federal Direct Loans they expected to but did not receive.

B. PROCEDURAL STEPS

In April 2015, prior to the finalization of this AVC, MCU sent letters to students who, based on its records, MCU deemed not to be Applicable Students for purposes of this AVC. These students included students who MCU determined did not anticipate the receipt of Federal Direct Loans on the basis of the student's status and not because of any ineligibility or error on the part of MCU. MCU offered these students discounted repayment options not including the option under Section V.E.3 below. The letters sent to these students included a provision that, if the student completed a Free Application for Federal Student Aid ("FAFSA") and anticipated receiving a Federal Direct Loan for the amount of the remaining balance owed to MCU, the student should check a box and return the form to MCU immediately. Upon receiving executed forms from these students, MCU may request that any such student provide a written statement to MCU that he or she anticipated a Federal Direct Loan or Loans to cover a portion or all of his or her MCU balance. Upon receiving such a written statement, MCU will offer any such student the loan described in Section V.E.3 below or, upon application, will discharge the student's loan as described in Sections V.C and V.E.3(c) below, unless MCU has documentary information contrary to such written statement. MCU will also mail the notice to Applicable Students described below to all students who execute the form indicating that they completed a FAFSA and anticipated receiving a Federal Direct Loan for the amount of the remaining balance owed to MCU. If MCU denies the loan described in Section V.E.3 below or denies a discharge application described in Sections V.C and V.E.3(c) below to any student on the basis that MCU has documentary information indicating that the student did not complete a FAFSA and did not

anticipate receiving a Federal Direct Loan, MCU will notify the student in writing and inform the student that he or she may dispute the determination pursuant to the processes described in Sections V.H and V.I below.

With respect to Applicable Students, first, MCU will mail a notice to the Applicable Students (the "Mailing") which: includes a summary of the students' rights under this AVC with a link to a website for the AVC (the "Notice"); states the balance owed; includes a worksheet (the "Worksheet") showing all charges, the Title IV funds the student expected to receive, any residual expected and/or received, and the resulting balance deemed owed to MCU, as shown in the examples in Exhibit 2 of this AVC;³ describes in detail the payment options; includes a form for students to request one of the options; includes an application for discharge of debt to MCU; and includes a copy of this AVC, which MCU shall also post on its website. An exemplar copy of the Mailing is attached as Exhibit 3. The mailing will also include loan and cash payment agreements ("Student Agreement(s)") clearly identified as to the options with which they correspond. Second, upon receiving a student's option election and executed Student Agreement, MCU promptly will confirm that the option election and the executed Student Agreement are for the same repayment option. Third, for Options A and B below, MCU will send statements to students along with a repayment schedule that is consistent with the type of repayment option selected by the student ("Request for Payment"). MCU will also promptly evaluate each application for discharge of MCU debt upon receipt of such application. As described and consistent with Section C below, MCU will grant institutional discharges to students who would qualify for the discharge of their Title IV loans under the Higher Education

³ A residual, as reflected in MCU's student account ledgers, means any amount of a student's federal aid exceeding the amount due to MCU in tuition, fees, and other authorized charges.

Act of 1965 and the Department of Education's regulations, as amended, had they received the Title IV loan funds the student anticipated.

C. CERTAIN STUDENTS ENTITLED TO DISCHARGE OF FEDERAL AND/OR INSTITUTIONAL LOANS

All students who were enrolled at MCU or on an approved leave of absence on June 30, 2014, or who withdrew from MCU 120 days or less before this date and have not completed their educational program either at MCU or at another institution through a teach-out or by transferring credits earned at MCU may apply for a discharge of their existing federal loans and of any amount owed to MCU for which the student anticipated receiving a federal loan but did not. For purposes of determining whether a student anticipated that all or a portion of his or her MCU balance would be covered by the receipt of a federal loan, MCU may request that a student provide a written statement to this effect to MCU. Upon receipt of such statement, and unless MCU has documentary information contrary to such statement, MCU will grant a discharge of all or the applicable portion of the MCU balance of any student who applies and meets the requirements for federal loan discharge. The 120 day period may be extended under exceptional circumstances related to MCU's closure. MCU shall exercise reasonable discretion to extend the 120 day period consistent with the actions of the Secretary of Education in extending that period for MCU students who qualify for discharge of their federal loans. If a student receives a discharge, the student's transcripts will include the notation that the credits earned at MCU will only be available for transfer to another institution if the loan discharge is reversed and the discharged loan(s) or balance returned to repayment status. MCU's mailings to Applicable Students will include the following notice regarding eligibility for discharge of loans which shall appear clearly and conspicuously. In addition, MCU will mail the following notice to any other students, excluding MCU graduates, who were attending MCU or were on an approved leave of

absence on June 30, 2014, or who withdrew or transferred from MCU 120 days or less before June 30, 2014.

If you have received a federal loan for attendance at the University or have a remaining MCU balance for which you anticipated receipt of a federal loan, you may be eligible for forgiveness (“discharge”) of such federal loan or balance if you were attending the University or were on an approved leave of absence on June 30, 2014, or you withdrew or transferred from the University 120 days or less before that date and, in either case, you have not completed your educational program either at the University or at another institution through a teach-out or by transferring credits earned at MCU. The 120 day period may be extended under exceptional circumstances related to the school’s closure. For more information on federal loan discharge, go to www.studentaid.gov/closedschool. If you elect the option of a loan or balance discharge, you will have to complete an application process for such discharge. For discharge of your federal loans, you must complete an application to the U.S. Department of Education. Your eligibility to receive a discharge of your federal student loan will be determined by the U.S. Department of Education. For discharge of your MCU balance for which you anticipated receipt of a federal loan, you must complete an application to MCU. **Please note:** If your federal loan or balance is discharged, your transcripts will include a notation that the credits you earned at MCU will only be available for transfer to another institution if the discharge is reversed and the discharged loan(s) or balance returned to repayment status.

D. INCORPORATION OF FEDERAL DIRECT LOAN MASTER PROMISSORY NOTE

A copy of the Federal Direct Stafford/Ford Loan Federal Direct Unsubsidized Stafford/Ford Loan Master Promissory Note (“Master Promissory Note”) is attached as Exhibit 4. The loans matching the Federal Direct Loan described in Section VI.E.3 below shall include and incorporate all material terms of the Master Promissory Note, including but not limited to grace period, deferment, forbearance, and repayment plans. All terms used in this AVC to refer to the loans described in Section V.E.3 are defined in the Master Promissory Note and interpreted in accordance with the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070

et seq., the Department of Education's regulations, any amendments to the Higher Education Act and the Department of Education's regulations in accordance with the effective date of those amendments, and other applicable federal laws and regulations, all as effective as of the date this AVC is executed by MCU.

E. MCU SHALL OFFER LOANS ON FEDERAL TERMS AND CLOSED SCHOOL LOAN DISCHARGES TO ELIGIBLE STUDENTS

MCU intends to offer the Applicable Students an opportunity to choose among several options to pay the tuition, fees, and all other charges for which the students anticipated receiving Title IV loans and any additional balance which would not have otherwise been covered by the students' Title IV funds or other financial aid.⁴ Copies of the Student Agreements for each of the options MCU intends to offer students are attached hereto as Exhibits 5, 6, and 7.

1. In all options, student account balances shall reflect an amount after their accounts have been credited with institutional grant amounts in the same amount as the Federal Pell and FSEOG funds which the student would have been eligible to receive or in an amount sufficient to clear all of the student's remaining balance, whichever is less.

2. In Options A and B, MCU shall provide students 30 days from the date the Request for Payment is mailed to commence payment.⁵ In Option C, MCU shall provide 30 days from the date the agreement is mailed to the student to make payment.

3. Further, MCU shall include as an option for selection by students who were eligible for but did not receive Federal Direct Loans an institutional loan for the remaining balance that matches the terms, conditions, benefits, and protections of Federal Direct Loans, including, but not limited to, grace periods, in-school and other deferments, forbearance, and

⁴If the student has a preexisting payment plan in place for any additional balance, the student may continue that payment plan at his or her discretion for that portion of the balance or accept one of the options identified in this AVC.

⁵This time period will apply to students who are not enrolled at least half-time at a postsecondary institution or otherwise entitled to a longer grace period.

income-based and other repayment options. Unless otherwise provided herein, the terms of the loans referenced in this subpart are defined in the Master Promissory Note (attached hereto as Exhibit 4) and the students' rights in regard thereto are interpreted in accordance with the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070 *et seq.*, the Department of Education's regulations, and any amendments to the Higher Education Act and the Department of Education's regulations in accordance with the effective date of any subsequent amendments.

(a) Consistent with Federal Direct Subsidized Loans, students choosing loans under this subpart are not required to pay the interest that accrues on the loans during an in-school period, grace period, or deferment period, and during certain periods of repayment under the Income-Based Repayment Plan and the Pay as You Earn Repayment Plan.

(b) The interest rate shall be 3.40%, which is the lowest interest rate applicable to Federal Direct Subsidized Loans from 2011 to 2014.

(c) All students who were enrolled at MCU or were on an approved leave of absence on June 30, 2014, or who withdrew or transferred from MCU 120 days or less before this date and have not completed their educational program either at MCU or at another institution through a teach-out or by transferring credits earned at MCU shall be provided the option of applying for a discharge of any amount owed to MCU for which the student anticipated receiving a federal loan but did not.⁶ Said applications shall be granted upon proof that the students were enrolled at MCU or on an approved leave of absence on June 30, 2014 or withdrew or transferred from MCU 120 days or less before June 30, 2014 and have not completed their program either at MCU or at another institution through a teach-out or by

⁶ As stated in Section V.C, MCU may request that a student provide a written statement that the student anticipated that all or a portion of his or her MCU balance would be covered by the receipt of a federal loan. Such written statement will be accepted by MCU unless MCU has documentary information contrary to such statement. MCU will not require further proof that the student anticipated a federal loan to cover all or a portion of his or her balance.

transferring credits earned at MCU. In the event such application is granted, the student's transcripts will include the notation that the credits earned at MCU will only be available for transfer to another institution if the discharge is reversed and the discharged loan(s) or balance returned to repayment status.

F. AVC NOT BINDING ON STUDENTS

No student is bound by the terms of this AVC, and this AVC does not require students to accept any payment option provided herein. The student may dispute the charges owed and/or negotiate payment terms individually with MCU. In addition, the student may make any claim against MCU or offer any defense to payment to MCU based on the student's individual circumstances.

G. CALCULATION OF LOAN AMOUNTS

On March 23, 2014, MCU stopped paying cash residuals to students who would have received residuals had they received the federal loans they anticipated. Any student who was due a residual cash payment on or after March 23, 2014 and who did not receive such payment will have his or her loan amount that he or she would have been eligible for during the Applicable Period reduced by the amount of the residual disbursement the student would have received but did not. Any student who was due a residual cash payment on or after March 23, 2014 who was eligible for Pell and/or FSEOG grants but not Title IV loans will have his or her institutional grant reduced by the amount of the residual disbursement the student would have received but did not. For students to whom MCU made residual payments prior to March 23, 2014 in anticipation of the Title IV funds they expected to receive but did not, the students' account balances, including any residual amounts they received, will be reduced by the full amount of the Pell and FSEOG grants they would have received but did not. The hypotheticals attached as Exhibit 2 are being included for purposes of illustrating the calculation of loan

amounts for tuition, school fees, and living expenses, but are not exhaustive or descriptive of all possible borrower scenarios.

H. DISPUTES OF FEDERAL MATCHING LOAN OFFERS

If any student informs MCU that he or she anticipated federal loans but MCU determines that it has documentary information contrary to that assertion and denies the student a loan described in Section V.E.3 above, the student may dispute MCU's determination. MCU shall promptly notify Petitioner of all student disputes regarding MCU's denial of any loan described in Section V.E.3 above. Upon request, MCU shall submit to Petitioner all relevant documentation surrounding such disputes. Petitioner may review such disputes and attempt to assist in resolving them.

I. DISPUTES OF DISCHARGE APPLICATION DETERMINATIONS

If any student applies to MCU for the discharge of any institutional account balance in accordance with Section V.C and MCU denies the discharge, the student may dispute MCU's determination. The student may dispute any discharge denial, including a denial on the basis that MCU has documentary information contrary to a student's assertion that he or she anticipated federal loans to cover any portion of an MCU balance. MCU shall promptly notify Petitioner of all student disputes regarding MCU's denial of any application for discharge pursuant to the terms of this AVC. Upon request, MCU shall submit to Petitioner all correspondence with the student and any other relevant documentation surrounding such disputes. Petitioner may review such disputes and attempt to assist in resolving them.

J. DISPUTES OF ACCOUNT BALANCES

If any student disputes the balance MCU asserts that the student owes, the student may dispute the balance. If MCU is unable to resolve the dispute with the student, MCU shall promptly notify Petitioner of the dispute. Upon request, MCU shall submit to Petitioner: the

student's Worksheet; the student's account ledger; all correspondence with the student surrounding the dispute; and any other relevant documentation. Petitioner may review such disputes and attempt to assist in resolving them.

K. DISPUTES OF LOAN ADMINISTRATION

If any student disputes any decision made by MCU or its servicer as to the administration of the loans referenced in Section V.E.3 above, the student may dispute MCU's administration of the terms of the loan. Among other terms, students may dispute MCU's decisions regarding their eligibility for grace period, deferment, forbearance, and repayment options. If MCU is unable to resolve the dispute with the student, MCU shall promptly notify Petitioner of the dispute. Upon request, MCU shall submit to Petitioner the student's loan agreement, all correspondence with the student surrounding the dispute, and any other relevant documentation. Petitioner may review such disputes and attempt to assist in resolving them.

L. AVC WILL BE INTEGRAL PART OF ANY REORGANIZATION PLAN

MCU agrees that this AVC, upon execution, will be an integral part of any reorganization plan, consistent with the applicable bankruptcy laws.

M. AVC CONTINUES TO BE BINDING UPON TRANSFER

This AVC is binding upon MCU, its officers and employees in their official capacity, its successors, and its assigns. In the event that MCU sells, assigns, and/or transfers any note, debt, or account to another person or entity, the terms of this AVC shall continue to govern. Prior to any such transfer, MCU shall notify the proposed transferee in writing of the terms of this AVC.

N. LEGAL COMPLIANCE BY MCU

MCU shall comply with the requirements of: Kentucky's Consumer Protection Act, KRS 367.170 to 367.300, KRS 367.990 to 367.993, and related administrative regulations; the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070 *et seq.*, the Department of

Education's regulations, and any amendments to the Higher Education Act and the Department of Education's regulations in accordance with the effective date of those amendments; the Truth in Lending Act, 15 U.S.C. § 1601, *et seq.*, and related regulations; the Fair Debt Collection Practices Act, 15 U.S.C. § 1692, *et seq.* and related regulations; and with the Federal Trade Commission's Regulations and Rules, 15 U.S.C. § 41, *et seq.* and 16 C.F.R. Subchapter D, as all such statutes and rules are currently in effect or hereafter amended.

O. FAILURE TO COMPLY WITH AVC

It shall be deemed a willful violation of KRS 367.170 if MCU fails to comply with any and all terms set forth in this AVC as provided in KRS 367.230.

DATE: _____

JUDGE, FRANKLIN CIRCUIT COURT

HAVE SEEN AND AGREED TO ENTRY:

JACK CONWAY
ATTORNEY GENERAL

MID-CONTINENT UNIVERSITY.

By: _____

Todd E. Leatherman, Executive Director
Angela L. Sierra, Assistant Attorney General
Office of Consumer Protection
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601
Telephone: (502) 696-5389

By: _____

Date: _____

By: _____

COUNSEL FOR RESPONDENT⁷

Date: _____

⁷COUNSEL FOR RESPONDENT IS SIGNING THIS AVC FOR THE SOLE PURPOSE OF CONFIRMING THAT RESPONDENT WAS REPRESENTED BY COUNSEL IN CONNECTION WITH NEGOTIATING THE TERMS OF THIS AVC. COUNSEL FOR RESPONDENT IS NOT A PARTY TO THIS AVC AND DOES NOT GUARANTEE THE PERFORMANCE OF ANY PARTY'S OBLIGATIONS UNDER THIS AVC.



MID-CONTINENT UNIVERSITY

Lighting the Way

Student Name _____
Student ID Number []

Dear _____

In addition to the various documents that you have been provided in this package of information please see the following summary of your student account. Your detailed student ledger that lists all of your transactions while attending Mid-Continent University is attached. Questions concerning this summary and/or your student ledger can be addressed by calling **270-251-8900** or by sending an email inquiry to studentloans@midcontinent.edu, or accessing the MCU website at www.midcontinent.edu.

On August 13, 2013 of the Academic Year 2013-2014 MCU entered the Heightened Cash Monitoring 2 program of the Department of Education. At the conclusion of the program in April of 2014 MCU lost its eligibility for Title IV funding programs back to August 13, 2013. This summary therefore starts with the balance you specifically owed MCU on August 13, 2013 and then groups your remaining transactions through the 2013-2014 Academic Year.

Your balance on 08/13/2013	\$4,843.00
Charges	\$2,089.00
Payments You Made	\$0.00
*MCU-Grants	\$0.00
(MCU and Other Scholarships) and State Grants	\$0.00
Return Unearned Grants and Loans	\$0.00
Residual Checks Actually Paid to You	\$5,301.00
Actual Federal Loans Awarded Early 2013-2014	\$0.00
Actual Federal Grants Awarded Early 2013-2014	\$0.00
Prior MCU Loan	\$0.00
Any Debt Adjustment in period	\$0.00
Any Debt Write-Off in period	\$0.00
Your balance	\$12,233.00

*Anticipated Federal Grants have been replaced by grants provided to you directly by MCU that are listed above.

You anticipated Federal Loans in the amount of \$10,144.00

You are eligible for a MCU Federal Matching Loan (For more information about deferment, forbearance and income-based repayment options, please refer to the enclosed loan agreements.), a 20% discount and Ten-Year Zero Interest Loan or a 30% discount for balances paid in full within 30 days.

You may be entitled to forgiveness of all or a portion of your balance if you were attending MCU or were on an approved leave of absence on June 30, 2014, or you withdrew or transferred from MCU 120 days or less before that date and you have not completed your educational program either at MCU or at another institution through a teach-out or by transferring credit earned at MCU. For more information about this option, please refer to the enclosed letter, Assurance of Voluntary Compliance, and application for discharge of debt to MCU.

**Mid-Continent University
Statement of Student Account**

**99 Powell Road East
Mayfield, KY 42066
(270) 247-8521**

Terms 27,28, A2,10 = Spring
Terms 17,18, A1,20 = Fall

<u>ID</u>	<u>Student Name</u>	<u>Transaction Date</u>	<u>Transaction Amount</u>	<u>Transaction Description</u>	<u>Balance</u>	<u>Year</u>	<u>Term</u>
		6/19/2003	(\$10.00)	Student Payment on Acct- BG4 APPL	(\$10.00)	2004	17
		6/24/2003	\$10.00	Application Fee - Advantage-pd6/19	\$0.00	2004	17
		7/3/2003	\$2,940.00	Advantage Tuition - BWG4 Term 1	\$2,940.00	2004	17
		7/3/2003	\$513.63	Advantage Books/Materials-BWG4 Term 1	\$3,453.63	2004	17
		9/5/2003	(\$864.00)	Sub Stafford 2003-2004 FA BWG4 Term 1	\$2,589.63	2004	17
		9/8/2003	(\$1,526.00)	Pell 2003-2004 FA BWG4 Term 1	\$1,063.63	2003	24
		9/15/2003	(\$1,200.00)	KTG 2003-2004 FA BWG4 Term 1	(\$136.37)	2003	24
		9/30/2003	(\$864.00)	Sub Stafford 2003-2004 FA BWG4 Term 1	(\$1,000.37)	2004	17
		10/1/2003	\$1,000.37	stafford-residual-advantage	\$0.00	2004	
		12/15/2003	\$2,940.00	Advantage Tuition - BWG4 Term 2	\$2,940.00	2004	27
		12/15/2003	\$316.01	Advantage Books - BWG4 Term 2	\$3,256.01	2004	27
		1/8/2004	(\$242.00)	Sub Stafford 2003-2004 SP BWG4 Term 2	\$3,014.01	2004	27
		1/21/2004	(\$200.00)	FSEOG 2003-2004 SP BWG4 Term 2	\$2,814.01	2004	27
		1/22/2004	(\$1,200.00)	KTG 2003-2004 SP BWG4 Term 2.	\$1,614.01	2004	27

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ID	Student Name	Transaction Date	Transaction Amount	Transaction Description	Balance	Year	Term
		2/5/2004	(\$1,374.00)	Pell 2003-2004 SP BWG4 Term 2	\$240.01	2004	27
		3/1/2004	(\$241.00)	Sub Stafford 2003-2004 SP BWG4 Term 2	(\$0.99)	2004	27
		5/12/2004	(\$441.00)	Partial Tuition Credit Module 7	(\$441.99)	2004	27
		7/29/2004	\$1,200.00	Return Unearned KTG -due to withdrawal	\$758.01	2004	27
		8/30/2005	(\$758.01)	WRITE OFF BAD DEBT BANKRUPTCY	\$0.00	2004	
		8/26/2010	\$20.00	Application Fee - Advantage	\$20.00	2011	17
		8/27/2010	(\$20.00)	Student Payment on Account-BG13-ReAdmit	\$0.00	2011	17
		9/2/2010	\$614.00	Adv Books - BG13 Term 2 + APA	\$614.00	2011	17
		9/2/2010	\$3,780.00	Adv Tuition - BG13 Term 2	\$4,394.00	2011	17
		9/2/2010	\$140.00	Course Fee Adv - BG13 Term 2	\$4,534.00	2011	17
		11/1/2010	\$35.00	Course Fee Adv -BG06F COM1103 PRINC OF S	\$4,569.00	2011	17
		11/1/2010	\$108.00	Books -BG 06F COM1103 PRINCIPLES OF SPEECH	\$4,677.00	2011	17
		11/1/2010	\$945.00	AdvTuition -BG06F PRINCIPLES OF SPEECH	\$5,622.00	2011	17
		12/20/2010	(\$199.00)	Direct UNSUB Loan 2010-11-FA10-BG13 Trm2	\$5,423.00	2011	17

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<u>ID</u>	<u>Student Name</u>	<u>Transaction Date</u>	<u>Transaction Amount</u>	<u>Transaction Description</u>	<u>Balance</u>	<u>Year</u>	<u>Term</u>
		12/20/2010	(\$5,473.00)	Direct SUB Loan 2010-11-FA10-BG13 Tm2	(\$50.00)	2011	17
		12/21/2010	\$50.00	Residual Check - Advantage	\$0.00	2011	
		12/22/2010	\$1,015.00	Residual Check - Advantage	\$1,015.00	2011	
		12/22/2010	(\$1,015.00)	Direct UNSUB Loan 2010-11-FA10-BG13 Tm2	\$0.00	2011	17
		2/24/2011	\$140.00	Course Fee Adv - BG13 Term 3	\$140.00	2011	27
		2/24/2011	\$690.00	Adv Books - BG13 Term 3	\$830.00	2011	27
		2/24/2011	\$3,780.00	Adv Tuition - BG13 Term 3	\$4,610.00	2011	27
		7/8/2011	(\$4,610.00)	Direct UNSUB Loan 2010-11-SP11-BG13 Tm3	\$0.00	2011	27
		7/8/2011	(\$615.00)	Direct UNSUB Loan 2010-11-SP11-BG13 Tm3	(\$615.00)	2011	27
		7/11/2011	\$66.00	Books - Christian World View + Shipping	(\$549.00)	2012	18
		7/11/2011	\$35.00	Course Fee Adv - Christian World View	(\$514.00)	2012	18
		7/11/2011	\$40.00	On-line Fee CHM 3123 51	(\$474.00)	2012	18
		7/11/2011	\$975.00	Adv Plus Tuition - Christian WorldView	\$501.00	2012	18
		7/13/2011	\$615.00	Residual Check - Advantage	\$1,116.00	2012	

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<u>ID</u>	<u>Student Name</u>	<u>Transaction Date</u>	<u>Transaction Amount</u>	<u>Transaction Description</u>	<u>Balance</u>	<u>Year</u>	<u>Term</u>
		7/19/2011	\$240.00	Books -BG7F SCI1103/01 GEN BIO&LAB SCI110	\$1,356.00	2012	17
		7/19/2011	\$35.00	Course Fee Adv -BG07F GEN BIO&LAB SCI110	\$1,391.00	2012	17
		7/19/2011	\$1,260.00	Adv Tuition -BG7F GEN BIO&LAB SCI1103/01	\$2,651.00	2012	17
		7/28/2011	\$3,780.00	Adv Tuition - BG13 Term 4	\$6,431.00	2012	17
		7/28/2011	\$621.00	Adv Books - BG13 Term 4	\$7,052.00	2012	17
		7/28/2011	\$80.00	Graduation Fee- Adv Bachelor	\$7,132.00	2012	17
		7/28/2011	\$140.00	Course Fee Adv - BG13 Term 4	\$7,272.00	2012	17
		8/6/2011	\$35.00	Course Fee Adv -BG05F ENV SCI SCI1003	\$7,307.00	2012	17
		8/6/2011	\$128.00	Books -BG05F ENV SCI SCI1003	\$7,435.00	2012	17
		8/6/2011	\$945.00	Adv Tuition -BG05F ENV SCI SCI1003	\$8,380.00	2012	17
		9/19/2011	\$162.00	Books -MAT1403 COL MATH BG05F	\$8,542.00	2012	17
		9/19/2011	\$35.00	Course Fee Adv -MAT1403 COLLEGE MATH	\$8,577.00	2012	17
		9/19/2011	\$945.00	Adv Tuition -MAT1403 BG05F COLLEGE MATH	\$9,522.00	2012	17
		10/1/2011	(\$1,260.00)	TUITION CREDIT-BG13 SCI1103/1101 GEN BIO	\$8,262.00	2012	17

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<u>ID</u>	<u>Student Name</u>	<u>Transaction Date</u>	<u>Transaction Amount</u>	<u>Transaction Description</u>	<u>Balance</u>	<u>Year</u>	<u>Term</u>
		11/30/2011	(\$3,483.00)	Direct UNSUB Loan 2011-12-FA11-BG13 TM4	\$4,779.00	2012	17
		11/30/2011	(\$2,737.00)	Direct SUB Loan 2011-12-FA11-BG13 TM4	\$2,042.00	2012	17
		12/2/2011	(\$1,482.00)	KTG Grant 2011-12-FA11-BG13 TM4	\$660.00	2012	17
		1/1/2012	\$945.00	Adv Tuition -BUS2423 PRI OF MICROECON	\$1,505.00	2012	17
		1/1/2012	\$35.00	Course Fee Adv -BUS2423 PRI OF MICROECON	\$1,540.00	2012	17
		1/23/2012	\$35.00	Course Fee Adv -BUS1013 INTRO TO BUSINESS	\$1,575.00	2012	27
		1/23/2012	\$70.00	Books -BUS1013 INTRO TO BUSINESS	\$1,645.00	2012	27
		1/23/2012	\$945.00	Adv Tuition -BUS1013 INTRO TO BUSINESS	\$2,590.00	2012	27
		2/6/2012	\$35.00	Course Fee Adv -SCI1103 GENERAL BIOLOGY	\$2,625.00	2012	28
		2/6/2012	\$40.00	On-line Fee-SCI1103 GENERAL BIOLOGY	\$2,665.00	2012	28
		2/6/2012	\$975.00	Adv Tuition -SCI1103 GENERAL BIOLOGY	\$3,640.00	2012	28
		2/27/2012	\$945.00	Adv Tuition -BUS2113 FIN ACCT BG5F	\$4,585.00	2012	27
		2/27/2012	\$35.00	Course Fee Adv -BUS2113 FIN ACCT BG5F	\$4,620.00	2012	27
		3/1/2012	\$236.00	Books -BUS2113 FIN ACCT+\$30 SHIP	\$4,856.00	2012	27

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		4/5/2012	(\$2,738.00)	Direct SUB Loan 2011-12-SP12-ADV PLUS	\$2,118.00	2012	27
		4/5/2012	(\$1,742.00)	Direct UNSUB Loan 2011-12-SP12-ADV PLUS	\$376.00	2012	17
		4/5/2012	(\$3,484.00)	Direct UNSUB Loan 2011-12-SP12-ADV PLUS	(\$3,108.00)	2012	27
		4/5/2012	(\$1,369.00)	Direct SUB Loan 2011-12-FA11-BG13 T4	(\$4,477.00)	2012	17
		4/9/2012	\$35.00	Course Fee Adv -BUS2513 PERSONNEL SPV	(\$4,442.00)	2012	27
		4/9/2012	\$945.00	Adv Tuition -BUS2513 PERSONNEL SPV BG5F	(\$3,497.00)	2012	27
		4/9/2012	\$1,742.00	Direct UNSUB Loan 2011-12-Adjust-FA11-BG	(\$1,755.00)	2012	17
		4/9/2012	\$1,369.00	Direct SUB Loan 2011-12-Adjust-FA11-BG13	(\$386.00)	2012	17
		4/10/2012	\$386.00	Residual Check-Advantage	\$0.00	2012	
		4/11/2012	(\$1,482.00)	KTG Grant 2011-12-SP12-ADV PLUS	(\$1,482.00)	2012	27
		4/13/2012	\$1,482.00	Residual Check - Advantage	\$0.00	2012	
		4/17/2012	(\$386.00)	Void Refund on Residual Check-Advantage	(\$386.00)	2012	
		4/17/2012	\$25.00	Stop Payment Cost- Anthony Brown	(\$361.00)	2012	
		4/17/2012	\$361.00	Residual Check Advantage REISSUE	\$0.00	2012	

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		5/11/2012	(\$945.00)	TUITION CREDIT-BUS2423 PRI MICROECON	(\$945.00)	2012	17
		5/11/2012	(\$35.00)	TUITION CREDIT-BUS2423 PRI MICROECON	(\$980.00)	2012	17
		5/11/2012	\$945.00	Adv Tuition -BUS2423 PRI MICROECON	(\$35.00)	2012	27
		5/11/2012	\$35.00	Course Fee Adv -BUS2423 PRI MICROECON	\$0.00	2012	27
		7/8/2013	\$50.00	Application Fee -Masters	\$50.00	2013	A2
		7/15/2013	\$40.00	Course Fee - HRM 6003 50	\$90.00	2014	A1
		7/15/2013	\$40.00	Online Fee- CHM 6003 50	\$130.00	2014	A1
		7/15/2013	\$40.00	Course Fee - CHM 6003 50	\$170.00	2014	A1
		7/15/2013	\$40.00	Online Fee- MGT 6003 50	\$210.00	2014	A1
		7/15/2013	\$40.00	Course Fee - MGT 6003 50	\$250.00	2014	A1
		7/15/2013	\$3,960.00	Masters Online Tuition-DL4M MGT CHM HRM	\$4,210.00	2014	A1
		7/15/2013	\$40.00	Online Fee- HRM 6003 50	\$4,250.00	2014	A1
		7/15/2013	\$643.00	Books-DL4M MGT CHM HRMAPA DISC+\$40SHP	\$4,893.00	2014	A1
		7/31/2013	(\$50.00)	Stud Pymt on Acct-APPL-DL4M	\$4,843.00	2013	A2

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		10/18/2013	(\$5,072.00)	Direct UNSUB Loans 2013-14-DL 2014/A1	(\$229.00)	2014	A1
		10/22/2013	\$229.00	Residual Check-Masters	\$0.00	2014	A1
		11/6/2013	\$5,072.00	Residual Check Masters AV	\$5,072.00	2014	A1
		11/18/2013	(\$5,072.00)	Direct UNSUB Loans 2013-14-2014/A1	\$0.00	2014	A1
		1/31/2014	\$689.00	Books-DL4M T2+\$30SHP 6013.6033.6033	\$689.00	2014	A2
		1/31/2014	\$40.00	Online Fee- MGT 6013 50	\$729.00	2014	A2
		1/31/2014	\$3,960.00	Tuition-DL4M T2 MGT6013.6033 HRM6033	\$4,689.00	2014	A2
		1/31/2014	\$40.00	Online Fee- HRM 6033 50	\$4,729.00	2014	A2
		1/31/2014	\$40.00	Course Fee - HRM 6033 50	\$4,769.00	2014	A2
		1/31/2014	\$40.00	Online Fee- MGT 6033 50	\$4,809.00	2014	A2
		1/31/2014	\$40.00	Course Fee - MGT 6033 50	\$4,849.00	2014	A2
		1/31/2014	\$40.00	Course Fee - MGT 6013 50	\$4,889.00	2014	A2
		4/23/2014	(\$40.00)	Course Fee-Masters Credit-DL4M-HRM6033	\$4,849.00	2014	A2
		4/23/2014	(\$40.00)	Online Fee-Masters Credit-DL4M-HRM 6033	\$4,809.00	2014	A2

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		4/23/2014	(\$1,320.00)	Tuition-Master Onlin Credit-DL4M-HRM6033	\$3,489.00	2014	A2
		5/6/2014	(\$40.00)	Online Fee-Masters Credit-DL4M-MGT 6033	\$3,449.00	2014	A2
		5/6/2014	(\$40.00)	Course Fee Adv Credit-DL4M-MGT 6033	\$3,409.00	2014	A2
		5/6/2014	(\$1,320.00)	Tuition-Master Onlin Credit-DL4M-MGT6033	\$2,089.00	2014	A2
		6/6/2014	\$5,072.00	Direct Loan Reversal	\$7,161.00	2014	A1
		6/6/2014	\$5,072.00	Direct Loan Reversal	\$12,233.00	2014	A1
		Balance	\$12,233.00	as of 7/1/2015			

Mid-Continent University – Option A

STUDENT LOAN PROMISSORY NOTE

Federal Match Type

BORROWER INFORMATION - XXXXXX

Name: John Doe
Address: 100 H.C. Mathis Dr.
Paducah, KY 42001

LENDER INFORMATION

Lender: Mid-Continent University
Address: 99 E. Powell Rd.
Mayfield, KY 42066

SERVICE PROVIDER INFORMATION

National Education Servicing, LLC
200 West Monroe Street
Suite 700
Chicago, Illinois 60606

In this Promissory Note ("Note"), the words "I," "me," "my," "mine," "you," and "borrower" mean the borrower who signs this note and the application for the Student Loan. "Lender," "Institution," "we," and "us" will mean Mid-Continent University or any subsequent holder of this Note.

LOAN AMOUNT:

A. PROMISE TO PAY

FOR VALUE RECEIVED, I promise to pay to the order of Lender, according to the terms below, so much of the principal sum of the Loan Amount ("Loan") indicated above that has been disbursed to me or paid or credited on my behalf, together with any applicable late fees, and in the event of default and to the extent permitted by applicable law, costs of collection and reasonable attorney fees. I will pay all of these amounts to Lender at the address shown on my statements/coupon book OR specified in writing by Institution or subsequent holder of this Note.

B. INTEREST

Rate: The Interest Rate on this loan is fixed at 3.4%.

1. You are not required to pay the interest that accrues on this loan during the in-school, grace, or deferment periods and during certain periods of repayment under the Income-Based Repayment Plan and the Pay As You Earn Repayment Plan. You must pay interest that accrues on this Loan during all other periods (including forbearance periods), starting the day after your grace period ends.
2. Under the no accrual of interest benefit for active duty service members, you are not required to pay the interest that accrues during periods of qualifying active duty military service (for up to 60 months). You will be required to provide the proper documentation for this benefit with assistance from the service provider.

C. INTEREST CAPITALIZATION

If you do not pay the interest as it accrues on your loan during periods of forbearance, we will add the accrued interest to the unpaid principal balance of your loan. This is called "capitalization." Capitalization increases the unpaid principal balance of your loan, and interest then accrues on the increased principal balance. We capitalize unpaid interest on your outstanding balance when you resume payment after periods of forbearance.

D. REPAYMENT

1. You must repay the full amount of the loan made under this Promissory Note, plus accrued interest and fees. Unless you qualify for an alternative repayment plan, your payment amount will be based on the Standard **Repayment Plan** or a minimum of \$50 per month, whichever is greater. You will repay the loan in monthly installments in the amount of _____¹ in _____² installments during a repayment period that begins on the 30th day following the end of your 6-month grace period or on the 30th day following the date on which a statement and repayment schedule are mailed to you, whichever is later. If your original payment due date falls within the last four days of the month your actual payment due date will be the first day of the following month. The payment will be due every 30 days thereafter for a period of 120 months. Note: Your repayment period may be less than 120 months if you are required to make a minimum payment of \$50 per month. The minimum payment explanation is found in Section E, below. The final payment shall include all remaining unpaid principal and fees due and payable to repay the loan in full on the maturity date of the loan. These repayment terms may be adjusted if you qualify for an alternative repayment plan.
 2. We will notify you of the date your first payment is due and the maturity date of the loan. You must make payments on your loan even if you do not receive a bill or repayment notice. Generally, payments that you make or that someone else makes on your behalf will be applied first to late charges and collection costs that are due, then to interest that has not been paid, and finally to the principal amount of the loan. However, any payments made under the Income-Based Repayment Plan or the Pay As You Earn Plan
-

will be applied first to interest that is due, then to fees that are due, and then to the principal amount.

3. You will have a choice of repayment plans and a repayment schedule that identifies your payment amounts and due dates will be provided.
4. If you intend to repay your loan but are unable to make your scheduled loan payments, we may grant you a forbearance that allows you to temporarily stop making payments or to temporarily make a smaller payment amount, which extends the time for making payments.
5. We may adjust payment dates on your loans or may grant you a forbearance to eliminate a delinquency that remains even though you are making scheduled installment payments.
6. You may prepay all or any part of the unpaid balance on your loans at any time without penalty. After you have repaid in full a loan made, we will send you a notice telling you that you have paid off your loan.

E. REPAYMENT PLANS

Standard Repayment Plan – This is the customary repayment plan. The terms of this Promissory Note reflect this repayment plan. Under this plan, you will make fixed monthly payments and repay your loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment. Your payments must be at least \$50 a month (\$600 a year) and will be more, if necessary, to repay the loan within the required time period. You may request another repayment plan as discussed in this section. If you qualify, you will be placed in that repayment plan.

Graduated Repayment Plan - Under this plan, you will usually make lower payments at first, and your payments will gradually increase over time. You will repay your loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment. Your monthly payment must at least be equal to the amount of interest that accrues each month. No single payment will be more than three times greater than any other payment.

Extended Repayment Plan - You are eligible for this plan only if you have a loan balance that exceeds \$30,000. Under this plan, you will repay your loan in full over a period not to exceed 25 years (not including periods of deferment or forbearance) from the date the loan entered repayment. You may choose to make fixed monthly payments or graduated monthly payments that start out lower and gradually increase over time. If you make fixed monthly payments, your payments must be at least \$50 a month (\$600 a year) and will be more, if necessary, to repay the loan within the required time period. If you make graduated payments, your monthly payment must at least be equal to the amount of interest that accrues each month. No single payment under the graduated option will be more than three times greater than any other payment.

Income-Based Repayment Plan (“IBR”) - Under the IBR Plan, your monthly payment amount is generally 15% of your annual discretionary income, divided by 12. Discretionary income for

this plan is the difference between your adjusted gross income and 150% of the poverty guideline amount for your state of residence and family size. You must requalify for this repayment plan each year. If your loan is not repaid in full after you have made the equivalent of 25 years of qualifying monthly payments and at least 25 years have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

Pay As You Earn Repayment Plan - Under the Pay As You Earn Plan, your monthly payment amount is generally 10% of your annual discretionary income, divided by 12. Discretionary income for this plan is the difference between your adjusted gross income and 150% of the poverty guideline amount for your state of residence and family size. You must requalify for this repayment plan each year. If your loan is not repaid in full after you have made the equivalent of 20 years of qualifying monthly payments and at least 20 years have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

Income Contingent Repayment Plan - Under this plan, your monthly payment amount will be either 20% of your discretionary income or a percentage of what you would repay under a Standard Repayment Plan with a 12-year repayment period, whichever is less. Discretionary income for this plan is the difference between your adjusted gross income and the poverty guideline amount for your state of residence and family size. You must requalify for this repayment plan each year. If your loan is not repaid in full after you have made the equivalent of 25 years of qualifying monthly payments and at least 25 years have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

F. REPAYMENT INCENTIVE PROGRAM

You will receive a 0.25% interest rate reduction while you repay under the automatic withdrawal option. Under this payment option, your bank automatically deducts your monthly loan payment from your checking or savings account and sends it to us.

G. LATE CHARGES

1. Late Charges: If you do not make a full payment within 30 days after it is due, you agree to pay a late charge. This charge will not be more than six cents for each dollar of each late payment and shall not exceed a total of six dollars. If you do not make payments as scheduled, you also agree to pay other reasonable charges and fees involved in collecting your loan.

H. RIGHT TO PREPAY

You have the right to prepay this Promissory Note in whole or in part at any time prior to the maturity date without premium or penalty. Prepayment of less than all of the outstanding

balance of this Promissory Note will not reduce the amount of my monthly payments or postpone the due date of monthly payments, but will reduce the number of payments I must make.

I. GRACE PERIOD

1. You will receive a 6-month grace period on repayment of each loan made under this Promissory Note. You are not required to make any payments on your loan during the grace period. The grace period begins the day after you cease to be enrolled at least half-time at an eligible school. An eligible school is one that participates in the Federal financial aid programs. If you have graduated or withdrawn from an eligible school, your grace period began the day after your graduation or withdrawal date.
2. If you are called or ordered to active duty for more than 30 days from a reserve component of the U.S. Armed Forces, the period of your active duty service and the time necessary for you to re-enroll in school after your active duty ends are not counted as part of your grace period. However, the total period that is excluded from your grace period may not exceed three years. If the call or order to active duty occurs while you are in school and requires you to drop below half-time enrollment, the start of your grace period will be delayed until after the end of the excluded period. If the call or order to active duty occurs during your grace period, you will receive a full 6-month grace period at the end of the excluded period.

J. DEFERMENT

If you meet certain requirements, you may receive a deferment that allows you to temporarily stop making payments on your loan and interest does not accrue.

You may receive a deferment in the following circumstances:

1. While you are enrolled at least half-time at an eligible school.
2. While you are in a full-time course of study in a graduate fellowship program;
3. While you are in an approved full-time rehabilitation program for individuals with disabilities;
4. While you are unemployed (for a maximum of three years; you must be diligently seeking, but unable to find, full-time employment);
5. While you are experiencing an economic hardship, (maximum of three years);
6. While you are serving on active duty during a war or other military operation or national emergency or performing qualifying National Guard duty during a war or other military operation or national emergency and for an additional 180-day period following the demobilization date for your qualifying service; or
7. If you are a member of the National Guard or other reserve component of the U.S. Armed Forces (current or retired) and you are called or ordered to active duty while you are enrolled at least half-time at an eligible school or within 6 months of having been enrolled at least half-time, during the 13 months following the conclusion of your active

duty service, or until you return to enrolled student status on at least a half-time basis, whichever is earlier.

K. FORBEARANCE

We may give you a forbearance if you are temporarily unable to make your scheduled loan payments for reasons including, but not limited to, financial hardship and illness. If granted, no payment is due during the forbearance period but interest continues to accrue.

You may receive a forbearance in the following circumstances:

1. You are serving in a medical or dental internship or residency program, and you meet specific requirements;
2. The total amount you owe each month for all of the student loans you received is 20% or more of your total monthly gross income (for a maximum of three years);
3. You are serving in a national service position for which you receive a national service award under the National and Community Service Trust Act of 1993. In some cases, the interest that accrues on a qualified loan during the service period will be paid by the Corporation for National and Community Service;
4. You are performing service that would qualify you for loan forgiveness under the Teacher Loan Forgiveness program that is available to certain Direct Loan and FFEL program borrowers;
5. You qualify for partial repayment of your loans under a student loan repayment program administered by the Department of Defense; or
6. You are called to active duty in the U.S. Armed Forces.
7. In accordance with terms agreed to between the loan servicer and the Lender.

L. DISCHARGE

We will discharge (forgive) your loan if:

1. You die. We must receive acceptable documentation of your death;
2. Your loan is discharged in bankruptcy after you have proven to the bankruptcy court that repaying the loan would cause undue hardship. This loan is not otherwise automatically discharged if you file for bankruptcy; or
3. You become totally and permanently disabled. We must receive acceptable documentation of your disability.

M. TEACHER LOAN FORGIVENESS

We may forgive a portion of this loan if you teach full time for five consecutive years in certain low-income elementary or secondary schools, or for certain low-income educational service agencies.

N. PUBLIC SERVICE LOAN FORGIVENESS

A Public Service Loan Forgiveness program is also available. Under this program, we will forgive the remaining balance due on your loan after you have made 120 payments while you are employed full-time in certain public service jobs. The required 120 payments do not have to be consecutive.

O. DEFAULT; WHOLE LOAN DUE

Subject to the limitations of applicable law, Lender may declare your loan in default if:

1. You fail to make any payment within 270 days after Lender sends you a notice (directed to your last known physical address or, if applicable, last known electronic mail address) that Lender has not received any monthly payment when due and we reasonably conclude that you no longer intend to honor your repayment obligation; or
2. You do not comply with other terms of this Note and we reasonably conclude that you no longer intend to honor your repayment obligations; or
3. You make a false written statement in applying for this loan or at any time during the repayment period.

If your loan is declared in default, the whole outstanding principal balance, and all other amounts payable under the terms of this Note will become due and payable at once, this is called "acceleration." If you default, the default may be reported to national consumer reporting agencies 60 days after your first delinquency and could significantly and adversely affect your credit history.

P. COLLECTION COSTS

Unless prohibited by applicable law, you agree to pay Lender all amounts, including reasonable attorney fees, and collection agency, court and other collection costs that Lender incurs in enforcing the terms of this Note.

Q. SHARING INFORMATION

Lender will disclose nonpublic personal information to third parties only as necessary to process and service your loan. Lender will not sell or otherwise make available any information about you to any third parties for marketing purposes.

R. LOAN TRANSFER

We may transfer the servicing of your loan to another party without your consent. If there is a change in the address to which you must send payments or direct communications, we will notify you of the new servicer's name, address and telephone number, the effective date of the transfer, and the date when you must begin sending payments or directing communications to that servicer. Transfer of a loan to a different servicer does not affect your rights and responsibilities under that loan.

S. NOTICES

1. Borrower will send written notice to Lender within ten (10) days after any change in name, address, permanent telephone number, cellular telephone number, or electronic mail address.
2. Any notice required to be given to Borrower by Lender will be effective (i) when mailed by first class mail to the latest address Lender has for Borrower or (ii) if Borrower agrees to receive notices and other communications electronically, when transmitted by electronic communication to the latest electronic mail address Lender has for Borrower.
3. This Note and all transactions hereunder and thereunder shall be governed by and construed in accordance with the internal laws of the State of Kentucky, where Lender has its principal place of business, where payment is to be made, and where Lender negotiated the terms of and executed this Note, without reference to the conflict of laws principles of such State. Jurisdiction and venue for its enforcement shall exist, nonexclusively, in the courts of Kentucky.

T. ACKNOWLEDGEMENTS AND CONSENTS

1. The proceeds of this loan were used for my education expenses related to my attendance at Mid-Continent University.
2. If any provision of this Note is held invalid or unenforceable, that provision shall be considered omitted from this Note without affecting the validity or enforceability of the remainder of this Note.
3. Lender may assign this Note without notifying me and without my consent.
4. The failure of Lender to exercise any of the remedies or options set forth in this Note shall not constitute a waiver of the right to exercise the same or any other remedy at any subsequent time in respect to the same or any other event of default. Acceptance by Lender of any payment which is less than the total of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or any subsequent time, or nullify any prior exercise of any such remedy or option.
5. This loan may not be consolidated under the Federal Consolidation Loan Program.
6. There are no origination fees associated with this loan.

By signing below, Borrower acknowledges receiving a complete and true copy of this Note, Truth in Lending disclosures, and a Private Education Loan Applicant Self-Certification form, and agrees to all terms and conditions contained herein.

Borrower Signature: _____

Date: _____

Printed Name _____

Date of Birth: _____

Social Security Number: _____

Driver's License (State and Number): _____

Telephone (Home): _____

Telephone (Cell): _____

Please provide two references below:

Name: _____

Contact Information: _____

Name: _____

Contact Information: _____

Private Education Loan Application and Solicitation Disclosure – Option A

Borrower:

Creditor:

Mid-Continent University
 99 Powell Road East
 Mayfield, KY 42066

1

Loan Interest Rate & Fees

Your interest rate will be fixed for the life of your loan.

3.40%

Your Interest Rate during the life of the loan

Your rate is fixed. This means that your rate will not change during the life of your loan.

Fees

- Late Charge: A fee of six cents per dollar of the payment or \$6, whichever is less, is charged if the borrower's payment is late by 30 days or more.
- Origination Fee: There is no origination fee.
- Collection Costs: If the borrower defaults, reasonable collection fees, including reasonable attorney fees and collection agency, court and other collection costs incurred in enforcing the terms of this loan, will be charged.

Loan Cost Example(s)

The total amount you will pay for this loan will be set for the duration of repayment. This example provides an estimate of the repayment option available to you.

Repayment Option	Amount Provided	Interest Rate	Loan Term	Total Paid over Years
MCU Option A --Federal Matching	\$12,233.00	3.40%	120 instalments over 10.0 years	\$14,446.80

Next Steps

1. To Apply for this Loan, Complete the Promissory Note and the Self-Certification Form and return to the school at the address above. The Self-Certification Form does not have to be returned to the University if the borrower's loan amount is equal to or less than \$600.00.

REFERENCE NOTES

Eligibility Criteria

- Borrower must have been a MCU student.

Bankruptcy

- If the borrower files bankruptcy, the borrower may still be required to repay the loan.

Deferments and Forbearance

- A deferment may be granted under certain limited circumstances, such as going back to school and attending at least half-time. During a deferment, payments are suspended or adjusted for a period of time. Deferments are discussed further in the promissory note.
- A forbearance may be granted under certain limited circumstances, such as financial hardship and illness. During forbearance, payments are suspended or adjusted for a period of time. Forbearances are discussed further in the promissory note.

Private Education Loan Approval Disclosure – Option A

BORROWER:

CREDITOR:

Mid-Continent University
99 Powell Road East
Mayfield, KY 42006

Loan Rates & Estimated Total Costs

Total Loan Amount

Interest Rate

Finance Charge

Total of Payments

\$12,233.00

3.40%

\$2,213.80

\$14,446.80

The total amount you are borrowing.

Your current interest rate.

The estimated dollar amount the credit will cost you.

The estimated amount you will have paid when you have made all payments.

ITEMIZATION OF AMOUNT FINANCED

Amount paid to you	\$12,233.00
Amount paid to others on your behalf:	+ \$00.00
Amount Financed (total amount provided)	= \$12,233.00
Initial Finance Charges (total)	+ \$00.00
Total Loan Amount	\$12,233.00

ABOUT YOUR INTEREST RATE

- Your rate is fixed. This means that your rate will not change during the life of the loan.
- Your Annual Percentage Rate (APR) is 3.40%.

Fees

- Late Charge: A fee of six cents per dollar of the payment or \$6, whichever is less, is charged if the borrower's payment is late by 30 days or more.
- Origination Fee: There is no origination fee.
- Collection Costs: If the borrower defaults, reasonable collection fees, including reasonable attorney fees and collection agency, court and other collection costs incurred in enforcing the terms of this loan, will be charged.

Estimated Repayment Schedule & Terms

MONTHLY LOAN TERM	MONTHLY PAYMENTS
Start date 5/21/2015 – End Date 05/21/25	\$120.39
Final Month 1 monthly payment	\$120.39

The estimated Total of Payments at the Maximum Rate of Interest would be \$14,446.80

Next Steps & Terms of Acceptance

This offer is good until:



- 1. Find Out About Other Loan Options**
Contact your school's financial aid office for more information.
- 2. You Have Until 5/21/2015 (30 days) to Accept this Offer**
The terms of this offer will not change except as permitted by law.

To Accept the Terms of this loan, sign the enclosed Student Loan Promissory Note and return to:

Mid-Continent University
99 E. Powell Rd
Mayfield, KY 42066

REFERENCE NOTES

Eligibility Criteria

- Borrower must have been a MCU student.

Bankruptcy

- If the borrower files bankruptcy, the borrower may still be required to repay the loan.

Deferments and Forbearance

- A deferment may be granted under certain limited circumstances, such as going back to school and attending at least half-time. During a deferment, payments are suspended or adjusted for a period of time. Deferments are discussed further in the promissory note.
- A forbearance may be granted under certain limited circumstances, such as financial hardship and illness. During forbearance, payments are suspended or adjusted for a period of time. Forbearances are discussed further in the promissory note.

Private Education Loan Final Disclosure – Option A

BORROWER:

CREDITOR:

Mid-Continent University
99 Powell Road East
Mayfield, KY 42066

RIGHT TO CANCEL

You have a right to cancel this transaction, without penalty, by midnight on the third day after you officially enter into the agreement or 5/25/2015 whichever is later. No funds will be disbursed against your account balance until after this time. You may cancel by calling us at 270-251-8900.

Loan Rates & Estimated Total Costs

Total Loan Amount

Interest Rate

Finance Charge

Total of Payments

\$12,233.00

3.40%

\$2,213.80

\$14,446.80

The total amount you are borrowing.

Your current interest rate.

The estimated dollar amount the credit will cost you.

The estimated amount you will have paid when you have made all payments.

ITEMIZATION OF AMOUNT FINANCED

Amount paid to you	\$12,233.00
Amount paid to others on your behalf:	+ \$00.00
Amount Financed (total amount provided)	= \$12,233.00
Initial Finance Charges (total)	0%
Total Loan Amount	\$12,233.00

ABOUT YOUR INTEREST RATE

- Your rate is fixed. This means that your rate will not change during the life of the loan.

- Your Annual Percentage Rate (APR) is 3.40%.

Fees

- Late Charge: A fee of six cents per dollar of the payment or \$6, whichever is less, is charged if the borrower's payment is late by 30 days or more.
- Origination Fee: There is no origination fee.
- Collection Costs: If the borrower defaults, reasonable collection fees, including reasonable attorney fees and collection agency, court and other collection costs incurred in enforcing the terms of this loan, will be charged.

Estimated Repayment Schedule & Terms

MONTHLY LOAN TERM	MONTHLY PAYMENTS
Start date 5/21/2015 - End Date 05/21/25	\$120.39
Final Month 1 monthly payment	\$120.39

The estimated Total of Payments at the Maximum Rate of Interest would be

\$14,446.80

REFERENCE NOTES

Eligibility Criteria

- Borrower must have been a MCU student.

Bankruptcy

- The borrower files bankruptcy, the borrower may still be required to repay the loan.

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- A forbearance may be granted under certain limited circumstances, such as financial hardship and illness. During forbearance, payments are suspended or adjusted for a period of time. Forbearances are discussed further in the promissory note.

MCU OPTION A – SELF-CERTIFICATION FORM

Private Education Loan Applicant Self-Certification form for use by institutions and private educational loan lenders.

Clarification for the benefit of borrower –

The Higher Education Opportunity Act of 2008 (Pub. L. 110-35) (HEOA) added section 128(e)(3) to the TILA to require that before a private educational lender may consummate a private education loan for a student in attendance at an institution of higher education, the private education lender must obtain the completed and signed Self-Certification Form from the applicant. The Federal Reserve Board's Final Regulations published on August 14, 2009 incorporate this new requirement at 12 CFR 226.48(e).¹

Although Mid-Continent University is required by law to provide you with this form, please note that the school has closed and free or lower-cost Title IV federal, state, or school student financial aid is not available in place of, or in addition to, the private education loan offered. Please contact Mid-Continent University if you have questions about this form.

¹ U.S. Department of Education letter DCL ID: GEN-10-01, Subject: Education Loan Applicant Self-Certification Form, February 14, 2010



Private Education Loan

Applicant Self-Certification – Option A

Mid-Continent University
99 E. Powell Rd
Mayfield, KY 42066

OMB No. 1845-0101
Form Approved
Exp. Date 05-31-2016

Important: Pursuant to Section 165 of the Higher Education Act of 1965, as amended, (HEA) and to satisfy the requirements of Section 128(e)(3) of the Truth in Lending Act, a lender must obtain a self-certification signed by the applicant before disbursing a private education loan. The school is required on request to provide this form or the required information only for students admitted or enrolled at the school. Throughout this Applicant Self-Certification, "you" and "your" refer to the applicant who is applying for the loan. The applicant and the student may be the same person.

Instructions: Before signing, carefully read the entire form, including the definitions and other information on the following page. Submit the signed form to your lender.

SECTION 1: NOTICES TO APPLICANT

- Free or lower-cost Title IV federal, state, or school student financial aid may be available in place of, or in addition to, a private education loan. To apply for Title IV federal grants, loans and work-study, submit a Free Application for Federal Student Aid (FAFSA) available at www.fafsa.ed.gov, or by calling 1-800-4-FED-AID, or from the school's financial aid office.
- A private education loan may reduce eligibility for free or lower-cost federal, state, or school student financial aid.
- You are **strongly** encouraged to pursue the availability of free or lower-cost financial aid with the school's financial aid office.
- The financial information required to complete this form can be obtained from the school's financial aid office. If the lender has provided this information, you should contact your school's financial aid office to verify this information and to discuss your financing options.

SECTION 2: COST OF ATTENDANCE AND ESTIMATED FINANCIAL ASSISTANCE

If information is not already entered below, obtain the needed information from the school's financial aid office and enter it on the appropriate line. Sign and date where indicated. See Section 5 for definitions of financial aid terms.

A. Student's cost of attendance for the period of enrollment covered by the loan	\$12,233.00
B. Estimated financial assistance for the period of enrollment covered by the loan	\$12,233.00
C. Difference between amounts A and B	\$00.00

WARNING: If you borrow more than the amount on line C, you risk reducing your eligibility for free or lower-cost federal, state, or school financial aid.

SECTION 3: APPLICANT INFORMATION

Enter or correct the information below.

Full Name and Address of School _____

Applicant Name (last, first, MI) _____ Date of Birth (mm/dd/yyyy) ____/____/____

Permanent Street Address _____

City, State, Zip Code _____

Area Code / Telephone Number Home () _____ Other () _____

E-mail Address _____

Period of Enrollment Covered by the Loan (mm/dd/yyyy) From ____/____/____ to ____/____/____

If the student is not the applicant, provide the student's name and date of birth.

Student Name (last, first, MI) _____ Student Date of Birth (mm/dd/yyyy) ____/____/____

SECTION 4: APPLICANT SIGNATURE

I certify that I have read and understood the notices in Section 1 and, that to the best of my knowledge, the information provided on this form is true and correct.

Signature of Applicant _____ Date (mm/dd/yyyy) _____

SECTION 5: DEFINITIONS

Cost of attendance is an estimate of tuition and fees, room and board, transportation, and other costs for the period of enrollment covered by the loan, as determined by the school. A student's cost of attendance may be obtained from the school's financial aid office.

Estimated financial assistance is all federal, state, institutional (school), private, and other sources of assistance used in determining eligibility for most Title IV student financial aid, including amounts of financial assistance used to replace the expected family contribution. The student's estimated financial assistance is determined by the school and may be obtained from the school's financial aid office.

A **lender** is a private education lender as defined in Section 140 of the Truth in Lending Act and any other person engaged in the business of securing, making, or extending private education loans on behalf of the lender.

A **period of enrollment** is the academic year, academic term (such as semester, trimester, or quarter), or the number of weeks of instructional time for which the applicant is requesting the loan.

A **private education loan** is a loan provided by a private education lender that is not a Title IV loan and that is issued expressly for postsecondary education expenses, regardless of whether the loan is provided through the school that the student attends or directly to the borrower from the private education lender. A private education loan does not include (1) An extension of credit under an open-end consumer credit plan, a reverse mortgage transaction, a residential mortgage transaction, or any other loan that is secured by real property or a dwelling; or (2) An extension of credit in which the school is the lender if the term of the extension of credit is 90 days or less or an interest rate will not be applied to the credit balance and the term of the extension of credit is one year or less, even if the credit is payable in more than four installments.

Title IV student financial aid includes the Federal Pell Grant Program, the Federal Supplemental Educational Opportunity Grant (FSEOG) Program, the Federal Work-Study (FWS) Program, the William D. Ford Federal Direct Loan (Direct Loan) Program, the Federal Perkins Loan Program, and the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program. To apply for Title IV federal grants, loans, and work-study, submit a Free Application for Federal Student Aid (FAFSA), which is available at www.fafsa.gov, by calling 1-800-4-FED-AID, or from the school's financial aid office.

SECTION 6: PAPERWORK REDUCTION NOTICE

Paperwork Reduction Notice: According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a currently valid OMB control number. The valid OMB control number for this information collection is 1845-0101. The time required to complete this information collection is estimated to average 0.25 hours (15 minutes) per response, including the time to review instructions, search existing data resources, gather and maintain the data needed and complete and review the information collection.

If you have any comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: U.S. Department of Education, Washington, DC 20202-4651

If you have any comments or concerns regarding the status of your individual submission of this form, contact your lender.

Mid-Continent University – Option B

STUDENT LOAN PROMISSORY NOTE 20% Discount-Zero Interest Loan, Ten-Year Term

BORROWER INFORMATION - XXXXXX

Name:
Address:

LENDER INFORMATION

Lender: Mid-Continent University
Address: 99 E. Powell Rd.
Mayfield, KY 42066

SERVICE PROVIDER INFORMATION

National Education Servicing, LLC
200 West Monroe Street
Suite 700
Chicago, Illinois 60606

In this Promissory Note (“Note”), the words “I,” “me,” “my,” “mine,” “you,” and “borrower” mean the borrower who signs this note and the application for the Loan. “Lender,” “Institution,” “we,” and “us” will mean Mid-Continent University or any subsequent holder of this Note.

CURRENT BALANCE: \$12,233.00

20% DISCOUNTED BALANCE/LOAN AMOUNT: \$9,786.40

A. PROMISE TO PAY

FOR VALUE RECEIVED, I promise to pay to the order of Lender, according to the terms below, so much of the principal sum of the Loan Amount (“Loan”) indicated above that has been disbursed to me or paid or credited on my behalf, together with any applicable late fees, and in the event of default and to the extent permitted by applicable law, costs of collection and reasonable attorney fees. I will pay all of these amounts to Lender at the address shown on my statements/coupon book OR specified in writing by Institution or subsequent holder of this Note.

B. INTEREST

The Interest Rate on this loan is fixed at 0%.

C. REPAYMENT

1. You must repay the full amount of the loan made under this Promissory Note. Your payment amount will be a minimum of \$50 per month during a repayment period that begins on the 30th day following the date on which a statement and repayment schedule are mailed to you. If your original payment due date falls within the last four days of the month your actual payment due date will be the first day of the following month. The payment will be due every 30 days thereafter for a period of 120 months. Note: Your repayment period may be less than 120 months if you are required to make a minimum payment of \$50 per month. The final payment shall include all remaining unpaid principal and fees due and payable to repay the loan in full on the maturity date of the loan. **Based on the 20% Discounted Balance/Loan Amount of \$9,786.40, your monthly principal payments will be \$81.55 to be paid in 120 installments.**
2. If you intend to repay your loan but are unable to make your scheduled loan payments, we may in limited circumstances grant you a forbearance or deferment that allows you to temporarily stop making payments or to temporarily make a smaller payment amount, which extends the time for making payments.
3. We may in limited circumstances adjust payment dates on your loan or may in limited circumstances grant you a forbearance to eliminate a delinquency that remains even though you are making scheduled installment payments.

D. LATE CHARGES

Late Charges: If you do not make a full payment within 30 days after it is due, you agree to pay a late charge. This charge will not be more than six cents for each dollar of each late payment and shall not exceed a total of six dollars (\$6.00). If you do not make payments as scheduled, you also agree to pay other reasonable charges and fees involved in collecting your loan.

E. RIGHT TO PREPAY

You have the right to prepay this Promissory Note in whole or in part at any time prior to the maturity date without premium or penalty. Prepayment of less than all of the outstanding balance of this Promissory Note will not reduce the amount of my monthly payments or postpone the due date of monthly payments, but will reduce the number of payments you must make.

F. DISCHARGE

We will discharge (forgive) your loan if:

1. You die. We must receive acceptable documentation of your death.
2. You become totally and permanently disabled. We must receive acceptable documentation of your disability.

G. DEFAULT; WHOLE LOAN DUE

Subject to the limitations of applicable law, Lender may declare your loan in default if:

1. You fail to make any payment within 60 days after Lender sends you a notice (directed to your last known physical address or, if applicable, last known electronic mail address) that Lender has not received any monthly payment when due;
2. You do not comply with other terms of this Note; or
3. You make a false written statement in applying for this loan or at any time during the repayment period.

If your loan is declared in default, the whole outstanding principal balance, and all other amounts payable under the terms of this Note will become due and payable at once. This is called "acceleration." If you default, the default may be reported to national consumer reporting agencies 60 days after your first delinquency and could significantly and adversely affect your credit history.

H. COLLECTION COSTS

Unless prohibited by applicable law, you agree to pay Lender all amounts, including reasonable attorney fees, and collection agency, court and other collection costs that Lender incurs in enforcing the terms of this Note.

I. SHARING INFORMATION

Lender will disclose nonpublic personal information to third parties only as necessary to process and service your loan. Lender will not sell or otherwise make available any information about you to any third parties for marketing purposes.

J. LOAN TRANSFER

We may transfer the servicing of your loan to another party without your consent. If there is a change in the address to which you must send payments or direct communications, we will notify you of the new servicer's name, address and telephone number, the effective date of the transfer, and the date when you must begin sending payments or directing communications to that servicer. Transfer of a loan to a different servicer does not affect your rights and responsibilities under that loan.

K. NOTICES

1. Borrower will send written notice to Lender within ten (10) days after any change in name, address, permanent telephone number, cellular telephone number, or electronic mail address.

2. Any notice required to be given to Borrower by Lender will be effective (i) when mailed by first class mail to the latest address Lender has for Borrower or (ii) if Borrower agrees to receive notices and other communications electronically, when transmitted by electronic communication to the latest electronic mail address Lender has for Borrower.
3. This Note and all transactions hereunder and thereunder shall be governed by and construed in accordance with the internal laws of the State of Kentucky, where Lender has its principal place of business, where payment is to be made, and where Lender negotiated the terms of and executed this Note, without reference to the conflict of laws principles of such State. Jurisdiction and venue for its enforcement shall exist, nonexclusively, in the courts of Kentucky.

L. ACKNOWLEDGEMENTS AND CONSENTS

1. The proceeds of this loan were used only for education expenses related to my attendance at Mid-Continent University.
2. If any provision of this Note is held invalid or unenforceable, that provision shall be considered omitted from this Note without affecting the validity or enforceability of the remainder of this Note.
3. Lender may assign this Note without notifying me and without my consent.
4. The failure of Lender to exercise any of the remedies or options set forth in this Note shall not constitute a waiver of the right to exercise the same or any other remedy at any subsequent time in respect to the same or any other event of default. Acceptance by Lender of any payment which is less than the total of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or any subsequent time, or nullify any prior exercise of any such remedy or option.

By signing below, Borrower acknowledges receiving a complete and true copy of this Note, Truth in Lending disclosures, and a Private Education Loan Applicant Self-Certification form, and agrees to all terms and conditions contained herein.

Borrower Signature: _____

Date: _____

Printed Name: _____

Date of Birth: _____

Social Security Number: _____

Driver's License (State and Number): _____

Telephone (Home): _____

Telephone (Cell): _____

Please provide two references below:

Name: _____

Contact Information: _____

Name: _____

Contact Information: _____

Private Education Loan Application and Solicitation Disclosure – Option B

Borrower:

Creditor:

Mid-Continent University
99 Powell Road East
Mayfield, KY 42066

Loan Interest Rate & Fees

Your interest rate will be fixed for the life of your loan at

0%

Your Interest Rate during the life of the loan

Your rate is fixed. This means that your rate will not change during the life of your loan.

Fees

- **Late Charge:** A fee of six cents per dollar of the payment or \$6, whichever is less, is charged if the borrower's payment is late by 30 days or more.
- **Origination Fee:** There is no origination fee.
- **Collection Costs:** If the borrower defaults, reasonable collection fees, including reasonable attorney fees and collection agency, court and other collection costs incurred in enforcing the terms of this loan, will be charged.

Loan Cost Example(s)

The total amount you will pay for this loan will be set for the duration of repayment. This example provides an estimate of the repayment option available to you.

Repayment Option	Amount Provided	Interest Rate	Loan Term	Total Paid over 10.0 Years
MCU Option B – Zero Interest Loan	\$9,786.40	0%	120 Installments over 10.0 years	\$9,786.40

Next Steps

1. To Apply for this Loan, Complete the Promissory Note and the Self-Certification Form and return to the school at the address above. The Self-Certification Form does not have to be returned to the University if the borrower's loan amount is equal to or less than \$600.00.

REFERENCE NOTES

Eligibility Criteria

- Borrower must have been a MCU student.

Bankruptcy

- If the borrower files bankruptcy, the borrower may still be required to repay the loan.

Deferments and Forbearance

- A deferment may be granted under certain limited circumstances, such as going back to school and attending at least half-time. During a deferment, payments are suspended or adjusted for a period of time. Deferments are discussed further in the promissory note.
- A forbearance may be granted under certain limited circumstances, such as financial hardship and illness. During forbearance, payments are suspended or adjusted for a period of time. Forbearances are discussed further in the promissory note.

Private Education Loan Approval Disclosure – Option B

BORROWER:

CREDITOR:

Mld-Continent University
99 Powell Road East
Mayfield, KY 42006

Loan Rates & Estimated Total Costs

Total Loan Amount	Interest Rate	Finance Charge	Total of Payments
\$9,786.40	0%	\$00.00	\$9,786.40
The total amount you are borrowing.	Your current interest rate.	The estimated dollar amount the credit will cost you.	The estimated amount you will have paid when you have made all payments.

ITEMIZATION OF AMOUNT FINANCED

Amount paid to you	\$9,786.40
Amount paid to others on your behalf:	+ \$00.00
Amount Financed (total amount provided)	= \$9,786.40
Initial Finance Charges (total)	+ \$00.00
Total Loan Amount	\$9,786.40

ABOUT YOUR INTEREST RATE

- Your rate is fixed. This means that your rate will not change during the life of the loan.

- Your Annual Percentage Rate (APR) is 0%.

Fees

- Late Charge: A fee of six cents per dollar of the payment or \$6, whichever is less, is charged if the borrower's payment is late by 30 days or more.
- Origination Fee: There is no origination fee.
- Collection Costs: If the borrower defaults, reasonable collection fees, including reasonable attorney fees and collection agency, court and other collection costs incurred in enforcing the terms of this loan, will be charged.

Estimated Repayment Schedule & Terms

	MONTHLY PAYMENTS
Start date 5/21/2015 – End Date 05/21/25 119 monthly payments	\$81.55
Final Month 1 monthly payment	\$81.55

The estimated Total of Payments at the Maximum Rate of Interest would be

\$9,786.40

Next Steps & Terms of Acceptance

This offer is good until:



- 1. Find Out About Other Loan Options**
Contact your school's financial aid office for more information.
- 2. You Have Until 5/21/2015 (30 days) to Accept this Offer**
The terms of this offer will not change except as permitted by law.

To Accept the Terms of this loan, sign the enclosed Student Loan Promissory Note and return to:

Mid-Continent University
99 E. Powell Rd
Mayfield, KY 42066

REFERENCE NOTES

Eligibility Criteria

- Borrower must have been a MCU student.

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- If the borrower files bankruptcy, the borrower may still be required to repay the loan.

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Private Education Loan Final Disclosure – Option B

BORROWER:

CREDITOR:

Mid-Continent University
99 Powell Road East
Mayfield, KY 42066

RIGHT TO CANCEL

You have a right to cancel this transaction, without penalty, by midnight on the third day after you officially enter into the agreement or 5/25/2015 whichever is later. No funds will be disbursed against your account balance until after this time. You may cancel by calling us at 270-251-8900.

Loan Rates & Estimated Total Costs

Total Loan Amount	Interest Rate	Finance Charge	Total of Payments
\$9,786.40	\$0.00	\$0.00	\$9,786.40
The total amount you are borrowing.	Your current interest rate.	The estimated dollar amount the credit will cost you.	The estimated amount you will have paid when you have made all payments.

ITEMIZATION OF AMOUNT FINANCED

Amount paid to you	\$9,786.40
Amount paid to others on your behalf:	+ \$00.00
Amount Financed (total amount provided)	= \$9,786.40
Initial Finance Charges (total)	+ \$00.00
Total Loan Amount	\$9,786.40

ABOUT YOUR INTEREST RATE

- Your rate is fixed. This means that your rate will not change during the life of the loan.

- Your Annual Percentage Rate (APR) is 0%.

Fees

- Late Charge: A fee of six cents per dollar of the payment or \$6, whichever is less, is charged if the borrower's payment is late by 30 days or more.
- Origination Fee: There is no origination fee.
- Collection Costs: If the borrower defaults, reasonable collection fees, including reasonable attorney fees and collection agency, court and other collection costs incurred in enforcing the terms of this loan, will be charged.

Estimated Repayment Schedule & Terms

	MONTHLY PAYMENTS
120 MONTH LOAN TERM	\$81.55
Start date 5/21/2015 - End Date 05/21/25	\$81.55
Final Month 1 monthly payment	\$81.55

The estimated Total of Payments at the Maximum Rate of Interest would be

\$9,786.40

REFERENCE NOTES

Eligibility Criteria

- Borrower must have been a MCU student.

Bankruptcy

- The borrower files bankruptcy, the borrower may still be required to repay the loan.

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MCU OPTION B – SELF-CERTIFICATION FORM

Private Education Loan Applicant Self-Certification form for use by institutions and private educational loan lenders.

Clarification for the benefit of borrower –

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Although Mid-Continent University is required by law to provide you with this form, please note that the school has closed and free or lower-cost Title IV federal, state, or school student financial aid is not available in place of, or in addition to, the private education loan offered. Please contact Mid-Continent University if you have questions about this form.

ⁱ U.S. Department of Education letter DCL ID: GEN-10-01, Subject: Education Loan Applicant Self-Certification Form, February 14, 2010



Private Education Loan

Applicant Self-Certification – Option B

Mid-Continent University
99 E. Powell Rd
Mayfield, KY 42066

OMB No. 1845-0101
Form Approved
Exp. Date 09-31-2016

Important: Pursuant to Section 155 of the Higher Education Act of 1965, as amended, (HEA) and to satisfy the requirements of Section 128(e)(3) of the Truth in Lending Act, a lender must obtain a self-certification signed by the applicant before disbursing a private education loan. The school is required on request to provide this form or the required information only for students admitted or enrolled at the school. Throughout this Applicant Self-Certification, "you" and "your" refer to the applicant who is applying for the loan. The applicant and the student may be the same person.

Instructions: Before signing, carefully read the entire form, including the definitions and other information on the following page. Submit the signed form to your lender.

SECTION 1: NOTICES TO APPLICANT

- Free or lower-cost Title IV federal, state, or school student financial aid may be available in place of, or in addition to, a private education loan. To apply for Title IV federal grants, loans and work-study, submit a Free Application for Federal Student Aid (FAFSA) available at www.fafsa.ed.gov, or by calling 1-800-4-FED-AID, or from the school's financial aid office.
- A private education loan may reduce eligibility for free or lower-cost federal, state, or school student financial aid.
- You are **strongly** encouraged to pursue the availability of free or lower-cost financial aid with the school's financial aid office.
- The financial information required to complete this form can be obtained from the school's financial aid office. If the lender has provided this information, you should contact your school's financial aid office to verify this information and to discuss your financing options.

SECTION 2: COST OF ATTENDANCE AND ESTIMATED FINANCIAL ASSISTANCE

If information is not already entered below, obtain the needed information from the school's financial aid office and enter it on the appropriate line. Sign and date where indicated. See Section 5 for definitions of financial aid terms.

A. Student's cost of attendance for the period of enrollment covered by the loan	\$9,786.40
B. Estimated financial assistance for the period of enrollment covered by the loan	\$9,786.40
C. Difference between amounts A and B	\$00.00

WARNING: If you borrow more than the amount on line C, you risk reducing your eligibility for free or lower-cost federal, state, or school financial aid.

SECTION 3: APPLICANT INFORMATION

Enter or correct the information below.

Full Name and Address of School _____

Applicant Name (last, first, MI) _____ Date of Birth (mm/dd/yyyy) ____/____/____

Permanent Street Address _____

City, State, Zip Code _____

Area Code / Telephone Number Home () _____ Other () _____

E-mail Address _____

Period of Enrollment Covered by the Loan (mm/dd/yyyy) From ____/____/____ to ____/____/____

If the student is **not** the applicant, provide the student's name and date of birth.

Student Name (last, first, MI) _____ Student Date of Birth (mm/dd/yyyy) ____/____/____

SECTION 4: APPLICANT SIGNATURE

I certify that I have read and understood the notices in Section 1 and, that to the best of my knowledge, the information provided on this form is true and correct.

Signature of Applicant _____ Date (mm/dd/yyyy) _____

SECTION 5: DEFINITIONS

Cost of attendance is an estimate of tuition and fees, room and board, transportation, and other costs for the period of enrollment covered by the loan, as determined by the school. A student's cost of attendance may be obtained from the school's financial aid office.

Estimated financial assistance is all federal, state, institutional (school), private, and other sources of assistance used in determining eligibility for most Title IV student financial aid, including amounts of financial assistance used to replace the expected family contribution. The student's estimated financial assistance is determined by the school and may be obtained from the school's financial aid office.

A **lender** is a private education lender as defined in Section 140 of the Truth in Lending Act and any other person engaged in the business of securing, making, or extending private education loans on behalf of the lender.

A **period of enrollment** is the academic year, academic term (such as semester, trimester, or quarter), or the number of weeks of instructional time for which the applicant is requesting the loan.

A **private education loan** is a loan provided by a private education lender that is not a Title IV loan and that is issued expressly for postsecondary education expenses, regardless of whether the loan is provided through the school that the student attends or directly to the borrower from the private education lender. A private education loan does not include (1) An extension of credit under an open-end consumer credit plan, a reverse mortgage transaction, a residential mortgage transaction, or any other loan that is secured by real property or a dwelling; or (2) An extension of credit in which the school is the lender if the term of the extension of credit is 90 days or less or an interest rate will not be applied to the credit balance and the term of the extension of credit is one year or less, even if the credit is payable in more than four installments.

Title IV student financial aid includes the Federal Pell Grant Program, the Federal Supplemental Educational Opportunity Grant (FSEOG) Program, the Federal Work-Study (FWS) Program, the William D. Ford Federal Direct Loan (Direct Loan) Program, the Federal Perkins Loan Program, and the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program. To apply for Title IV federal grants, loans, and work-study, submit a Free Application for Federal Student Aid (FAFSA), which is available at www.fafsa.gov, by calling 1-800-4-FED-AID, or from the school's financial aid office.

SECTION 6: PAPERWORK REDUCTION NOTICE

Paperwork Reduction Notice: According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a currently valid OMB control number. The valid OMB control number for this information collection is 1845-0101. The time required to complete this information collection is estimated to average 0.25 hours (15 minutes) per response, including the time to review instructions, search existing data resources, gather and maintain the data needed and complete and review the information collection.

If you have any comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: U.S. Department of Education, Washington, DC 20202-4651

If you have any comments or concerns regarding the status of your individual submission of this form, contact your lender.

Mid-Continent University – Option C

STUDENT PAYMENT AGREEMENT

30% Discount – Payment of Balance

STUDENT INFORMATION - [ID Number]

Name:

Address:

UNIVERSITY INFORMATION

Mid-Continent University
99 E. Powell Rd.
Mayfield, KY 42066

In this document (“Agreement”), the words “I,” “me,” “my,” “mine,” and “you,” mean the student who signs this Agreement to pay the University as set forth below. “Lender,” “Institution,” “we,” and “us,” mean Mid-Continent University.

CURRENT BALANCE: \$12,233.00

30% DISCOUNTED BALANCE: \$8,563.10

A. PROMISE TO PAY

FOR VALUE RECEIVED, I promise to pay to the order of Mid-Continent University, according to the terms below, the discounted balance indicated above in repayment of previously incurred education expenses related to my attendance at Mid-Continent University. I will pay all of these amounts to the University at the address shown above.

B. TERMS OF PAYMENT

By signing this Agreement I commit to completing the payment within 30 days of the date the Agreement was mailed to me. I specifically agree that should I fail to make said payment within such 30 day period the University, in its sole discretion and subject to the limitations of applicable law, may declare me in default.

If you are declared in default, the whole outstanding principal balance, and all other amounts that may be payable will become due and payable at once. If you default, the default may be reported to national consumer reporting agencies and could significantly and adversely affect your credit history.

C. COLLECTION COSTS

Unless prohibited by applicable law, you agree to pay the University all amounts, including reasonable attorney fees, and collection agency, court and other collection costs that the University incurs in enforcing the terms of this Agreement.

D. NOTICES

1. This Agreement and all transactions hereunder and thereunder shall be governed by and construed in accordance with the internal laws of the State of Kentucky, where the University has its principal place of business, where payment is to be made, and where the University negotiated the terms of and executed this Agreement, without reference to the conflict of laws principles of such State. Jurisdiction and venue for its enforcement shall exist, nonexclusively, in the courts of Kentucky.

E. ACKNOWLEDGEMENTS AND CONSENTS

1. 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.
2. The failure of the University to exercise any of the remedies or options set forth in this Agreement shall not constitute a waiver of the right to exercise the same or any other remedy at any subsequent time in respect to the same or any other event of default. Acceptance by the University of any payment which is less than the total of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or any subsequent time, or nullify any prior exercise of any such remedy or option.
3. I waive presentment for payment, notice of dishonor, protest, notice of protest, and notice of nonpayment before the University can collect this debt.

By signing below, you acknowledge receiving a complete and true copy of this Agreement and agree to all terms and conditions contained herein.

Signature: _____

Date: _____

Printed Name: _____

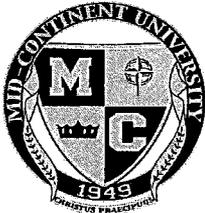
Date of Birth: _____

Social Security Number: _____

Driver's License (State and Number): _____

Telephone (Home) _____

Telephone (Cell) _____



Mid-Continent University Loan (Discharge) Application School Closure

Before responding, carefully read the entire form, including instructions and other information on the following page. Any person who knowingly makes a false statement or misrepresentation on this form or any accompanying documents may be subject to penalties.

Section I. Borrower Identification

1. Borrower Social Security Number: _____
2. Borrower Name: _____
3. Borrow Address: _____
4. Borrower Phone: _____
5. Borrower Email: _____

Section II. Student Information

1. Student's Name (last, first, middle): _____
2. Student's SSN: _____
3. Closed School's Name: **MID CONTINENT UNIVERSITY**
4. Closed School's Address: **99 EAST POWELL ROAD MAYFIELD, KY 42066**
5. Date School Closed: **JUNE 30, 2014**
6. Dates of Attendance at the Closed School (format mm/dd/yyyy): From _____ To _____
7. Name of the program of study that you were enrolled in at the time the school closed:

8. Did you complete the program of study at the closed school? (Yes or No)
If No, check all that apply:
 The school closed while you were still enrolled.
 You withdrew from the school.
If Yes, what was your date of withdrawal (format mm/dd/yyyy)?: _____
 You were on an approved Leave of Absence when the school closed.
If Yes, include dates of Leave of Absence here (format mm/dd/yyyy):
From: _____ To: _____
 Other (please explain): _____
9. Were you able to complete your program of study, or a comparable program of study at another school? (Yes or No)
10. Are you in the process of completing your program of study, or a comparable program of study at another school? (Yes or No)
11. Did the other school give you credit for training received at the closed school by allowing transfer of credits or hours earned at the closed school, or by any other means? (Yes or No)
12. Were you required to start the program of study over from the beginning at another school? (Yes or No)
13. Did the holder of your loan receive any money back (a refund) from the school on your behalf? (Yes, No, or Don't Know)
If yes, give the amount and explain why money was refunded:

14. Did you make any monetary claim with, or receive any payment from, the school or any third party in connection with enrollment or attendance at the school? (Yes, No, or Don't Know)

If Yes, please provide the name, phone number, and address of the party with whom the claim was made or from whom payment was received as well as the amount/ status of claim and/or amount of payment received: _____

Section III. Borrower Certification

My signature certifies I have read the terms and conditions that apply to this loan and agree. Under penalty of perjury, I certify that all of the information on this form is true and accurate to the best of my knowledge.

Borrower's Signature x _____

Section IV. Definitions

The **date the school closed** is the date that the school stopped providing educational instruction in all programs, as determined by the U.S. Department of Education.

The **holder** may be the lender, guarantor, or the Department.

Program of Study means the instructional program leading to a degree or certificate in which you were enrolled.

Third Party refers to any entity that may provide reimbursement for a refund owed by the school.

Section V. Terms and Conditions:

I received loan funds from Mid Continent University, the closed school, either (1) directly, or (2) in the form of a credit applied to the amount owed to the school. I was enrolled at the school, or on an approved leave of absence on the date that it closed, or withdrew from the school not more than 120 days before it closed. The 120 day period may be extended under exceptional circumstances related to the school's closure.

I agree to cooperate with Mid Continent University regarding any enforcement actions related to my request.

Section VI. Notices:

We are required to turn your attention to the Privacy Act of 1974. The principal purposes for collecting the information on this form are to verify your identity, and if it becomes necessary, to locate you and collect on your loan(s) due to default or delinquency.

The information in your file may be disclosed to third parties as authorized under routine uses in the appropriate systems of records.

In the event of litigation or potential violation of law, we may send records to the appropriate authorities

Section VII. Where to send your application:

Send the completed application to: **MID-CONTINENT UNIVERSITY 99 EAST POWELL ROAD MAYFIELD, KY 42066 OR CALL 270-251-9400 FOR ANSWERS TO ANY LOAN RELATED QUESTIONS YOU MAY HAVE.**

LOAN APPLICATION DETAILS ATTRIBUTED TO THE U.S. DEPARTMENT OF EDUCATION LOAN DISCHARGE APPLICATION SCHOOL CLOSURE OMB NO. 1845-0015.

Exhibit 4

Direct Loans

William D. Ford Federal Direct Loan Program

Federal Direct Stafford/Ford Loan Federal Direct Unsubsidized Stafford/Ford Loan Master Promissory Note William D. Ford Federal Direct Loan Program

Warning: Any person who knowingly makes a false statement or misrepresentation on this form or any accompanying document is subject to penalties that may include fines, imprisonment, or both, under the U.S. Criminal Code and 20 U.S.C. 1097.

OMB No. 1845-0007
Form Approved
Exp. Date 02/29/2016

SECTION A: BORROWER INFORMATION – READ THE INSTRUCTIONS IN SECTION G BEFORE COMPLETING THIS SECTION

1. Driver's License State and No.	2. Social Security No.
3. E-mail Address (optional)	
4. Name and Permanent Address (see instructions)	5. Date of Birth (mm-dd-yyyy) 6. Area Code/Telephone No.
7. References: List two persons with different U.S. addresses who have known you for at least three years. The first reference should be a parent or legal guardian.	
Name	1. _____ 2. _____
Permanent Street Address	_____
City, State, Zip Code	_____
E-Mail Address (optional)	_____
Area Code/Telephone No.	() _____ () _____
Relationship to Borrower	_____

SECTION B: SCHOOL INFORMATION – TO BE COMPLETED BY THE SCHOOL

8. School Name and Address	9. School Code/Branch	10. Identification No.
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SECTION C: BORROWER REQUEST, CERTIFICATIONS, AUTHORIZATIONS, AND UNDERSTANDINGS – READ CAREFULLY BEFORE SIGNING BELOW

11. This is a Master Promissory Note (MPN) for one or more Federal Direct Stafford/Ford (Direct Subsidized) Loans and/or Federal Direct Unsubsidized Stafford/Ford (Direct Unsubsidized) Loans. I request a total amount of Direct Subsidized Loans and/or Direct Unsubsidized Loans under this MPN not to exceed the allowable maximums under the Act ("the Act" is defined in Section E under Governing Law). My school will notify me of the loan type and loan amount that I am eligible to borrow. Within certain timeframes, I may cancel a loan or request a lower amount by contacting my school, or by refusing to accept or returning all or a portion of a loan disbursement that is made to me. The Borrower's Rights and Responsibilities Statement that accompanies this MPN and the disclosure statements that will be provided to me contain additional information about my right to cancel a loan or request a lower amount.
12. Under penalty of perjury, I certify that:
- A. The information I have provided on this MPN and as updated by me from time to time is true, complete, and correct to the best of my knowledge and belief and is made in good faith.
 - B. I will use the proceeds of loans made under this MPN for authorized educational expenses that I incur, and I will immediately repay any loan proceeds that cannot be attributed to educational expenses for attendance on at least a half-time basis at the school that certified my loan eligibility.
 - C. If I owe an overpayment on a Federal Perkins Loan, Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, Academic Competitiveness Grant (ACG), National Science and Mathematics Access to Retain Talent (SMART) Grant, or Leveraging Educational Assistance Partnership Grant, I have made satisfactory arrangements to repay the amount owed.
 - D. If I am in default on any loan I received under the Federal Perkins Loan Program (including National Direct Student Loans), the William D. Ford Federal Direct Loan (Direct Loan) Program, or the Federal Family Education Loan (FFEL) Program, I have made satisfactory repayment arrangements with the loan holder to repay the amount owed.
 - E. If I have been convicted of, or if I have pled *nolo contendere* (no contest) or guilty to, a crime involving fraud in obtaining funds under Title IV of the Higher Education Act of 1965, as amended, (HEA), I have fully repaid the funds to the U.S. Department of Education (ED) or to the loan holder in the case of a Title IV federal student loan.
13. For each Direct Subsidized Loan and Direct Unsubsidized Loan I receive under this MPN:
- A. I authorize my school to certify my eligibility for the loan.
 - B. I authorize my school to credit my loan proceeds to my student account at the school, and to pay to ED any refund that may be due up to the full loan amount.
 - C. I authorize ED to investigate my credit record and report information about my loan status to persons and organizations permitted by law to receive that information.
 - D. I authorize ED to defer repayment of principal on my loan while I am enrolled at least half-time at an eligible school, unless I notify ED differently.
 - E. I authorize my schools, ED, and their agents and contractors to release information about my loan to the references on the loan and to my immediate family members unless I submit written directions otherwise.
 - F. I authorize my schools, ED, and their agents and contractors to share information about my loan with each other.
 - G. I authorize my schools, ED, and their agents and contractors to contact me regarding my loan request or my loan, including repayment of my loan, at the number that I provide on this MPN or any future number that I provide for my cellular telephone or other wireless device using automated dialing equipment or artificial or prerecorded voice or text messages.
14. I understand that:
- A. ED will give me the opportunity to pay the interest that accrues on each loan made under this MPN during grace, in-school, deferment (including in-school deferment), forbearance, and other periods as provided under the Act. If I do not pay the interest that accrues during these periods, ED may add unpaid interest that accrues on each loan made under this MPN to the principal balance of that loan (this is called "capitalization") at the end of the grace, deferment, forbearance, or other period. Capitalization will increase the principal balance on my loan and the total amount of interest I must pay.
 - B. ED has the authority to verify information reported on this MPN with other federal agencies.

SECTION D: PROMISE TO PAY

15. I promise to pay to ED all loan amounts disbursed under the terms of this MPN, plus interest and other charges and fees that may become due as provided in this MPN. I understand that more than one loan may be made to me under this MPN. I understand that by accepting any disbursement issued at any time under this MPN, I agree to repay the loan associated with that disbursement.
16. If I do not make a payment on a loan made under this MPN when it is due, I will also pay reasonable collection costs, including but not limited to attorney fees, court costs, and other fees.
17. I will not sign this MPN before reading the entire MPN, even if I am told not to read it, or told that I am not required to read it. I am entitled to an exact copy of this MPN and the Borrower's Rights and Responsibilities Statement.
18. My signature certifies that I have read, understand, and agree to the terms and conditions of this MPN, including the Borrower Request, Certifications, Authorizations, and Understandings in Section C, the MPN Terms and Conditions described in Section E, the Notice About Subsequent Loans Made Under this MPN in Section E, and the Borrower's Rights and Responsibilities Statement.
- I UNDERSTAND THAT I MAY RECEIVE ONE OR MORE LOANS UNDER THIS MPN, AND THAT I MUST REPAY ALL LOANS THAT I RECEIVE UNDER THIS MPN.

19. Borrower's Signature _____	20. Today's Date (mm-dd-yyyy) _____
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Direct Subsidized Loan and Direct Unsubsidized Loan MPN (continued)

SECTION E: MPN TERMS AND CONDITIONS

GOVERNING LAW

The terms of this Master Promissory Note (MPN) will be interpreted in accordance with the Higher Education Act of 1965, as amended (the HEA) (20 U.S.C. 1070 *et seq.*), the U.S. Department of Education's (ED's) regulations, any amendments to the HEA and the regulations in accordance with the effective date of those amendments, and other applicable federal laws and regulations (collectively referred to as the "Act").

Under applicable state law, except as preempted by federal law, you may have certain borrower rights, remedies, and defenses in addition to those stated in this MPN and the Borrower's Rights and Responsibilities Statement.

DISCLOSURE OF LOAN TERMS

This MPN applies to Federal Direct Stafford/Ford Loans (Direct Subsidized Loans) and Federal Direct Unsubsidized Stafford/Ford Loans (Direct Unsubsidized Loans). Under this MPN, the principal amount that you owe, and are required to repay, will be the sum of all disbursements that are made (unless you reduce or cancel any disbursements as explained below under Loan Cancellation), plus any unpaid interest that is capitalized and added to the principal balance.

Each loan made under this MPN is separately enforceable based on a true and exact copy of this MPN. At or before the time of the first disbursement of each loan, you will receive a disclosure statement identifying the amount of the loan and additional terms of the loan. The Borrower's Rights and Responsibilities Statement accompanying this MPN contains important additional information. The Borrower's Rights and Responsibilities Statement and any disclosure statement you receive in connection with any loan under this MPN are hereby incorporated into this MPN.

The Act specifies annual and aggregate limits on the amount of loans you may receive under this MPN. You may request additional loan funds to pay for your educational costs up to the annual and aggregate loan limits by contacting your school's financial aid office. Your school will determine if you are eligible for any additional loan funds. You will be notified of any increase or other change in the amount of your loan.

The amount of Direct Subsidized Loans and Direct Unsubsidized Loans you are eligible to receive may increase or decrease based on changes in your financial circumstances. Your school will notify you of any changes in your eligibility. You will be notified of any increase or decrease in the amount of your loan.

ED may use a servicer to handle billing and other communications related to your loan.

TIME LIMITATION ON DIRECT SUBSIDIZED LOAN ELIGIBILITY FOR FIRST-TIME BORROWERS ON OR AFTER JULY 1, 2013

If you are a first-time borrower on or after July 1, 2013 (see Note below), there is a limit on the maximum period of time (measured in academic years) for which you can receive Direct Subsidized Loans. In general, you may not receive Direct Subsidized Loans for more than 150% of the published length of your program of study. This is called your "maximum eligibility period."

After you have received Direct Subsidized Loans for your maximum eligibility period, you are no longer eligible to receive additional Direct Subsidized Loans, and if you are enrolled in school you may become responsible for paying interest on your Direct Subsidized Loans. You may continue to receive Direct Unsubsidized Loans.

With certain exceptions as provided under the Act (such as if you graduate from your program of study before you receive or at the time you receive Direct Subsidized Loans for your maximum eligibility period), you will become responsible for paying the interest that accrues on your Direct Subsidized Loans during all periods if you:

- Continue to be enrolled in any undergraduate program after you have received Direct Subsidized Loans for your maximum eligibility period, or
- Enroll in another undergraduate program that is the same length as or shorter than your previous program.

The Borrower's Rights and Responsibilities Statement that accompanies this MPN provides additional information concerning the limitation on Direct Subsidized Loan eligibility for first-time borrowers on or after July 1, 2013.

Note: A first-time borrower on or after July 1, 2013 is an individual who has no outstanding balance on a Direct Loan Program loan or a Federal Family Education Loan (FFEL) Program loan on July 1, 2013, or who has no outstanding balance on a Direct Loan or FFEL program loan on the date he or she obtains a Direct Loan Program loan after July 1, 2013.

LOAN CANCELLATION

You may pay back all or part of a loan disbursement within the timeframes set by the Act, as explained in the Borrower's Rights and Responsibilities Statement and in a disclosure statement that you will receive. If you return the full loan amount within those timeframes, you will not have to pay any loan fee or interest charges. If you return part of a disbursement within those timeframes, ED will reduce the loan fee and interest charges in proportion to the amount returned.

INTEREST

Unless ED notifies you in writing that a different rate will apply, the interest rate for any loan you receive under this MPN is a fixed rate that is calculated in accordance with a formula specified in the Act. The interest rate for Direct Subsidized Loans and Direct Unsubsidized Loans is calculated each year. When the rate is calculated, it applies to Direct Subsidized Loans and Direct Unsubsidized Loans for which the first disbursement is made during the period beginning on July 1 of one year and ending on June 30 of the following year. Different interest rates may apply to different loans you receive under this MPN, depending on when the loan is first disbursed and whether you are an undergraduate student or a graduate or professional student. The maximum interest rate for Direct Subsidized Loans and Direct Unsubsidized Loans made to undergraduate students is 8.25%. The maximum interest rate for Direct Unsubsidized Loans made to graduate or professional students is 9.5%. ED will notify you of the interest rate on each of your loans.

Except as explained below, you are not required to pay the interest that accrues on a Direct Subsidized Loan during an in-school, grace, or deferment period, and during certain periods of repayment under the Income-Based Repayment Plan and the Pay As You Earn Repayment Plan. You must pay the interest that accrues on a Direct Subsidized Loan during all other periods (including forbearance periods), starting on the day after your grace period ends.

You must pay the interest that accrues during the grace period on any Direct Subsidized Loan for which the first disbursement is made on or after July 1, 2012 and before July 1, 2014. In addition, if you are a first-time borrower on or after July 1, 2013, under certain conditions you may become responsible for paying the interest that accrues on your Direct Subsidized Loans during all periods, as described under the heading "Time Limitation on Direct Subsidized Loan Eligibility for First-Time Borrowers on or after July 1, 2013."

You must pay the interest that accrues on a Direct Unsubsidized Loan during all periods (including in-school, grace, deferment, and forbearance periods), starting on the date of the first disbursement.

You agree to pay all interest that accrues on your Direct Loan(s) during the periods described above. You will be given the opportunity to pay the interest that accrues during in-school, grace, deferment, forbearance, or other periods as provided under the Act. If you do not pay this interest, ED may capitalize the interest (add it to the principal balance of your loans) at the end of the grace, deferment, forbearance, or other period.

LOAN FEE

As provided by the Act, ED charges a loan fee for each Direct Subsidized Loan and Direct Unsubsidized Loan you receive under this MPN. The loan fee is a percentage of the loan amount and will be deducted proportionately from each disbursement of each of your loans. The specific loan fee you are charged will be shown on

disclosure statements that will be sent to you. ED may refund the loan fee only as permitted by the Act.

LATE CHARGES AND COLLECTION COSTS

ED may collect from you:

- A late charge of not more than six cents for each dollar of each late payment if you do not make any part of a required installment payment within 30 days after it becomes due, and
- Any other charges and fees that are permitted by the Act related to the collection of your loans.

If you default on a loan, you must pay reasonable collection costs, plus court costs and attorney fees.

GRACE PERIOD

You will receive a 6-month grace period on repayment of each loan made under this MPN. The grace period begins the day after you cease to be enrolled at least half-time at an eligible school.

You are not required to make any payments on your loan during the grace period. However, you are responsible for paying the interest that accrues on your Direct Unsubsidized Loan and, in some cases (see "Interest" in this section of the MPN) on your Direct Subsidized Loan during the grace period, and this interest will be capitalized at the end of the grace period if you do not pay it.

REPAYMENT

You must repay the full amount of the loans made under this MPN, plus accrued interest. You will repay each loan in monthly installments during a repayment period that begins on the day immediately following your 6-month grace period on that loan. Generally, payments that you make or that someone else makes on your behalf will be applied first to late charges and collection costs that are due, then to interest that has not been paid, and finally to the principal amount of the loan. However, any payments made under the Income-Based Repayment Plan or the Pay As You Earn Plan will be applied first to interest that is due, then to fees that are due, and then to the principal amount.

ED will provide you with a choice of repayment plans. The Borrower's Rights and Responsibilities Statement includes information on these repayment plans.

ED will provide you with a repayment schedule that identifies your payment amounts and due dates. If you intend to repay your loan but are unable to make your scheduled loan payments, ED may grant you a forbearance that allows you to temporarily stop making payments or to temporarily make a smaller payment amount, which extends the time for making payments.

ED may adjust payment dates on your loans or may grant you a forbearance to eliminate a delinquency that remains even though you are making scheduled installment payments.

You may prepay all or any part of the unpaid balance on your loans at any time without penalty. If you do not specify which loans you are repaying, ED will determine how to apply the prepayment in accordance with the Act. After you have repaid in full a loan made under this MPN, ED will send you a notice telling you that you have paid off your loan.

ACCELERATION AND DEFAULT

At ED's option, the entire unpaid balance of a loan made under this MPN will become immediately due and payable (this is called "acceleration") if any one of the following events occurs:

Section E continues on next page

Direct Subsidized Loan and Direct Unsubsidized Loan MPN (continued)

SECTION E: MPN TERMS AND CONDITIONS (continued)

- (1) You do not enroll as at least a half-time student at the school that certified your loan eligibility;
- (2) You do not use the proceeds of the loan solely for your educational expenses;
- (3) You make a false representation that results in your receiving a loan for which you are not eligible; or
- (4) You default on the loan.

The following events will constitute a default on your loan:

- (1) You do not pay the entire unpaid balance of the loan after ED has exercised its option under items (1), (2), and (3) above;
- (2) You do not make installment payments when due and your failure to make payments has continued for at least 270 days; or
- (3) You do not comply with other terms of the loan, and ED reasonably concludes that you no longer intend to honor your repayment obligation.

If you default, ED may capitalize all outstanding interest. This will increase the principal balance of your loan, and the full amount of the loan, including the new principal balance and collection costs, will become immediately due and payable.

If you default, the default will be reported to nationwide consumer reporting agencies (credit bureaus) and will significantly and adversely affect your credit history. A default will have additional adverse consequences as explained in the Borrower's Rights and Responsibilities Statement. Following default, you may be required to repay the loan (potentially including amounts in excess of the principal and interest) under the Income-Based Repayment Plan or the Income-Contingent Repayment Plan in accordance with the Act.

LEGAL NOTICES

Any notice required to be given to you will be effective if it is sent by first-class mail to the most recent address ED has for you, by electronic means to an address you have provided, or by any other method of notification that is permitted or required by applicable statute and regulation. You must immediately notify ED of a change in your contact information or status as specified in the Borrower's Rights and Responsibilities Statement under "Information you must report to us after you receive your loan."

If ED does not enforce or insist on compliance with any term of this MPN, this does not waive any right of ED. No provision of this MPN may be modified or waived except in writing by ED. If any provision of this MPN is determined to be unenforceable, the remaining provisions will remain in force.

Information about your loans will be submitted to the National Student Loan Data System (NSLDS). Information in NSLDS is accessible to schools, lenders, and guarantors for specific purposes as authorized by ED.

NOTICE ABOUT SUBSEQUENT LOANS MADE UNDER THIS MPN

This MPN authorizes ED to make multiple loans to you to pay your educational expenses during the multi-year term of this MPN, upon your request and upon your school's annual certification of your loan eligibility.

At schools that are authorized to use the multi-year feature of the MPN and choose to do so, subsequent loans may be made under this MPN for subsequent academic years. At any school, subsequent loans may be made under this MPN for the same academic year.

No subsequent loans will be made under this MPN after the earliest of the following dates:

- (1) The date ED or your school receives your written notice that no further loans may be made;
- (2) One year after the date you sign the MPN or the date ED receives the MPN if no disbursements are made under the MPN; or
- (3) Ten years after the date you sign the MPN or the date ED receives the MPN.

SECTION F: IMPORTANT NOTICES

GRAMM-LEACH-BLILEY ACT NOTICE

In 1999, Congress enacted the Gramm-Leach-Bliley Act (Public Law 106-102). This Act requires that lenders provide certain information to their customers regarding the collection and use of nonpublic personal information.

We disclose nonpublic personal information to third parties only as necessary to process and service your loan and as permitted by the Privacy Act of 1974. See the Privacy Act Notice below. We do not sell or otherwise make available any information about you to any third parties for marketing purposes.

We protect the security and confidentiality of nonpublic personal information by implementing the following policies and practices. All physical access to the sites where nonpublic personal information is maintained is controlled and monitored by security personnel. Our computer systems offer a high degree of resistance to tampering and circumvention. These systems limit data access to our staff and contract staff on a "need-to-know" basis, and control individual users' ability to access and alter records within the systems. All users of these systems are given a unique user ID with personal identifiers. All interactions by individual users with the systems are recorded.

PRIVACY ACT NOTICE

The Privacy Act of 1974 (5 U.S.C. 552a) requires that the following notice be provided to you:

The authority for collecting the requested information from and about you is §451 *et seq.* of the Higher Education Act (HEA) of 1965, as amended (20 U.S.C. 1087a *et seq.*) and the authorities for collecting and using your Social Security Number (SSN) are §484(a)(4) of the HEA (20 U.S.C. 1091(a)(4)) and 31 U.S.C. 7701(b). Participating in the William D. Ford Federal Direct Loan (Direct Loan) Program and giving us your SSN are voluntary, but you must provide the requested information, including your SSN, to participate.

The principal purposes for collecting the information on this form, including your SSN, are to verify your identity, to determine your eligibility to receive a loan or a benefit on a loan (such as a deferment, forbearance, discharge, or forgiveness) under the Direct Loan Program, to permit the servicing of your loan(s), and, if it becomes necessary, to locate you and to collect and report on your loan(s) if your loan(s) become delinquent or in default. We also use your SSN as an account identifier and to permit you to access your account information electronically.

The information in your file may be disclosed, on a case-by-case basis or under a computer matching program, to third parties as authorized under routine uses in the appropriate systems of records notices. The routine uses of this information include, but are not limited to, its disclosure to federal, state, or local agencies, to private parties such as relatives, present and former employers, business and personal associates, to consumer reporting agencies, to financial and educational institutions, and to guaranty agencies in order to verify your identity, to determine your eligibility to receive a loan or a benefit on a loan, to permit the servicing or collection of your loan(s), to enforce the terms of the loan(s), to investigate possible fraud and to verify compliance with federal student financial aid program regulations, or to locate you if you become delinquent in your loan payments or if you default. To provide default rate calculations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to state agencies. To provide financial aid history information, disclosures may be made to educational institutions. To assist program administrators with tracking refunds and cancellations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal or state agencies. To provide a standardized method for educational institutions to efficiently submit student enrollment status, disclosures may be made to guaranty agencies or to financial and educational institutions. To counsel you in repayment efforts, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal, state, or local agencies.

In the event of litigation, we may send records to the Department of Justice, a court, adjudicative body, counsel, party, or witness if the disclosure is relevant and

necessary to the litigation. If this information, either alone or with other information, indicates a potential violation of law, we may send it to the appropriate authority for action. We may send information to members of Congress if you ask them to help you with federal student aid questions. In circumstances involving employment complaints, grievances, or disciplinary actions, we may disclose relevant records to adjudicate or investigate the issues. If provided for by a collective bargaining agreement, we may disclose records to a labor organization recognized under 5 U.S.C. Chapter 71. Disclosures may be made to our contractors for the purpose of performing any programmatic function that requires disclosure of records. Before making any such disclosure, we will require the contractor to maintain Privacy Act safeguards. Disclosures may also be made to qualified researchers under Privacy Act safeguards.

FINANCIAL PRIVACY ACT NOTICE

Under the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401-3421), ED will have access to financial records in your student loan file maintained in compliance with the administration of the Direct Loan Program.

PAPERWORK REDUCTION NOTICE

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless such collection displays a valid OMB control number. The valid OMB control number for this information collection is 1845-0068. Public reporting burden for this collection of information is estimated to average 30 minutes (0.5 hours) per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The obligation to respond to this collection is required to obtain a benefit in accordance with 34 CFR 685.201. If you have comments or concerns regarding the status of your individual submission of this form, write to:

U.S. Department of Education
Common Origination and Disbursement School Relations
Center
Attn: Applicant Services
PO Box 9002
Niagara Falls, NY 14302

Direct Subsidized Loan and Direct Unsubsidized Loan MPN (continued)

SECTION G: INSTRUCTIONS FOR COMPLETING THE MPN

Type or print using blue or black ink. Do not use pencil. Enter all dates as month-day-year (mm-dd-yyyy). Use only numbers. Example: January 31, 2014 = 01-31-2014.

Some of the items in Section A may have been completed for you. If so, review these items carefully to make sure that the information is correct. Cross out any information that is incorrect and enter the correct information. Put your initials next to any information that you change.

SECTION A: BORROWER INFORMATION

Item 1. Enter the two-letter abbreviation for the state that issued your current driver's license, followed by your driver's license number. If you do not have a driver's license, enter N/A.

Item 2. Enter your nine-digit Social Security Number.

Item 3. Enter your preferred e-mail address for receiving communications. You are not required to provide this information. If you do, ED may use your e-mail address to communicate with you. If you do not have an e-mail address or do not wish to provide one, enter N/A.

Item 4. Enter your last name, then your first name and middle initial. Enter your permanent address (number, street, apartment number, or rural route number and box number, then city, state, zip code). If your mailing address is different from your permanent address, you must list both addresses. A temporary school address is not acceptable.

Item 5. Enter your date of birth.

Item 6. Enter the area code and telephone number at which you can most easily be reached. If you do not have a telephone, enter N/A.

Item 7. Enter the requested information for two adults with different U.S. addresses who have known you for at least three years and who will know how to contact you in the future. The first reference should be a parent or legal guardian. References who live outside the United States are not acceptable. Enter the e-mail addresses for the two references (this is optional). If you provide an e-mail address for a reference, ED may use it to communicate with the reference. If a reference does not have a telephone number or e-mail address, or does not wish to provide an e-mail address, enter N/A.

SECTION B: SCHOOL INFORMATION

This section will be completed by the school that certifies your loan eligibility.

SECTION C: BORROWER REQUEST, CERTIFICATIONS, AUTHORIZATIONS, AND UNDERSTANDINGS

Items 11, 12, 13, and 14. Read these items carefully.

SECTION D: PROMISE TO PAY

Items 15, 16, 17, and 18. Read these items carefully.

Items 19 and 20. Sign your full legal name, in blue or black ink, and enter the date you signed this MPN.

By signing this MPN, you:

- (1) Acknowledge that you have read, understand, and agree to the terms and conditions of the MPN, including the Borrower Request, Certifications, Authorizations, and Understandings in Section C and the accompanying Borrower's Rights and Responsibilities Statement; and
- (2) Agree to repay the loan(s) in full according to the terms and conditions of the MPN.

William D. Ford Federal Direct Loan Program Direct Subsidized Loan and Direct Unsubsidized Loan Borrower's Rights and Responsibilities Statement

Important Notice: This Borrower's Rights and Responsibilities Statement provides additional information about the terms and conditions of the loans you receive under the accompanying Master Promissory Note (MPN) for Federal Direct Stafford/Ford Loans (Direct Subsidized Loans) and Federal Direct Unsubsidized Stafford/Ford Loans (Direct Unsubsidized Loans). Please keep this Borrower's Rights and Responsibilities Statement for your records. You may request another copy of this Borrower's Rights and Responsibilities Statement at any time by contacting your servicer.

Throughout this Borrower's Rights and Responsibilities Statement, the words "we," "us," and "our" refer to the U.S. Department of Education. The word "loan" refers to one or more loans made under the accompanying MPN.

1. The William D. Ford Federal Direct Loan Program. The William D. Ford Federal Direct Loan (Direct Loan) Program includes the following types of loans, known collectively as "Direct Loans":

- Federal Direct Stafford/Ford Loans (Direct Subsidized Loans)
- Federal Direct Unsubsidized Stafford/Ford Loans (Direct Unsubsidized Loans)
- Federal Direct PLUS Loans (Direct PLUS Loans)
- Federal Direct Consolidation Loans (Direct Consolidation Loans)

The Direct Loan Program is authorized by Title IV, Part D, of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. 1070 *et seq.*

You must complete a Free Application for Federal Student Aid (FAFSA) before you receive a Direct Subsidized Loan or Direct Unsubsidized Loan.

Direct Loans are made by the U.S. Department of Education. We contract with servicers to process Direct Loan payments, deferment and forbearance requests, and other transactions, and to answer questions about Direct Loans. We will provide you with the address and telephone number of your servicer after the school notifies us that the first disbursement of your loan has been made.

2. Laws that apply to this MPN. The terms and conditions of loans made under this MPN are determined by the HEA and other applicable federal laws and regulations. These laws and regulations are referred to as "the Act" throughout this Borrower's Rights and Responsibilities Statement. Under applicable state law, except as preempted by federal law, you may have certain borrower rights, remedies, and defenses in addition to those stated in the MPN and this Borrower's Rights and Responsibilities Statement.

NOTE: Any amendment to the Act that affects the terms of this MPN will be applied to your loans in accordance with the effective date of the amendment.

3. Direct Subsidized Loans and Direct Unsubsidized Loans. Direct Subsidized Loans and Direct Unsubsidized Loans are made to students to help pay for the cost of education beyond high school.

Direct Subsidized Loans are available only to undergraduate students. Direct Unsubsidized Loans are available to both undergraduate students and graduate or professional students.

To receive a Direct Subsidized Loan, you must have financial need. Except as explained in Item 10 of this Borrower's Rights and Responsibilities Statement ("Payment of Interest"), you are not required to pay the interest that accrues on Direct Subsidized Loans while you are in school, during the grace period, during deferment periods, and during certain periods of repayment under the Income-Based Repayment Plan and the Pay As You Earn Repayment Plan.

Direct Unsubsidized Loans are not based on financial need. You must pay the interest that accrues on Direct Unsubsidized Loans during all periods. For more information on interest charges, see Item 10.

4. Time limitation on Direct Subsidized Loan eligibility for first-time borrowers on or after July 1, 2013.

If you are a first-time borrower on or after July 1, 2013, there is a limit on the maximum period of time (measured

in academic years) that you can receive Direct Subsidized Loans.

You are a first-time borrower on or after July 1, 2013 if you had no outstanding balance on a Direct Loan Program loan or a Federal Family Education Loan (FFEL) Program loan on July 1, 2013, or you have no outstanding balance on a Direct Loan or FFEL program loan on the date you obtain a Direct Loan Program loan after July 1, 2013.

In general, if you are a first-time borrower on or after July 1, 2013 you may not receive Direct Subsidized Loans for more than 150% of the published length of your program of study. This is called your "maximum eligibility period." For example, if you are enrolled in a 4-year bachelor's degree program, the maximum period for which you can receive Direct Subsidized Loans is 6 years (150% of 4 years = 6 years).

Your maximum eligibility period is based on the published length of the program in which you are currently enrolled. This means that your maximum eligibility period can change if you change programs. If you receive Direct Subsidized Loans for one program and then change to a different program, the period of time for which you received Direct Subsidized Loans for the earlier program will generally count against your new maximum eligibility period.

After you have received Direct Subsidized Loans for your maximum eligibility period, you are no longer eligible to receive additional Direct Subsidized Loans, and if you are enrolled in school, you may become responsible for paying interest on your Direct Subsidized Loans. You may continue to receive Direct Unsubsidized Loans. We will notify you if you are no longer eligible to receive additional Direct Subsidized Loans.

With certain exceptions as provided under the Act (for example, if you graduate from your program of study before or at the time you receive Direct Subsidized Loans for your maximum eligibility period), if you continue to be enrolled in any undergraduate program after you have received Direct Subsidized Loans for your maximum eligibility period, or if you enroll in another undergraduate program that is the same length as or shorter than your previous program, you will become responsible for paying all of the interest that accrues on your Direct Subsidized Loans, during all periods, beginning on the date of the enrollment that causes you to become responsible for paying the interest. You will become responsible for paying all of the interest that accrues on your Direct Subsidized Loans based solely on your enrollment as described above, regardless of whether you apply for, request, or receive federal financial aid. We will notify you if you become responsible for paying all of the interest that accrues on your Direct Subsidized Loans.

Additional information about the limitation on Direct Subsidized Loan eligibility for first-time borrowers on or after July 1, 2013 will be provided during entrance counseling (see Item 13 of this Borrower's Rights and Responsibilities Statement). You may also obtain additional information from your school's financial aid office, or at StudentAid.gov.

5. About the MPN. You may receive more than one loan under this MPN over a period of up to 10 years to pay for your educational costs, as long as the school you are attending is authorized to use the multi-year feature of the MPN and chooses to do so.

If your school is not authorized to use the multi-year feature of the MPN or chooses not to do so, or if you do not want to receive more than one loan under this MPN, you must sign a new MPN for each loan that you receive. If you do not want to receive more than one loan under this MPN, you must notify your school or your servicer in writing.

6. Use of your loan money. You may use the loan money you receive only to pay for your authorized educational expenses for attendance at the school that determined you were eligible to receive the loan. Authorized expenses include the following:

- Tuition
- Room

- Board
- Institutional fees
- Books
- Supplies
- Equipment
- Dependent child care expenses
- Transportation
- Commuting expenses
- Rental or purchase of a personal computer
- Loan fees
- Other documented, authorized costs

7. Information you must report to us after you receive your loan. You must notify your servicer and/or the financial aid office at your school about certain changes.

Until you graduate or otherwise leave school, you must notify your school's financial aid office if you:

- Change your address or telephone number;
- Change your name (for example, maiden name to married name);
- Do not enroll at least half-time for the loan period certified by the school;
- Do not enroll at the school that determined you were eligible to receive the loan;
- Stop attending school or drop below half-time enrollment;
- Transfer from one school to another school; or
- Graduate.

You must also notify your servicer if any of the above events occur at any time after you receive your loan. In addition, you must notify your servicer if you:

- Change your employer, or your employer's address or telephone number changes; or
- Have any other change in status that would affect your loan (for example, if you receive a deferment while you are unemployed, but you find a job and therefore no longer meet the eligibility requirements for the deferment).

8. Amount you may borrow. The charts that follow show the maximum amounts of Direct Subsidized Loans and Direct Unsubsidized Loans that you may borrow for a single academic year (annual loan limits), and the maximum amounts that you may borrow in total for undergraduate and graduate study (aggregate loan limits).

The aggregate loan limits are combined limits for Direct Subsidized Loans and Direct Unsubsidized Loans, and any Subsidized Federal Stafford Loans and Unsubsidized Federal Stafford Loans you may have previously received through the Federal Family Education Loan (FFEL) Program.

The annual and aggregate loan limits for independent undergraduates also apply to dependent undergraduates whose parents are unable to borrow under the Direct PLUS Loan Program.

If you are enrolled in certain health professions programs, you may qualify for higher annual and aggregate limits on Direct Unsubsidized Loans.

The actual loan amount you receive will be determined by your school, based on your academic level, dependency status, and other factors such as:

- The length of the program or the remaining portion of the program in which you are enrolled, if it is less than a full academic year;
- Your cost of attendance;
- Your Expected Family Contribution;
- Other financial aid you receive; and
- Your remaining eligibility under the annual or aggregate loan limits.

The actual amount you receive for an academic year may be less than the maximum annual amounts shown in the charts.

If you are an undergraduate student, your school must determine your eligibility for a Federal Pell Grant before you may receive a Direct Subsidized Loan or a Direct Unsubsidized Loan, and must determine your eligibility for a Direct Subsidized Loan before determining your eligibility for a Direct Unsubsidized Loan.

William D. Ford Federal Direct Loan Program Direct Subsidized Loan and Direct Unsubsidized Loan Borrower's Rights and Responsibilities Statement

Annual Loan Limits for Direct Subsidized Loans and Direct Unsubsidized Loans:

Dependent Undergraduate Students (except students whose parents cannot borrow Direct PLUS Loans)	
First Year Total (maximum \$3,500 subsidized)	\$5,500
Second Year Total (maximum \$4,500 subsidized)	\$6,500
Third Year & Beyond (Total Each Year) (maximum \$5,500 subsidized)	\$7,500
Independent Undergraduate Students (and dependent students whose parents cannot borrow Direct PLUS Loans)	
First Year Total (maximum \$3,500 subsidized)	\$9,500
Second Year Total (maximum \$4,500 subsidized)	\$10,500
Third Year & Beyond (Total Each Year) (maximum \$5,500 subsidized)	\$12,500
Graduate and Professional Students	
<i>For loan periods beginning before July 1, 2012:</i>	
Total Amount (Each Year) (maximum \$8,500 subsidized)	\$20,500
<i>For loan periods beginning on or after July 1, 2012:</i>	
Total Amount (Each Year) (unsubsidized only)	\$20,500

Aggregate Loan Limits for Direct Subsidized and Direct Unsubsidized Loans:

Dependent Undergraduate Students (except students whose parents cannot borrow Direct PLUS Loans)	
Total Amount Cumulative (maximum \$23,000 subsidized)	\$31,000
Independent Undergraduate Students (and dependent students whose parents cannot borrow Direct PLUS Loans)	
Total Amount Cumulative (maximum \$23,000 subsidized)	\$57,500
Graduate and Professional Students	
Total Amount Cumulative (maximum \$65,500 subsidized; includes loans received for undergraduate study)	\$138,500

9. Interest rate. The interest rate on Direct Subsidized Loans and Direct Unsubsidized Loans is a fixed rate that is calculated in accordance with a formula specified in the Act. The interest rate is calculated each year. When the rate is calculated, it applies to all Direct Subsidized Loans and Direct Unsubsidized Loans for which the first disbursement is made during the period beginning on July 1 of one year and ending on June 30 of the following year. Different fixed interest rates may apply to separate loans made under this MPN depending on when the loan is first disbursed, and whether you are an undergraduate student or a graduate or professional student. The maximum interest rate for Direct Subsidized Loans and Direct Unsubsidized Loans made to undergraduate students is 8.25%. The maximum interest rate for Direct Unsubsidized Loans made to graduate or professional students is 9.5%. We will notify you of the interest rate for each loan you receive in a disclosure statement that we send to you.

If you qualify under the Servicemembers Civil Relief Act, the interest rate on your loans obtained prior to military service may be limited to 6% during your military service. Contact your servicer for information about how to request this benefit.

10. Payment of interest. In general, you are not required to pay the interest that accrues on Direct Subsidized Loans during certain periods, but you must pay the interest that accrues on Direct Unsubsidized Loans during all periods, as explained below.

Direct Subsidized Loans

Except as explained below, you are not required to pay the interest that accrues on a Direct Subsidized Loan while you are enrolled in school at least half-time, during your grace period, during deferment periods, and during certain periods of repayment under the Income-Based Repayment Plan and the Pay As You Earn Repayment plan. Except as discussed below for certain borrowers who are active duty service members, you must pay the interest that accrues on a Direct Subsidized Loan during all other periods (starting on the day after your grace period ends), including forbearance periods.

You must pay the interest that accrues during the grace period on any Direct Subsidized Loan for which the first disbursement is made on or after July 1, 2012 and before July 1, 2014. In addition, if you are a first-time borrower on or after July 1, 2013, under certain conditions you may become responsible for paying the interest that accrues on your Direct Subsidized Loans during all periods, as explained in Item 4 of this Borrower's Rights and Responsibilities Statement ("Time limitation on Direct Subsidized Loan eligibility for first-time borrowers on or after July 1, 2013").

Direct Unsubsidized Loans

Except as provided below for certain borrowers who are active duty service members, you must pay the interest that accrues on a Direct Unsubsidized Loan during all periods (starting on the date of the first disbursement). This includes periods while you are enrolled in school at least half-time, during your grace period, and during deferment and forbearance periods. Therefore, you will pay more interest on a Direct Unsubsidized Loan than on a Direct Subsidized Loan.

No accrual of interest benefit for active duty service members

Under the no accrual of interest benefit for active duty service members, you are not required to pay the interest that accrues on any type of Direct Loan Program loan first disbursed on or after October 1, 2008 during periods of qualifying active duty military service (for up to 60 months).

Interest capitalization

If you do not pay the interest as it accrues on either a Direct Subsidized Loan or a Direct Unsubsidized Loan (during periods when you are responsible for payment of interest), we will add the accrued interest to the unpaid principal balance of your loan. This is called "capitalization." Capitalization increases the unpaid principal balance of your loan, and interest then accrues on the increased principal balance. We capitalize unpaid interest when you resume payment after periods of deferment or forbearance. We may also capitalize unpaid interest that has accrued since the first disbursement of a Direct Unsubsidized Loan when you enter repayment for the first time.

The chart below shows the difference in the total amount you would repay on a \$15,000 Direct Unsubsidized Loan if you pay the interest as it accrues during a 12-month deferment or forbearance period, compared to the amount you would repay if you do not pay the interest and it is capitalized.

	If you pay the interest as it accrues...	If you do not pay the interest and it is capitalized...
Loan Amount	\$15,000	\$15,000
Interest for 12 Months	\$1,238 (paid as accrued)	\$1,238 (unpaid and capitalized)
Principal to be Repaid	\$15,000	\$16,238
Monthly Payment	\$184	\$199
Number of Payments	120	120
Total Repaid	\$23,315	\$23,899

The example in the chart above shows payments made under the Standard Repayment Plan at an interest rate of 8.25%, the maximum interest rate for Direct Unsubsidized Loans made to undergraduate students. In this example, you would pay \$15 less per month and \$584 less altogether

if you pay the interest as it accrues during a 12-month deferment or forbearance period.

You may be able to claim a federal income tax deduction for interest payments you make on Direct Loans. For further information, refer to IRS Publication 970, which is available at <http://www.irs.ustreas.gov>.

11. Loan fee. For each Direct Subsidized Loan or Direct Unsubsidized Loan that you receive under this MPN, we charge a loan fee that is a percentage of the principal amount of each loan. This fee will be subtracted proportionally from each disbursement of your loan and will be shown on a disclosure statement that we send to you.

12. Repayment incentive programs. A repayment incentive is a benefit that we offer to encourage you to repay your loan on time. The repayment incentive program described below may be available to you.

Interest Rate Reduction for Automatic Withdrawal of Payments

Under the automatic withdrawal option, your bank automatically deducts your monthly loan payment from your checking or savings account and sends it to us. Automatic withdrawal helps to ensure that your payments are made on time. In addition, you receive a 0.25% interest rate reduction while you repay under the automatic withdrawal option. Your servicer will provide you with information about the automatic withdrawal option. You can also get the information on your servicer's web site, or by calling your servicer. Your servicer's web site address and toll-free telephone number are provided on correspondence that your servicer sends you.

13. Disbursement (how your loan money will be paid out). Generally, your school will disburse (pay out) your loan money in more than one installment, usually at the beginning of each academic term (for example, at the beginning of each semester or quarter). If your school does not use academic terms or does not have academic terms that meet certain requirements, it will generally disburse your loan in at least two installments, one at the beginning of the period of study for which you are receiving the loan, and one at the midpoint of that period of study. Your school determines the schedule for disbursing your loan money in accordance with the Act.

In most cases, if the Direct Subsidized Loan or Direct Unsubsidized Loan that you are receiving is your first student loan under either the Direct Loan Program or the FFEL Program, you must complete entrance counseling before your school can make the first disbursement of your loan. Your school will tell you if entrance counseling is required, and will provide instructions for completing entrance counseling.

Your school may disburse your loan money by crediting it to your account at the school, or may give some or all of it to you directly by check or other means.

If your school credits your loan money to your account and the amount credited is more than the amount of your tuition and fees, room and board, and other authorized charges, the excess amount is called a credit balance. Unless you authorize your school to hold the credit balance for you, your school must pay you the credit balance within the following timeframes:

- If the credit balance occurs after the first day of class of a payment period (your school can tell you this date), your school must pay you the credit balance no later than 14 days after the date the balance occurs.
- If the credit balance occurs on or before the first day of class of a payment period, your school must pay you the credit balance no later than 14 days after the first day of class of the payment period.

14. Cancelling your loan. Before your loan money is disbursed, you may cancel all or part of your loan by notifying your school. After your loan money is disbursed, there are two ways to cancel all or part of your loan:

- You may notify your school (within certain timeframes). If your school obtains your written confirmation of the types and amounts of Title IV loans that you want to receive for an award year before crediting loan money to your account at the

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school, you may tell the school that you want to cancel all or part of that loan within 14 days after the date the school notifies you of your right to cancel all or part of the loan, or by the first day of your school's payment period, whichever is later (your school can tell you the first day of the payment period).

If your school does not obtain your written confirmation of the types and amounts of loans you want to receive before crediting the loan money to your account, you may cancel all or part of that loan by informing the school within 30 days of the date the school notifies you of your right to cancel all or part of the loan.

If you ask your school to cancel all or part of your loan within the timeframes described above, the school will return the cancelled loan amount to us. If you ask your school to cancel all or part of your loan outside the timeframes described above, your school may process your cancellation request, but it is not required to do so.

- You may return all or part of your loan to us. Within 120 days of the date your school disbursed your loan money (by crediting the loan money to your account at the school, by paying it directly to you, or both), you may cancel all or part of your loan by returning all or part of the loan money to us. Contact your servicer for guidance on how and where to return your loan money.

You do not have to pay interest or the loan fee on the part of your loan that is cancelled or returned within the timeframes described above. We will adjust your loan amount to eliminate any interest and loan fee that applies to the amount of the loan that was cancelled or returned.

15. Grace period. You will receive a 6-month grace period on repayment of each Direct Subsidized Loan and Direct Unsubsidized Loan that you receive. Your 6-month grace period begins the day after you stop attending school or drop below half-time enrollment. You do not have to begin making payments on your loan until after your grace period ends.

If you are called or ordered to active duty for more than 30 days from a reserve component of the U.S. Armed Forces, the period of your active duty service and the time necessary for you to re-enroll in school after your active duty ends are not counted as part of your grace period. However, the total period that is excluded from your grace period may not exceed three years. If the call or order to active duty occurs while you are in school and requires you to drop below half-time enrollment, the start of your grace period will be delayed until after the end of the excluded period. If the call or order to active duty occurs during your grace period, you will receive a full 6-month grace period at the end of the excluded period.

16. Repaying your loan. The repayment period for each Direct Subsidized Loan and Direct Unsubsidized Loan that you receive begins on the day after your grace period ends. Your servicer will notify you of the date your first payment is due.

You must make payments on your loan even if you do not receive a bill or repayment notice.

You must repay all of your Direct Loans under the same repayment plan, unless you want to repay your loans under the IBR Plan, the Pay As You Earn Plan, or the ICR Plan (see below) and you have other Direct Loans that do not qualify for repayment under those plans. In that case, you may select the IBR, Pay As You Earn, or ICR plan for the loans that are eligible for repayment under those plans, and may select a different repayment plan for the loans that may not be repaid under the IBR, Pay As You Earn, or ICR plan.

Your Direct Subsidized Loans and Direct Unsubsidized Loans can be repaid under the following repayment plans:

Standard Repayment Plan

Under this plan, you will make fixed monthly payments and repay your loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment. Your payments must be at least \$50 a month (\$600 a year) and will be more, if necessary, to repay the loan within the required time period.

Graduated Repayment Plan

Under this plan, you will usually make lower payments at first, and your payments will gradually increase over time. You will repay your loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment. Your monthly payment must at least be equal to the amount of interest that accrues each month. No single payment will be more than three times greater than any other payment.

Extended Repayment Plan

You are eligible for this plan only if (1) you have an outstanding balance on Direct Loan Program loans that exceeds \$30,000, and (2) you had no outstanding balance on a Direct Loan Program loan as of October 7, 1998 or on the date you obtained a Direct Loan Program loan after October 7, 1998.

Under this plan, you will repay your loan in full over a period not to exceed 25 years (not including periods of deferment or forbearance) from the date the loan entered repayment. You may choose to make fixed monthly payments or graduated monthly payments that start out lower and gradually increase over time. If you make fixed monthly payments, your payments must be at least \$50 a month (\$600 a year) and will be more, if necessary, to repay the loan within the required time period. If you make graduated payments, your monthly payment must at least be equal to the amount of interest that accrues each month. No single payment under the graduated option will be more than three times greater than any other payment.

Income-Based Repayment Plan (IBR Plan)

Under the IBR Plan, your monthly payment amount is generally 15% (10% if you are a new borrower; see Note below) of your annual discretionary income, divided by 12. Discretionary income for this plan is the difference between your adjusted gross income and 150% of the poverty guideline amount for your state of residence and family size. If you are married and file a joint federal income tax return, the income used to determine your IBR Plan payment amount will be the combined adjusted gross income of you and your spouse.

To initially qualify for the IBR Plan and to continue to make payments that are based on your income, the amount you would be required to pay on your eligible student loans under the IBR Plan (as described above) must be less than the amount you would have to pay under the Standard Repayment Plan. If your IBR Plan payment amount is less than the amount you would have to pay under the Standard Repayment Plan, you are considered to have a "partial financial hardship."

If you are married and file a joint federal income tax return, the loan amount we use to determine whether you have a partial financial hardship will include your eligible loans and your spouse's eligible loans.

While you are repaying under the IBR Plan, you must annually provide documentation of your income and certify your family size so that we may determine whether you continue to have a partial financial hardship. Your monthly payment amount may be adjusted annually based on the updated income and family size information that you provide. If we determine that you no longer have a partial financial hardship, you may remain on the IBR Plan, but your monthly payment will no longer be based on your income. Instead, your monthly payment will be what you would be required to pay under the Standard Repayment Plan, based on the amount you owed on your eligible loans at the time you entered the IBR Plan.

Under the IBR Plan, if your loan is not repaid in full after you have made the equivalent of 25 years (20 years if you are a new borrower) of qualifying monthly payments and at least 25 years (20 years if you are a new borrower) have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

Note: You are a new borrower for the IBR Plan if you have no outstanding balance on a Direct Loan Program or FFEL Program loan on July 1, 2014, or if you have no outstanding balance on a Direct Loan Program or FFEL Program loan on the date you obtain a Direct Loan Program loan after July 1, 2014. Your servicer will determine whether you are a new borrower based on the information about your loans in the

U.S. Department of Education's National Student Loan Data System.

Pay As You Earn Repayment Plan (Pay As You Earn Plan)

Under the Pay As You Earn Plan, your monthly payment amount is generally 10% of your annual discretionary income, divided by 12. Discretionary income for this plan is the difference between your adjusted gross income and 150% of the poverty guideline amount for your state of residence and family size. If you are married and file a joint federal income tax return, the income used to determine your Pay As You Earn Plan payment amount will be the combined adjusted gross income of you and your spouse.

The Pay As You Earn Plan is available only to new borrowers. You are a new borrower for the Pay As You Earn Plan if:

(1) You had no outstanding balance on a Direct Loan Program or FFEL Program loan as of October 1, 2007, or you have no outstanding balance on a Direct Loan Program or FFEL Program loan when you obtain a new loan on or after October 1, 2007, and

(2) You receive a disbursement of a Direct Subsidized Loan, Direct Unsubsidized Loan, or student Direct PLUS Loan (a Direct PLUS Loan made to a graduate or professional student) on or after October 1, 2011, or you receive a Direct Consolidation Loan based on an application received on or after October 1, 2011. However, you are not considered to be a new borrower for the Pay As You Earn Plan if the Direct Consolidation Loan you receive repays loans that would make you ineligible under part (1) of this definition.

In addition to being a new borrower, to initially qualify for the Pay As You Earn Plan and to continue to make payments that are based on your income, the amount you would be required to pay on your eligible student loans under the Pay As You Earn Plan (as described above) must be less than the amount you would have to pay under the Standard Repayment Plan. If your Pay As You Earn Plan payment amount is less than the amount you would have to pay under the Standard Repayment Plan, you are considered to have a "partial financial hardship."

If you are married and file a joint federal income tax return, the loan amount we use to determine whether you have a partial financial hardship will include your eligible loans and your spouse's eligible loans.

While you are repaying under the Pay As You Earn Plan, you must annually provide documentation of your income and certify your family size so that we may determine whether you continue to have a partial financial hardship. Your monthly payment amount may be adjusted annually based on the updated income and family size information that you provide. If we determine that you no longer have a partial financial hardship, you may remain on the Pay As You Earn Plan, but your monthly payment will no longer be based on your income. Instead, your monthly payment will be what you would be required to pay under the Standard Repayment Plan, based on the amount you owed on your eligible loans at the time you entered the Pay As You Earn Plan.

Under the Pay As You Earn Plan, if your loan is not repaid in full after you have made the equivalent of 20 years of qualifying monthly payments and at least 20 years have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

Income Contingent Repayment Plan (ICR Plan)

Under this plan, your monthly payment amount will be either 20% of your discretionary income or a percentage of what you would repay under a Standard Repayment Plan with a 12-year repayment period, whichever is less. Discretionary income for this plan is the difference between your adjusted gross income and the poverty guideline amount for your state of residence and family size. If you are married and file a joint federal income tax return, the income used to determine your ICR Plan payment amount will be the combined adjusted gross income of you and your spouse. Until we obtain the information needed to calculate your monthly payment amount, your payment will equal the amount of interest that accrues monthly on your loan unless you request a forbearance.

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While you are repaying under the ICR Plan, you must annually provide documentation of your income and certify your family size. Your monthly payment amount may be adjusted annually based on the updated income and family size information that you provide.

Under the ICR Plan, if your loan is not repaid in full after you have made the equivalent of 25 years of qualifying monthly payments and at least 25 years have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

Additional repayment plan information

Under each plan, the number or amount of payments may need to be adjusted to reflect capitalized interest and/or new loans made to you.

If you can show to our satisfaction that the terms and conditions of the above repayment plans are not adequate to meet your exceptional circumstances, we may provide you with an alternative repayment plan.

If you do not choose a repayment plan, we will place you on the Standard Repayment Plan.

The "Repaying Your Loans" charts at the end of this Borrower's Rights and Responsibilities Statement allow you to estimate the monthly and total amounts you would repay under the repayment plans listed above based on various initial loan amounts.

You can also use the Repayment Estimator at StudentAid.gov/Repayment-Estimator to estimate your monthly and total payment amounts under the different repayment plans and to evaluate your eligibility for the IBR and Pay As You Earn plans. The calculators are for informational purposes only. Your servicer will make the official determination of your payment amount and, for the IBR and Pay As You Earn plans, your eligibility for the plan.

You may change repayment plans at any time after you have begun repaying your loan. However, you may not change to a different repayment plan that has a maximum repayment period of less than the number of years your loan has already been in repayment, except that you may change to the IBR Plan, the Pay As You Earn Plan, or the ICR Plan at any time. There is no penalty if you make loan payments before they are due, or pay more than the amount due each month (prepayments).

We apply your payments made under any repayment plan other than the IBR Plan and the Pay As You Earn Plan in the following order: (1) late charges and collection costs, (2) outstanding interest, and (3) outstanding principal. We apply your payments made under the IBR Plan or the Pay As You Earn Plan in the following order: (1) outstanding interest, (2) late charges and collection costs, and (3) outstanding principal.

We apply any prepayments in accordance with the Act. Your servicer can provide more information about how prepayments are applied.

When you have repaid a loan in full, your servicer will send you a notice telling you that you have paid off your loan. You should keep this notice in a safe place.

17. Transfer of loan. We may transfer the servicing of one or all of your loans to another servicer without your consent. If there is a change in the address to which you must send payments or direct communications, we will notify you of the new servicer's name, address and telephone number, the effective date of the transfer, and the date when you must begin sending payments or directing communications to that servicer. Transfer of a loan to a different servicer does not affect your rights and responsibilities under that loan.

18. Late charges and collection costs. If you do not make any part of a payment within 30 days after it is due, we may require you to pay a late charge. This charge will not be more than six cents for each dollar of each late payment. If you do not make payments as scheduled, we may also require you to pay other charges and fees involved in collecting your loan.

19. Demand for immediate repayment. The entire unpaid amount of your loan becomes due and payable (this is called "acceleration") if you:

- Receive loan money, but do not enroll at least half-time at the school that determined you were eligible to receive the loan;

- Use your loan money to pay for anything other than expenses related to your education at the school that determined you were eligible to receive the loan;
- Make a false statement that causes you to receive a loan that you are not eligible to receive; or
- Default on your loan.

20. Defaulting on your loan. Default (failing to repay your loan) is defined in detail in the Terms and Conditions section of your MPN (Section E). If you default:

- We will require you to immediately repay the entire unpaid amount of your loan.
- We may sue you, take all or part of your federal and state tax refunds and other federal or state payments, and/or garnish your wages so that your employer is required to send us part of your salary to pay off your loan.
- We will require you to pay reasonable collection fees and costs, plus court costs and attorney fees.
- You will lose eligibility for other federal student aid and assistance under most federal benefit programs.
- You will lose eligibility for loan deferments.
- We will report your default to nationwide consumer reporting agencies (see Item 21, "Consumer reporting agency notification"). This will harm your credit history and may make it difficult for you to obtain credit cards, home or car loans, or other forms of consumer credit.

21. Consumer reporting agency notification. We will report information about your loan to nationwide consumer reporting agencies (commonly known as "credit bureaus") on a regular basis. This information will include the disbursement dates, amount, and repayment status of your loan (for example, whether you are current or delinquent in making payments). Your loan will be identified as an education loan.

If you default on a loan, we will also report this to nationwide consumer reporting agencies. We will notify you at least 30 days in advance that we plan to report default information to a consumer reporting agency unless you resume making payments on the loan within 30 days of the date of the notice. You will be given a chance to ask for a review of the debt before we report it.

If a consumer reporting agency contacts us regarding objections you have raised about the accuracy or completeness of any information we have reported, we are required to provide the agency with a prompt response.

22. Deferment and forbearance (postponing payments).

If you meet certain requirements, you may receive a deferment that allows you to temporarily stop making payments on your loan. If you cannot make your scheduled loan payments, but do not qualify for a deferment, we may give you a forbearance. A forbearance allows you to temporarily stop making payments on your loan, temporarily make smaller payments, or extend the time for making payments.

Deferment

You may receive a deferment:

- While you are enrolled at least half-time at an eligible school;
- While you are in a full-time course of study in a graduate fellowship program;
- While you are in an approved full-time rehabilitation program for individuals with disabilities;
- While you are unemployed (for a maximum of three years; you must be diligently seeking, but unable to find, full-time employment);
- While you are experiencing an economic hardship (including Peace Corps service), as defined in the Act (for a maximum of three years);
- While you are serving on active duty during a war or other military operation or national emergency or performing qualifying National Guard duty during a war or other military operation or national emergency and, if you were serving on or after October 1, 2007, for an additional 180-day period following the demobilization date for your qualifying service; or
- If you are a member of the National Guard or other reserve component of the U.S. Armed Forces (current or retired) and you are called or ordered to

active duty while you are enrolled at least half-time at an eligible school or within 6 months of having been enrolled at least half-time, during the 13 months following the conclusion of your active duty service, or until you return to enrolled student status on at least a half-time basis, whichever is earlier.

You may be eligible to receive additional deferments if, at the time you received your first Direct Loan, you had an outstanding balance on a loan made under the FFEL Program before July 1, 1993. If you meet this requirement, contact your servicer for information about additional deferments that may be available.

You may receive a deferment based on your enrollment in school on at least a half-time basis if (1) you submit a deferment request to your servicer along with documentation of your eligibility for the deferment, or (2) your servicer receives information from the school you are attending that indicates you are enrolled at least half-time. If your servicer processes a deferment based on information received from your school, you will be notified of the deferment and will have the option of canceling the deferment and continuing to make payments on your loan.

For all other deferments, you (or, for a deferment based on active duty military service or qualifying National Guard duty during a war or other military operation or national emergency, a representative acting on your behalf) must submit a deferment request to your servicer, along with documentation of your eligibility for the deferment. In certain circumstances, you may not be required to provide documentation of your eligibility if your servicer confirms that you have been granted the same deferment for the same period of time on a FFEL Program loan. Your servicer can provide you with a deferment request form that explains the eligibility and documentation requirements for the type of deferment you are requesting. You may also obtain deferment request forms and information on deferment eligibility requirements from your servicer's web site.

If you are in default on your loan, you are not eligible for a deferment.

You are not responsible for paying the interest on a Direct Subsidized Loan during a period of deferment, except as explained in Item 10 of this Borrower's Rights and Responsibilities Statement ("Payment of interest"). However, you are responsible for paying the interest on a Direct Unsubsidized Loan during a period of deferment.

Forbearance

We may give you a forbearance if you are temporarily unable to make your scheduled loan payments for reasons including, but not limited to, financial hardship and illness.

We will give you a forbearance if:

- You are serving in a medical or dental internship or residency program, and you meet specific requirements;
- The total amount you owe each month for all of the student loans you received under Title IV of the Act (Direct Loan Program loans, FFEL Program loans, and Federal Perkins Loans) is 20% or more of your total monthly gross income (for a maximum of three years);
- You are serving in a national service position for which you receive a national service award under the National and Community Service Trust Act of 1993. In some cases, the interest that accrues on a qualified loan during the service period will be paid by the Corporation for National and Community Service;
- You are performing service that would qualify you for loan forgiveness under the Teacher Loan Forgiveness program that is available to certain Direct Loan and FFEL program borrowers;
- You qualify for partial repayment of your loans under a student loan repayment program administered by the Department of Defense; or
- You are called to active duty in the U.S. Armed Forces.

To request a forbearance, contact your servicer. Your servicer can explain the eligibility and documentation requirements for the type of forbearance you are requesting. You may also obtain information on

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forbearance eligibility requirements from your servicer's web site.

Under certain circumstances, we may also give you a forbearance without requiring you to submit a request or documentation. These circumstances include, but are not limited to, the following:

- Periods necessary for us to determine your eligibility for a loan discharge;
- A period of up to 60 days in order for us to collect and process documentation related to your request for a deferment, forbearance, change in repayment plan, or consolidation loan (we do not capitalize the interest that is charged during this period); or
- Periods when you are involved in a military mobilization, or a local or national emergency.

You are responsible for paying the interest on both Direct Subsidized Loans and Direct Unsubsidized Loans during a period of forbearance.

23. Discharge (having your loan forgiven).

Loan discharge due to death, bankruptcy, total and permanent disability, school closure, false certification, identity theft, or unpaid refund

We will discharge (forgive) your loan if:

- You die. Your servicer must receive acceptable documentation (as defined in the Act) of your death;
- Your loan is discharged in bankruptcy after you have proven to the bankruptcy court that repaying the loan would cause undue hardship. Direct Loans are not otherwise automatically discharged if you file for bankruptcy; or
- You become totally and permanently disabled (as defined in the Act) and meet certain other requirements.

In certain cases, we may also discharge all or a portion of your loan if:

- You could not complete a program of study because the school closed;
- Your loan eligibility was falsely certified by the school;
- A loan in your name was falsely certified as a result of a crime of identity theft; or
- The school did not pay a refund of your loan money that it was required to pay under federal regulations.

Teacher Loan Forgiveness

We may forgive a portion of eligible student loans you received under the Direct Loan or FFEL program after October 1, 1998 if you:

- Teach full time for five consecutive years in certain low-income elementary or secondary schools, or for certain low-income educational service agencies;
- Meet certain other qualifications; and
- If you did not owe a Direct Loan or FFEL program loan as of October 1, 1998, or as of the date you obtain a loan after October 1, 1998.

Public Service Loan Forgiveness

A Public Service Loan Forgiveness program is also available. Under this program, we will forgive the remaining balance due on your eligible Direct Loan Program loans after you have made 120 payments on those loans (after October 1, 2007) under certain repayment plans while you are employed full-time in certain public service jobs. The required 120 payments do not have to be consecutive.

Additional loan discharge information

The Act may provide for certain loan forgiveness or repayment benefits on your loans in addition to the benefits described above. If other forgiveness or repayment options become available, your servicer will provide information about these benefits.

For a discharge based on your death, a family member must contact your loan servicer. To request a loan discharge based on one of the other conditions described above (except for a discharge due to bankruptcy), you must complete an application. Your servicer can tell you how to obtain an application.

In some cases, you may assert, as a defense against collection of your loan, that the school did something wrong or failed to do something that it should have done.

You can make such a defense against repayment only if the school's act or omission directly relates to your loan or to the educational services that the loan was intended to pay for, and if what the school did or did not do would give rise to a legal cause of action against the school under applicable state law. If you believe that you have a defense against repayment of your loan, contact your servicer.

We do not guarantee the quality of the academic programs provided by schools that participate in federal student financial aid programs. You must repay your loan even if you do not complete the education paid for with the loan, are unable to obtain employment in the field of study for which your school provided training, or are dissatisfied with, or do not receive, the education you paid for with the loan.

24. Loan consolidation. A Direct Consolidation Loan Program is available that allows you to consolidate one or more of your eligible federal education loans into a new loan with a single monthly payment, and may allow you to extend the period of time that you have to repay your loans. This may make it easier for you to repay your loans. However, you will pay more interest if you extend your repayment period through consolidation, since you will be making payments for a longer period of time. Contact your servicer for more information about loan consolidation.

25. Department of Defense and other federal agency loan repayment. Under certain circumstances, military personnel may have their federal education loans repaid by the Secretary of Defense. This benefit is offered as part of a recruitment program that does not apply to individuals based on their previous military service or to those who are not eligible for enlistment in the U.S. Armed Forces. For more information, contact your local military service recruitment office.

Other agencies of the federal government may also offer student loan repayment programs as an incentive to recruit and retain employees. Contact the agency's human resources department for more information.

26. AmeriCorps program education awards. Under the National and Community Service Act of 1990, you may receive an education award that can be used to repay a Direct Subsidized Loan or Direct Unsubsidized Loan if you successfully complete a term of service in an AmeriCorps program. For more information, contact an official of your program.

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Repaying Your Loans: Standard, Graduated, and Extended Repayment Plans

Debt	Standard Repayment Plan (10-year repayment period)		Graduated Repayment Plan (10-year repayment period)			Extended-Fixed Repayment Plan (25-year repayment period)	
	Payment	Total Paid	Minimum Payment	Maximum Payment	Total Paid	Payment	Total Paid
\$10,000	\$123	\$14,718	\$72	\$216	\$16,088	N/A	N/A
\$20,000	\$245	\$29,437	\$144	\$431	\$32,177	N/A	N/A
\$30,000	\$368	\$44,155	\$216	\$647	\$48,265	N/A	N/A
\$40,000	\$491	\$58,873	\$287	\$862	\$64,353	\$315	\$94,614
\$50,000	\$613	\$73,592	\$359	\$1,078	\$80,442	\$394	\$118,268
\$60,000	\$736	\$88,310	\$431	\$1,294	\$96,530	\$473	\$141,921
\$70,000	\$859	\$103,028	\$503	\$1,509	\$112,618	\$552	\$165,575
\$80,000	\$981	\$117,747	\$575	\$1,725	\$128,706	\$631	\$189,228
\$90,000	\$1,104	\$132,465	\$647	\$1,940	\$144,795	\$710	\$212,882
\$100,000	\$1,227	\$147,183	\$719	\$2,156	\$160,883	\$788	\$236,535

Notes:

- All estimated payments shown in the chart above are calculated using a fixed Interest rate of 8.25%.
- The payment amounts shown in this chart are estimates. Your actual payment amount may differ from these estimates depending on factors such as the interest rate(s) of your loans and the amount you pay with your actual monthly payment amount after you select a repayment plan.
- For the Extended Repayment Plan, an entry of "N/A" means that you are not eligible for this plan based on the amount owed when your loan enters repayment.
- You may use the Repayment Estimator at StudentAid.gov/Repayment-Estimator to estimate payment amounts based on your actual loan debt.

Repaying Your Loans: Income-Based Repayment Plan (IBR Plan) for Borrowers Who Are Not New Borrowers on or after July 1, 2012

Debt	Starting Income of \$25,000				Starting Income of \$40,000				Starting Income of \$50,000	
	Initial Payment	Final Payment	Total Paid	Time to Repay (Mos.)	Initial Payment	Final Payment	Total Paid	Time to Repay (Mos.)	Initial Payment	Final Payment
\$20,000	\$97	\$245	\$43,861	219	Not Eligible	-	-	-	Not Eligible	-
\$40,000	\$97	\$491	\$89,628	300	\$285	\$491	\$72,680	173	Not Eligible	-
\$60,000	\$97	\$642	\$94,175	300	\$285	\$736	\$148,999	268	\$535	\$1,104
\$80,000	\$97	\$642	\$94,175	300	\$285	\$981	\$193,464	300	\$535	\$1,104
\$100,000	\$97	\$642	\$94,175	300	\$285	\$1,227	\$201,322	300	\$535	\$1,104

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Repaying Your Loans: Pay As You Earn Repayment Plan (Pay As You Earn Plan) for Eligible Borrowers and IBR Plan for New Borrowers on or after 10/1/2011

Debt	Starting income of \$25,000				Starting income of \$40,000				Starting income of \$50,000	
	Initial Payment	Final Payment	Total Paid	Time to Repay (Mos.)	Initial Payment	Final Payment	Total Paid	Time to Repay (Mos.)	Initial Payment	Final Payment
\$20,000	\$65	\$245	\$38,488	240	\$190	\$245	\$31,254	134	Not Eligible	
\$40,000	\$65	\$309	\$40,127	240	\$190	\$491	\$85,707	240	\$356	\$491
\$60,000	\$65	\$309	\$40,127	240	\$190	\$625	\$89,727	240	\$356	\$625
\$80,000	\$65	\$309	\$40,127	240	\$190	\$625	\$89,727	240	\$356	\$625
\$100,000	\$65	\$309	\$40,127	240	\$190	\$625	\$89,727	240	\$356	\$625

Repaying Your Loans: Income-Contingent Repayment Plan (ICR Plan)

Debt	Starting income of \$25,000				Starting income of \$40,000				Starting income of \$50,000	
	Initial Payment	Final Payment	Total Paid	Time to Repay (Mos.)	Initial Payment	Final Payment	Total Paid	Time to Repay (Mos.)	Initial Payment	Final Payment
\$20,000	\$151	\$199	\$43,436	249	\$193	\$219	\$33,513	161	\$219	\$219
\$40,000	\$225	\$423	\$96,630	274	\$385	\$438	\$67,027	161	\$438	\$438
\$60,000	\$225	\$694	\$146,629	300	\$475	\$658	\$106,605	175	\$658	\$658
\$80,000	\$225	\$1,018	\$162,256	300	\$475	\$939	\$176,175	233	\$809	\$809
\$100,000	\$225	\$1,018	\$163,256	300	\$475	\$1,360	\$281,310	298	\$809	\$809

Notes:

- For the IBR Plan, the Pay As You Earn Plan, and the ICR Plan, the estimated payment amounts shown in the charts above are calculated using a fixed interest rate of 8.25% and the 2013 Poverty Guidelines (U.S. Department of Health and Human Services). For the ICR Plan, the calculations also use the 2013 Income percentage factors. For all three plans, the calculations are based on an assumption that you are single and dependent, that you live in one of the 48 contiguous states, and that your income will increase at a rate of 5% per year.
- The payment amounts shown in these charts are estimates. Your actual payment amount may differ from these estimates depending on factors such as the interest rate(s) of your loans, the amount of your loans, and how quickly your income increases.
- For the IBR Plan and the Pay As You Earn Plan, an entry of "Not Eligible" means that you would not have a partial financial hardship based on the loan debt and starting income shown and that you do not meet the other requirements for these plans.
- You may use the Repayment Estimator at StudentAid.gov/Repayment-Estimator to evaluate your eligibility for the IBR and Pay As You Earn plans, and to estimate your payment amounts under each plan based on actual loan debt, income, family size, and state of residence.

Exhibit 5

Mid-Continent University – Option A

STUDENT LOAN PROMISSORY NOTE

Federal Match Type

BORROWER INFORMATION - XXXXXX

Name: John Doe
Address: 100 H.C. Mathis Dr.
Paducah, KY 42001

LENDER INFORMATION

Lender: Mid-Continent University
Address: 99 E. Powell Rd.
Mayfield, KY 42066

SERVICE PROVIDER INFORMATION

National Education Servicing, LLC
200 West Monroe Street
Suite 700
Chicago, Illinois 60606

In this Promissory Note (“Note”), the words “I,” “me,” “my,” “mine,” “you,” and “borrower” mean the borrower who signs this note and the application for the Student Loan. “Lender,” “Institution,” “we,” and “us” will mean Mid-Continent University or any subsequent holder of this Note.

LOAN AMOUNT:

A. PROMISE TO PAY

FOR VALUE RECEIVED, I promise to pay to the order of Lender, according to the terms below, so much of the principal sum of the Loan Amount (“Loan”) indicated above that has been disbursed to me or paid or credited on my behalf, together with any applicable late fees, and in the event of default and to the extent permitted by applicable law, costs of collection and reasonable attorney fees. I will pay all of these amounts to Lender at the address shown on my statements/coupon book OR specified in writing by Institution or subsequent holder of this Note.

B. INTEREST

Rate: The Interest Rate on this loan is fixed at 3.4%.

1. You are not required to pay the interest that accrues on this loan during the in-school, grace, or deferment periods and during certain periods of repayment under the Income-Based Repayment Plan and the Pay As You Earn Repayment Plan. You must pay interest that accrues on this Loan during all other periods (including forbearance periods), starting the day after your grace period ends.
2. Under the no accrual of interest benefit for active duty service members, you are not required to pay the interest that accrues during periods of qualifying active duty military service (for up to 60 months). You will be required to provide the proper documentation for this benefit with assistance from the service provider.

C. INTEREST CAPITALIZATION

If you do not pay the interest as it accrues on your loan during periods of forbearance, we will add the accrued interest to the unpaid principal balance of your loan. This is called "capitalization." Capitalization increases the unpaid principal balance of your loan, and interest then accrues on the increased principal balance. We capitalize unpaid interest on your outstanding balance when you resume payment after periods of forbearance.

D. REPAYMENT

1. You must repay the full amount of the loan made under this Promissory Note, plus accrued interest and fees. Unless you qualify for an alternative repayment plan, your payment amount will be based on the Standard **Repayment Plan** or a minimum of \$50 per month, whichever is greater. You will repay the loan in monthly installments in the amount of _____¹ in _____² installments during a repayment period that begins on the 30th day following the end of your 6-month grace period or on the 30th day following the date on which a statement and repayment schedule are mailed to you, whichever is later. If your original payment due date falls within the last four days of the month your actual payment due date will be the first day of the following month. The payment will be due every 30 days thereafter for a period of 120 months. Note: Your repayment period may be less than 120 months if you are required to make a minimum payment of \$50 per month. The minimum payment explanation is found in Section E, below. The final payment shall include all remaining unpaid principal and fees due and payable to repay the loan in full on the maturity date of the loan. These repayment terms may be adjusted if you qualify for an alternative repayment plan.
 2. We will notify you of the date your first payment is due and the maturity date of the loan. You must make payments on your loan even if you do not receive a bill or repayment notice. Generally, payments that you make or that someone else makes on your behalf will be applied first to late charges and collection costs that are due, then to interest that has not been paid, and finally to the principal amount of the loan. However, any payments made under the Income-Based Repayment Plan or the Pay As You Earn Plan
-

will be applied first to interest that is due, then to fees that are due, and then to the principal amount.

3. You will have a choice of repayment plans and a repayment schedule that identifies your payment amounts and due dates will be provided.
4. If you intend to repay your loan but are unable to make your scheduled loan payments, we may grant you a forbearance that allows you to temporarily stop making payments or to temporarily make a smaller payment amount, which extends the time for making payments.
5. We may adjust payment dates on your loans or may grant you a forbearance to eliminate a delinquency that remains even though you are making scheduled installment payments.
6. You may prepay all or any part of the unpaid balance on your loans at any time without penalty. After you have repaid in full a loan made, we will send you a notice telling you that you have paid off your loan.

E. REPAYMENT PLANS

Standard Repayment Plan – This is the customary repayment plan. The terms of this Promissory Note reflect this repayment plan. Under this plan, you will make fixed monthly payments and repay your loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment. Your payments must be at least \$50 a month (\$600 a year) and will be more, if necessary, to repay the loan within the required time period. You may request another repayment plan as discussed in this section. If you qualify, you will be placed in that repayment plan.

Graduated Repayment Plan - Under this plan, you will usually make lower payments at first, and your payments will gradually increase over time. You will repay your loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment. Your monthly payment must at least be equal to the amount of interest that accrues each month. No single payment will be more than three times greater than any other payment.

Extended Repayment Plan - You are eligible for this plan only if you have a loan balance that exceeds \$30,000. Under this plan, you will repay your loan in full over a period not to exceed 25 years (not including periods of deferment or forbearance) from the date the loan entered repayment. You may choose to make fixed monthly payments or graduated monthly payments that start out lower and gradually increase over time. If you make fixed monthly payments, your payments must be at least \$50 a month (\$600 a year) and will be more, if necessary, to repay the loan within the required time period. If you make graduated payments, your monthly payment must at least be equal to the amount of interest that accrues each month. No single payment under the graduated option will be more than three times greater than any other payment.

Income-Based Repayment Plan (“IBR”) - Under the IBR Plan, your monthly payment amount is generally 15% of your annual discretionary income, divided by 12. Discretionary income for

this plan is the difference between your adjusted gross income and 150% of the poverty guideline amount for your state of residence and family size. You must requalify for this repayment plan each year. If your loan is not repaid in full after you have made the equivalent of 25 years of qualifying monthly payments and at least 25 years have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

Pay As You Earn Repayment Plan - Under the Pay As You Earn Plan, your monthly payment amount is generally 10% of your annual discretionary income, divided by 12. Discretionary income for this plan is the difference between your adjusted gross income and 150% of the poverty guideline amount for your state of residence and family size. You must requalify for this repayment plan each year. If your loan is not repaid in full after you have made the equivalent of 20 years of qualifying monthly payments and at least 20 years have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

Income Contingent Repayment Plan - Under this plan, your monthly payment amount will be either 20% of your discretionary income or a percentage of what you would repay under a Standard Repayment Plan with a 12-year repayment period, whichever is less. Discretionary income for this plan is the difference between your adjusted gross income and the poverty guideline amount for your state of residence and family size. You must requalify for this repayment plan each year. If your loan is not repaid in full after you have made the equivalent of 25 years of qualifying monthly payments and at least 25 years have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

F. REPAYMENT INCENTIVE PROGRAM

You will receive a 0.25% interest rate reduction while you repay under the automatic withdrawal option. Under this payment option, your bank automatically deducts your monthly loan payment from your checking or savings account and sends it to us.

G. LATE CHARGES

1. Late Charges: If you do not make a full payment within 30 days after it is due, you agree to pay a late charge. This charge will not be more than six cents for each dollar of each late payment and shall not exceed a total of six dollars. If you do not make payments as scheduled, you also agree to pay other reasonable charges and fees involved in collecting your loan.

H. RIGHT TO PREPAY

You have the right to prepay this Promissory Note in whole or in part at any time prior to the maturity date without premium or penalty. Prepayment of less than all of the outstanding balance of this Promissory Note will not reduce the amount of my monthly payments or

postpone the due date of monthly payments, but will reduce the number of payments I must make.

I. GRACE PERIOD

1. You will receive a 6-month grace period on repayment of each loan made under this Promissory Note. You are not required to make any payments on your loan during the grace period. The grace period begins the day after you cease to be enrolled at least half-time at an eligible school. An eligible school is one that participates in the Federal financial aid programs. If you have graduated or withdrawn from an eligible school, your grace period began the day after your graduation or withdrawal date.
2. If you are called or ordered to active duty for more than 30 days from a reserve component of the U.S. Armed Forces, the period of your active duty service and the time necessary for you to re-enroll in school after your active duty ends are not counted as part of your grace period. However, the total period that is excluded from your grace period may not exceed three years. If the call or order to active duty occurs while you are in school and requires you to drop below half-time enrollment, the start of your grace period will be delayed until after the end of the excluded period. If the call or order to active duty occurs during your grace period, you will receive a full 6-month grace period at the end of the excluded period.

J. DEFERMENT

If you meet certain requirements, you may receive a deferment that allows you to temporarily stop making payments on your loan and interest does not accrue.

You may receive a deferment in the following circumstances:

1. While you are enrolled at least half-time at an eligible school.
2. While you are in a full-time course of study in a graduate fellowship program;
3. While you are in an approved full-time rehabilitation program for individuals with disabilities;
4. While you are unemployed (for a maximum of three years; you must be diligently seeking, but unable to find, full-time employment);
5. While you are experiencing an economic hardship, (maximum of three years);
6. While you are serving on active duty during a war or other military operation or national emergency or performing qualifying National Guard duty during a war or other military operation or national emergency and for an additional 180-day period following the demobilization date for your qualifying service; or
7. If you are a member of the National Guard or other reserve component of the U.S. Armed Forces (current or retired) and you are called or ordered to active duty while you are enrolled at least half-time at an eligible school or within 6 months of having been enrolled at least half-time, during the 13 months following the conclusion of your active duty service, or until you return to enrolled student status on at least a half-time basis, whichever is earlier.

K. FORBEARANCE

We may give you a forbearance if you are temporarily unable to make your scheduled loan payments for reasons including, but not limited to, financial hardship and illness. If granted, no payment is due during the forbearance period but interest continues to accrue.

You may receive a forbearance in the following circumstances:

1. You are serving in a medical or dental internship or residency program, and you meet specific requirements;
2. The total amount you owe each month for all of the student loans you received is 20% or more of your total monthly gross income (for a maximum of three years);
3. You are serving in a national service position for which you receive a national service award under the National and Community Service Trust Act of 1993. In some cases, the interest that accrues on a qualified loan during the service period will be paid by the Corporation for National and Community Service;
4. You are performing service that would qualify you for loan forgiveness under the Teacher Loan Forgiveness program that is available to certain Direct Loan and FFEL program borrowers;
5. You qualify for partial repayment of your loans under a student loan repayment program administered by the Department of Defense; or
6. You are called to active duty in the U.S. Armed Forces.
7. In accordance with terms agreed to between the loan servicer and the Lender.

L. DISCHARGE

We will discharge (forgive) your loan if:

1. You die. We must receive acceptable documentation of your death;
2. Your loan is discharged in bankruptcy after you have proven to the bankruptcy court that repaying the loan would cause undue hardship. This loan is not otherwise automatically discharged if you file for bankruptcy; or
3. You become totally and permanently disabled. We must receive acceptable documentation of your disability.

M. TEACHER LOAN FORGIVENESS

We may forgive a portion of this loan if you teach full time for five consecutive years in certain low-income elementary or secondary schools, or for certain low-income educational service agencies.

N. PUBLIC SERVICE LOAN FORGIVENESS

A Public Service Loan Forgiveness program is also available. Under this program, we will forgive the remaining balance due on your loan after you have made 120 payments while you are

employed full-time in certain public service jobs. The required 120 payments do not have to be consecutive.

O. DEFAULT; WHOLE LOAN DUE

Subject to the limitations of applicable law, Lender may declare your loan in default if:

1. You fail to make any payment within 270 days after Lender sends you a notice (directed to your last known physical address or, if applicable, last known electronic mail address) that Lender has not received any monthly payment when due and we reasonably conclude that you no longer intend to honor your repayment obligation; or
2. You do not comply with other terms of this Note and we reasonably conclude that you no longer intend to honor your repayment obligations; or
3. You make a false written statement in applying for this loan or at any time during the repayment period.

If your loan is declared in default, the whole outstanding principal balance, and all other amounts payable under the terms of this Note will become due and payable at once, this is called "acceleration." If you default, the default may be reported to national consumer reporting agencies 60 days after your first delinquency and could significantly and adversely affect your credit history.

P. COLLECTION COSTS

Unless prohibited by applicable law, you agree to pay Lender all amounts, including reasonable attorney fees, and collection agency, court and other collection costs that Lender incurs in enforcing the terms of this Note.

Q. SHARING INFORMATION

Lender will disclose nonpublic personal information to third parties only as necessary to process and service your loan. Lender will not sell or otherwise make available any information about you to any third parties for marketing purposes.

R. LOAN TRANSFER

We may transfer the servicing of your loan to another party without your consent. If there is a change in the address to which you must send payments or direct communications, we will notify you of the new servicer's name, address and telephone number, the effective date of the transfer, and the date when you must begin sending payments or directing communications to that servicer. Transfer of a loan to a different servicer does not affect your rights and responsibilities under that loan.

S. NOTICES

1. Borrower will send written notice to Lender within ten (10) days after any change in name, address, permanent telephone number, cellular telephone number, or electronic mail address.
2. Any notice required to be given to Borrower by Lender will be effective (i) when mailed by first class mail to the latest address Lender has for Borrower or (ii) if Borrower agrees to receive notices and other communications electronically, when transmitted by electronic communication to the latest electronic mail address Lender has for Borrower.
3. This Note and all transactions hereunder and thereunder shall be governed by and construed in accordance with the internal laws of the State of Kentucky, where Lender has its principal place of business, where payment is to be made, and where Lender negotiated the terms of and executed this Note, without reference to the conflict of laws principles of such State. Jurisdiction and venue for its enforcement shall exist, nonexclusively, in the courts of Kentucky.

T. ACKNOWLEDGEMENTS AND CONSENTS

1. The proceeds of this loan were used for my education expenses related to my attendance at Mid-Continent University.
2. If any provision of this Note is held invalid or unenforceable, that provision shall be considered omitted from this Note without affecting the validity or enforceability of the remainder of this Note.
3. Lender may assign this Note without notifying me and without my consent.
4. The failure of Lender to exercise any of the remedies or options set forth in this Note shall not constitute a waiver of the right to exercise the same or any other remedy at any subsequent time in respect to the same or any other event of default. Acceptance by Lender of any payment which is less than the total of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or any subsequent time, or nullify any prior exercise of any such remedy or option.
5. This loan may not be consolidated under the Federal Consolidation Loan Program.
6. There are no origination fees associated with this loan.

By signing below, Borrower acknowledges receiving a complete and true copy of this Note, Truth in Lending disclosures, and a Private Education Loan Applicant Self-Certification form, and agrees to all terms and conditions contained herein.

Borrower Signature: _____

Date: _____

Printed Name _____

Date of Birth: _____

Social Security Number: _____

Driver's License (State and Number): _____

Telephone (Home): _____

Telephone (Cell): _____

Please provide two references below:

Name: _____

Contact Information: _____

Name: _____

Contact Information: _____

Exhibit 6

Mid-Continent University – Option B

STUDENT LOAN PROMISSORY NOTE 20% Discount-Zero Interest Loan, Ten-Year Term

BORROWER INFORMATION - XXXXXX

Name: John Doe
Address: **[[insert address]]**
[[insert city, state, zip]]

LENDER INFORMATION

Lender: Mid-Continent University
Address: 99 E. Powell Rd.
Mayfield, KY 42066

SERVICE PROVIDER INFORMATION

National Education Servicing, LLC
200 West Monroe Street
Suite 700
Chicago, Illinois 60606

In this Promissory Note (“Note”), the words “I,” “me,” “my,” “mine,” “you,” and “borrower” mean the borrower who signs this note and the application for the Loan. “Lender,” “Institution,” “we,” and “us” will mean Mid-Continent University or any subsequent holder of this Note.

CURRENT BALANCE: **[[insert balance]]**

20% DISCOUNTED BALANCE/LOAN AMOUNT: **[[insert balance]]**

A. PROMISE TO PAY

FOR VALUE RECEIVED, I promise to pay to the order of Lender, according to the terms below, so much of the principal sum of the Loan Amount (“Loan”) indicated above that has been disbursed to me or paid or credited on my behalf, together with any applicable late fees, and in the event of default and to the extent permitted by applicable law, costs of collection and reasonable attorney fees. I will pay all of these amounts to Lender at the address shown on my statements/coupon book OR specified in writing by Institution or subsequent holder of this Note.

B. INTEREST

The Interest Rate on this loan is fixed at 0%.

C. REPAYMENT

1. You must repay the full amount of the loan made under this Promissory Note. Your payment amount will be a minimum of \$50 per month during a repayment period that begins on the 30th day following the date on which a statement and repayment schedule are mailed to you. If your original payment due date falls within the last four days of the month your actual payment due date will be the first day of the following month. The payment will be due every 30 days thereafter for a period of 120 months. Note: Your repayment period may be less than 120 months if you are required to make a minimum payment of \$50 per month. The final payment shall include all remaining unpaid principal and fees due and payable to repay the loan in full on the maturity date of the loan. **Based on the 20% Discounted Balance/Loan Amount of [[insert balance]], your monthly principal payments will be \$50.00 to be paid in [[#]] installments.**
2. If you intend to repay your loan but are unable to make your scheduled loan payments, we may in limited circumstances grant you a forbearance or deferment that allows you to temporarily stop making payments or to temporarily make a smaller payment amount, which extends the time for making payments.
3. We may in limited circumstances adjust payment dates on your loan or may in limited circumstances grant you a forbearance to eliminate a delinquency that remains even though you are making scheduled installment payments.

D. LATE CHARGES

Late Charges: If you do not make a full payment within 30 days after it is due, you agree to pay a late charge. This charge will not be more than six cents for each dollar of each late payment and shall not exceed a total of six dollars (\$6.00). If you do not make payments as scheduled, you also agree to pay other reasonable charges and fees involved in collecting your loan.

E. RIGHT TO PREPAY

You have the right to prepay this Promissory Note in whole or in part at any time prior to the maturity date without premium or penalty. Prepayment of less than all of the outstanding balance of this Promissory Note will not reduce the amount of my monthly payments or postpone the due date of monthly payments, but will reduce the number of payments you must make.

F. DISCHARGE

We will discharge (forgive) your loan if:

1. You die. We must receive acceptable documentation of your death.
2. You become totally and permanently disabled. We must receive acceptable documentation of your disability.

G. DEFAULT; WHOLE LOAN DUE

Subject to the limitations of applicable law, Lender may declare your loan in default if:

1. You fail to make any payment within 60 days after Lender sends you a notice (directed to your last known physical address or, if applicable, last known electronic mail address) that Lender has not received any monthly payment when due;
2. You do not comply with other terms of this Note; or
3. You make a false written statement in applying for this loan or at any time during the repayment period.

If your loan is declared in default, the whole outstanding principal balance, and all other amounts payable under the terms of this Note will become due and payable at once. This is called "acceleration." If you default, the default may be reported to national consumer reporting agencies 60 days after your first delinquency and could significantly and adversely affect your credit history.

H. COLLECTION COSTS

Unless prohibited by applicable law, you agree to pay Lender all amounts, including reasonable attorney fees, and collection agency, court and other collection costs that Lender incurs in enforcing the terms of this Note.

I. SHARING INFORMATION

Lender will disclose nonpublic personal information to third parties only as necessary to process and service your loan. Lender will not sell or otherwise make available any information about you to any third parties for marketing purposes.

J. LOAN TRANSFER

We may transfer the servicing of your loan to another party without your consent. If there is a change in the address to which you must send payments or direct communications, we will notify you of the new servicer's name, address and telephone number, the effective date of the transfer, and the date when you must begin sending payments or directing communications to that servicer. Transfer of a loan to a different servicer does not affect your rights and responsibilities under that loan.

K. NOTICES

1. Borrower will send written notice to Lender within ten (10) days after any change in name, address, permanent telephone number, cellular telephone number, or electronic mail address.
2. Any notice required to be given to Borrower by Lender will be effective (i) when mailed by first class mail to the latest address Lender has for Borrower or (ii) if Borrower agrees to receive notices and other communications electronically, when transmitted by electronic communication to the latest electronic mail address Lender has for Borrower.
3. This Note and all transactions hereunder and thereunder shall be governed by and construed in accordance with the internal laws of the State of Kentucky, where Lender has its principal place of business, where payment is to be made, and where Lender negotiated the terms of and executed this Note, without reference to the conflict of laws principles of such State. Jurisdiction and venue for its enforcement shall exist, nonexclusively, in the courts of Kentucky.

L. ACKNOWLEDGEMENTS AND CONSENTS

1. The proceeds of this loan were used only for education expenses related to my attendance at Mid-Continent University.
2. If any provision of this Note is held invalid or unenforceable, that provision shall be considered omitted from this Note without affecting the validity or enforceability of the remainder of this Note.
3. Lender may assign this Note without notifying me and without my consent.
4. The failure of Lender to exercise any of the remedies or options set forth in this Note shall not constitute a waiver of the right to exercise the same or any other remedy at any subsequent time in respect to the same or any other event of default. Acceptance by Lender of any payment which is less than the total of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or any subsequent time, or nullify any prior exercise of any such remedy or option.

By signing below, Borrower acknowledges receiving a complete and true copy of this Note, Truth in Lending disclosures, and a Private Education Loan Applicant Self-Certification form, and agrees to all terms and conditions contained herein.

Borrower Signature: _____

Date: _____

Printed Name: _____

Date of Birth: _____

Social Security Number: _____

Driver's License (State and Number): _____

Telephone (Home): _____

Telephone (Cell): _____

Please provide two references below:

Name: _____

Contact Information: _____

Name: _____

Contact Information: _____

Exhibit 7

Mid-Continent University – Option C

STUDENT PAYMENT AGREEMENT 30% Discount – Payment of Balance

STUDENT INFORMATION - [ID Number]

Name: Name
Address: Address
City, State Zip

UNIVERSITY INFORMATION

Mid-Continent University
99 E. Powell Rd.
Mayfield, KY 42066

In this document (“Agreement”), the words “I,” “me,” “my,” “mine,” and “you,” mean the student who signs this Agreement to pay the University as set forth below. “Lender,” “Institution,” “we,” and “us,” mean Mid-Continent University.

CURRENT BALANCE: [Balance]

30% DISCOUNTED BALANCE: [30% Discounted Balance]

A. PROMISE TO PAY

FOR VALUE RECEIVED, I promise to pay to the order of Mid-Continent University, according to the terms below, the discounted balance indicated above in repayment of previously incurred education expenses related to my attendance at Mid-Continent University. I will pay all of these amounts to the University at the address shown above.

B. TERMS OF PAYMENT

By signing this Agreement I commit to completing the payment within 30 days of the date the Agreement was mailed to me. I specifically agree that should I fail to make said payment within such 30 day period the University, in its sole discretion and subject to the limitations of applicable law, may declare me in default.

If you are declared in default, the whole outstanding principal balance, and all other amounts that may be payable will become due and payable at once. If you default, the default may be reported to national consumer reporting agencies and could significantly and adversely affect your credit history.

C. COLLECTION COSTS

Unless prohibited by applicable law, you agree to pay the University all amounts, including reasonable attorney fees, and collection agency, court and other collection costs that the University incurs in enforcing the terms of this Agreement.

D. NOTICES

1. This Agreement and all transactions hereunder and thereunder shall be governed by and construed in accordance with the internal laws of the State of Kentucky, where the University has its principal place of business, where payment is to be made, and where the University negotiated the terms of and executed this Agreement, without reference to the conflict of laws principles of such State. Jurisdiction and venue for its enforcement shall exist, nonexclusively, in the courts of Kentucky.

E. ACKNOWLEDGEMENTS AND CONSENTS

1. 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.
2. The failure of the University to exercise any of the remedies or options set forth in this Agreement shall not constitute a waiver of the right to exercise the same or any other remedy at any subsequent time in respect to the same or any other event of default. Acceptance by the University of any payment which is less than the total of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or any subsequent time, or nullify any prior exercise of any such remedy or option.
3. I waive presentment for payment, notice of dishonor, protest, notice of protest, and notice of nonpayment before the University can collect this debt.

By signing below, you acknowledge receiving a complete and true copy of this Agreement and agree to all terms and conditions contained herein.

Signature: _____

Date: _____

Printed Name: _____

Date of Birth: _____

Social Security Number: _____

Driver's License (State and Number): _____

Telephone (Home) _____

Telephone (Cell) _____